7772 N. Palm Ave.
Fresno, CA 93711
(559) 457-0681 p.
(559) 457-0318 f.
FresnoCountyRetirement.org

BOARD AGENDA LETTER

DATE: February 7, 2024

TO: Board of Retirement

FROM: Donald C. Kendig, CPA, Retirement Administrator

SUBJECT: **Approval of Updated Investment Policy Statement (IPS) for the addition of JPMorgan Chase Core Bond Guidelines and Updates Aksia Guidelines - APPROVE**

Recommended Action

1. Approve the updated Investment Policy Statement (IPS) as proposed, or as modified for Board directed changes.

Fiscal and Financial Impacts

None from the approval of this item.

Background and Discussion

At the December 6, 2023, regular Board meeting, the Board reviewed and approved substantive changes to the IPS presented by Verus. In contrast, the proposed changes for your approval today only involve 1) incorporating the Aksia investment guidelines approved by your Board on December 20, 2023, and 2) including the investment guidelines for the relatively new core bond allocation to JPMorgan Chase.

While staff does not expect any other changes, anyone may pull this item for discussion or to propose other modifications.

Verus brings the IPS to the Board annually for discussion. Given that manager changes may take place within that yearly cycle, staff will bring the IPS forward for any manager guidelines that need to be added for new managers, deleted for terminated managers, or updated for existing managers.

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)
INVESTMENT POLICY STATEMENT (IPS)
ON
INVESTMENT POLICIES, GUIDELINES AND PERFORMANCE
AS OF DECEMBER 6, 2023

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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 and death and survivor benefits to the members of FCERA and their beneficiaries. Benefits are funded by employer and member contributions and investment earnings, net of investment management and administrative fees and expenses.

III. PURPOSE

1) The IPS serves 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 capture timely 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 counsel, 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

g) Advising the Board on investment matters from the Administration's perspective.

3) <u>Investment Consultant</u>: The Investment Consultant serves as a fiduciary to the Fund, providing independent information and recommendations directly to the Board in collaboration with Investment Staff. The Investment Consultant is charged with the responsibility of advising the Board on investment policy, asset allocation consistent with the Fund's investment objectives and risk tolerance, the selection, evaluation and monitoring of Investment Managers, providing reports and analyses on material 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 every 3 to 5 years, as contracted by the Board. The Investment Consultant also provides advice, analytical services, and technical assistance to Investment Staff for implementing the Board's policies and strategic directives.

4) <u>Specialty Consultants:</u> The Board may choose to utilize Specialty Consultants for the purpose of obtaining specialized advice in areas such as private markets or hedge funds. If such consulting services are utilized, said service providers will be fiduciaries to the Fund and will provide such advice in accordance with this Investment Policy Statement.

5) <u>Investment Managers</u>: The Investment Managers are fiduciaries delegated the responsibility of investment and re-investment of the Plan's assets in accordance with written agreements and supporting guidelines, and all applicable laws or regulations. Managers of accounts in publicly traded asset classes or traditional strategies will normally be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, or (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of plan assets. The Board may also engage other persons or organizations authorized by applicable law or regulation to function as

an Investment Manager. It is understood that special oversight and due diligence procedures may be required for Managers not registered under the above Acts.

6) 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.

V. INVESTMENT PHILOSOPHY

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

1) The mission of the investment program: Satisfy all benefit obligations owed to FCERA members as they come due and ensure the ability to accomplish that consistently over the life of the system.

2) Plan governance: The Board is responsible for establishing policies for administering the investment program, establishing the strategic asset allocation, and delegating responsibility to implement Board policies and strategies as appropriate. The Board will carefully monitor implementation of the program to assure compliance with Board policies and external requirements.

3) The time horizon of the investment program: FCERA is a long-term investor and thus manages the fund strategically based upon the long-term prospects of diversified global markets. FCERA believes in mean reversion and that significant changes in asset allocation should be well understood and implemented only over a long period of time.

4) Asset allocation and diversification: Prudent asset allocation is the single most important factor contributing to the long-term success of the system. In general, FCERA favors fewer and larger investments in each asset class to avoid complexity that does not improve risk-adjusted returns. Each asset class shall be evaluated based on its cost, diversifying characteristics, risk and return expectations, and with reference to its contribution to the portfolio. The Board will set the overall design of the asset allocation across broad categories establishing appropriate subclasses and styles within the general asset allocation parameters with input from Staff and Consultants.

5) Strategic & tactical decisions; rebalancing: FCERA believes the long-term success of the program is derived from an asset allocation based on specific targets and rebalancing back

to those targets using a consistent and structured process. The range of each asset class will be modest relative to target allocations to accommodate any tactical judgements without adversely impacting long-term success of the program. A separate rebalancing guide will be reviewed annually.

6) Implementation of the program: Active and passive management; efficiency of markets; role of private markets: It is FCERA's belief that global markets are efficient, and that passive management can provide low-cost, broad, and diversified exposure to them. FCERA favors passive management unless active management clearly demonstrates better-than benchmark performance on a net-of-fees basis. Private market investing is necessarily active, targeting higher returns with some degree of increased risk.

7) Investment risks: FCERA believes risk taking should be prudent, intentional, and commensurate with expected returns over time. A diversified portfolio should be designed to balance risk and reward across volatile markets. Market risks should be compensated. Operational and external risks (such as governance, reputational, regulatory and compliance risks) should be mitigated to avoid adverse impacts on the system's financial well-being. As the system's funded status improves, the Board believes that it may be prudent to consider lower risk and return targets.

8) Liquidity needs: The Board believes that its diversified investment portfolio will generate regular and sufficient cash flow to meet its benefit payment obligations to members for the foreseeable future. Under extreme circumstances liquidity is essential and as such, the Board believes in holding a minimum balance of 2% actual cash, which will be routinely overlaid as either fixed income or equities to maintain target weights.

9) Costs and manager performance: Costs need to be commensurate with demonstrated outperformance on a manager-by-manager basis. The Board will continue to monitor and negotiate terms and fees to preserve the greatest net return on its investments.

10) Relationship to funded status and contribution rates: FCERA believes that prudent management of the investment portfolio will improve the system's funded status and thus enable the Board to reduce employer contributions to the system over time. The goals of the investment program shall include seeking to reduce the level of unfunded liabilities that must be funded from employer contributions.

VI. INVESTMENT OBJECTIVES

The Investment Objectives of the Fund shall be:

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

2) Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive downside risk. Short-term volatility will be tolerated to the extent it is prudent and 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 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 to 5-year term is expected to exceed the compounded return of a custom index reflecting the asset class benchmarks and allocation weights as specified in Appendix A.

2) "Active" Investment Managers are expected to exceed their respective assigned benchmark returns.

3) For purposes of Total Fund valuation, Private Equity, Private Credit, and Closed End Real Estate performance will be lagged by one quarter and neutralized.

VIII. LONG TERM PERFORMANCE OBJECTIVES

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

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 and/or Specialty Consultant(s) 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 or Specialty Consultant(s), as needed.

3) Rebalancing: The objective of portfolio rebalancing is to mitigate the risk exposure of the Fund when asset allocations deviate from policy targets due to capital market environments, manager performance, or capital flows. Portfolio rebalancing shall be conducted in order to meet the following objectives:

   a) Maintain the long-term strategic asset allocation and risk targets as set forth in Appendix A. In meeting this objective, the costs associated with rebalancing must be balanced against the need to maintain the desired strategic allocation targets.

   b) To satisfy liquidity needs and properly stage asset moves required for significant portfolio adjustments due to investment mandate changes that are either underway or anticipated due to a Board-approved change to the target asset allocation.

   c) To add value to the overall portfolio through the use of tactical actions, the aim of which is to take advantage of uncommon market pricing opportunities caused by significant market dislocations.

   d) The Administrator, in conjunction with the advice of the Investment Consultant, is responsible for executing all rebalancing activities, seeking as needed, guidance from the Investment Consultant and the Board.

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

4) Proxy Voting: Voting of proxies in stocks held by the Fund will be done in a manner which is in the best financial and economic interests of the Fund and its beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, it will generally delegate such decisions to its Investment Managers. Investment Managers must exercise due diligence in ascertaining the facts and circumstances of the matter being voted on. Investment Managers are required to report their proxy voting activities to the Administrator on an annual basis. The Board may engage a proxy-voting service to assist it in prudently exercising its rights.

5) Environmental, Social and Governance Investing: The Board may consider investing in, or divesting from, investments that are expected to accrue benefits in the area of economic development, environment, health, corporate governance and other social or moral issues. However, these investment determinations must satisfy applicable "costlessness" standards, including that their expected risk-adjusted returns and associated costs shall not be more costly to the Fund than comparable investment actions absent the expected environmental, social or corporate governance characteristics.

6) Trading and Execution: Investment Managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates. California law limits and requires disclosures regarding prime brokers and "soft-dollar" transactions and Investment Managers are expected to comply with the law. Recognizing the primary importance of best execution, an Investment Manager may accept the instructions of the Board to place transaction orders with a particular broker-dealer firm provided that such instruction is in writing and contains the 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. FCERA Staff, in conjunction with the advice of the Investment Consultant, has the authority to select the Transition Management vendor and manage the transition process. Following any transition event, FCERA Staff will provide an update report to the Board detailing performance relative to objectives and any other pertinent details.

8) Securities Lending: 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 views. The Board may authorize the execution of a Securities Lending

Program to be performed by the Custodian in conformance with the Custodial Agreement. The program will be monitored and reviewed by the Administrator and FCERA Staff, with particular attention to the liquidity, duration and risk characteristics of the associated collateral pool. Securities lending may also be implemented through the use of commingled funds.

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

XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

1) The Board shall review the investment results of the Fund at least on a quarterly basis. Performance comparisons will be made against the various benchmarks established for the Fund and each Investment Manager as set forth in this IPS and the Investment Manager Agreements.

2) The Board, with the assistance of the Investment Consultant, shall periodically evaluate developments affecting each Investment Manager. This evaluation should include changes in ownership, personnel turnover, adherence to investment style and philosophy, relative peer performance, co-investor confidence, and any other qualities that the Board deems appropriate. This evaluation should also include an assessment as to whether each Investment Manager has operated within the parameters established by the consultant and reported to the Board on a quarterly basis.

3) The Board shall hold each Investment Manager accountable for the performance of the assets over which the manager exercises discretion or control. If an Investment Manager fails to accomplish its investment objectives over a market cycle (typically at least five years), the Board may notify the Investment Manager in writing that it has failed to accomplish its performance objectives and that the Board has placed them on probation. The Board will continue to monitor the investment results until it determines whether removal of probation or termination of the Investment Manager is warranted. To assist in the evaluation, the Board will maintain a "Manager Review Report". This report will include the following "flags" that will be monitored on an ongoing basis:

    a) Manager has underperformed the benchmark index more than half the time over the last 20 quarters.

    b) Manager has returned less than 105% of the benchmark index over a three-year period (110% for equity managers).

c) Manager has underperformed the 50th percentile in the appropriate style universe in more than two of the last five years of consecutive returns.

d) Manager's Sharpe Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.

e) Managers Information Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.

f) Manager experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership, or any other reason that raises concern.

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

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

5) The Board has approved a Placement Agent Disclosure Policy in compliance with California law. Each Investment Manager shall comply at all times with all of the provisions of the Placement Agent Disclosure Policy.

XII. ADMINISTRATIVE PRACTICES

1) <u>Communication and Reporting of Investment Managers</u>: 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) <u>Compensation of Investment Managers</u>: Each Investment Manager retained by the Fund shall be compensated quarterly by a formula contained in the Investment Manager Agreement. No Investment Manager retained by the fund shall receive a payment of commission or other fees on a particular investment transaction. Further, each Investment Manager must disclose to the Board any indirect compensation received in addition to its fees as a result of servicing the Fund.

3) Brokerage Disclosure: Each Investment Manager retained by the Fund shall provide a written quarterly report detailing the name of each brokerage institution which received commissions from the Fund as the result of the discretionary trading authority bestowed upon the Investment Manager by the Board. Investment Managers shall provide to the Board a commission report detailing the name of the brokerage firm, the number of shares, average cost per share traded, and the commissions paid.

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

5) Specific Disclosures regarding Fees and Expenses: California Assembly Bill 2833 (AB2833) requires a public pension or retirement system to require limited partnerships, limited liability companies or similar legal structures (hereafter referred to as Alternative Investment Vehicles – AIVs) to make specific disclosures regarding fees and expenses, for contracts entered into, extended, renewed, or amended on or after January 1, 2017. Consistent with requirements relating to public records, the plan must disclose, at least annually, the information received in connection with the AIVs at an open public meeting. The intent of AB2833 is to increase the transparency regarding the character and amounts of fees paid by a public pension fund to AIVs. The following information is required by each AIV:

    a) The fees and expenses that the retirement system pays directly to the AIV, the fund manager, or related parties subject to the agreement.

    b) The pro rata share of fees and expenses not included in paragraph (a) that are paid from the AIV to the fund manager or related parties.

    c) The public fund's pro rata share of carried interest distributed to the fund manager or related parties.

    d) The public fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the AIV to the fund manager or related parties.

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

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

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

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

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

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

XIII. POLICY REVIEW

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

XIV. POLICY HISTORY

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

XV. SECRETARIES CERTIFICATE

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

December 6, 2023
Date of Action:

By: Retirement Administrator

APPENDIX A – STRATEGIC ASSET ALLOCATION

APPENDIX A – STRATEGIC ASSET ALLOCATION

The enclosed table reflects FCERA's long-term strategic asset allocation targets, and permissible ranges associated with each asset class. This asset allocation is the culmination of a comprehensive asset-liability study, last conducted in 2021, as well as proceeding asset allocation analysis in 2022 and 2023.

Appendix A: FCERA Strategic Asset Allocation (Updated September 2023)

Asset Class	Style/ implemementation	Target	Min.	Max	Style Benchmark/Asset Class Benchmark
Domestic Large Cap	Core - passive	26			Russell 1000
Domestic Small Cap	Core - active	3			Russell 2000
Total Domestic Equity		**29**	21	36	**Russell 3000**
International Large	Core - passive (50% target)	7			MSCI World Ex-US
International Large	Value - active	4			MSCI EAFE Value
International Large	Growth - active	4			MSCI EAFE Growth
Emerging Markets	Active	6			MSCI EM IMI
Total International Equity		**21**	17	26	**MSCI ACWI ex-US**
Total Public Equity		**50**	38	57	**MSCI ACWI**
US Fixed Income	Core - hybrid	11			BBgBarc US Aggregate
US Fixed Income	Impact oriented	1			BBgBarc US Securitized
Multi-Sector Credit	High Yield, bank loans, EM Debt	10			40% BBgBarc US HY, 40% S&P/LTSA Lev. Loan, 20% JPM EMBI
Total Fixed Income		**22**	17	25	**Custom (weighted average of style BMs)**
Real Assets	Open-ended core	4			
Real Assets	Closed-end V.A./Opp	4			
Real Assets	Global Infrastructure	4			
Total Real Assets		**12**	6	16	**NCREIF ODCE Net**
Private Equity	Closed-end funds	8			Russell 2000 1 Qtr lagged
Private Credit	Closed-end funds	8			BBgBarc US HY 1 Qtr. Lagged
Total Alternatives		**16**	7	21	**Neutralized Performance**
Total Portfolio		**100**			**Weighted Average of Asset Class Benchmarks**

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

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

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

APPENDIX C – SUPPORTING MANAGER GUIDELINES

APPENDIX C – SUPPORTING MANAGER GUIDELINES
(Last updated December 2023)

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DOMESTIC EQUITY MANAGER GUIDELINES

NT RUSSELL 1000 INDEX

Separate Account Large Cap Passive Equity Assignment

Investment Manager shall maintain in the name of the FCERA, as agent for FCERA, a Domestic Equity Portfolio Account (hereafter "Account") for all cash, securities and other property which may be delivered to Investment Manager from time to time for credit to this Account, upon the following terms, unless otherwise directed in writing.

Investment Objective:

The investment objective for the Account shall be to provide a total return that approximates the risk and return characteristics of the Russell 1000 Index ("Index").

It is understood that the Account will be constructed to have aggregate investment characteristics similar to those of the Index by using, in the discretion of the Investment Manager, either an optimization or full replication technique to reflect the performance of the Index without necessarily holding all its component stocks. It is further understood that due to investment deviations from components of the Index, as well as transaction costs, management fees, brokerage commissions and other incidental costs, there will be a tracking deviation from the performance of the Index.

Eligible Investments:

Equity securities purchased for the Account will generally, but not necessarily, be current or pending constituents of the Index. The Account may be invested in exchange traded funds, equity index futures contracts, and other derivative transactions in order to equitize cash and cash entitlements, provided that any such derivative transactions are fully collateralized. It is understood that such investments may not be perfectly correlated with the investment objective for the Account, but will in the sole judgment of the Investment Manager assist in meeting the investment objective for the Account.

It is understood that the common stock of Northern Trust Corporation ("NTC") may be one of the securities that constitute the Index from time to time. The Investment Manager is directed that the common stock of NTC shall be purchased, retained and sold from time to time if such transactions are consistent with the investment objective for the Account. Nevertheless, it is understood that transactions in the common stock of NTC may be restricted from time to time in order to assure compliance with the internal policies of the Investment Manager and applicable securities laws, and that such restrictions may adversely affect the ability of the Investment Manager to achieve the investment objective of the Account. Proxies for the common stock of NTC shall be voted in accordance with instructions for the Account.

The foregoing Investment Guidelines supersede all prior objectives and guidelines and shall remain in effect until the parties mutually agree in writing to the contrary.

PIMCO STOCKSPLUS SMALL FUND

Separate Account Small Cap Active Equity Assignment

The Manager will have full discretion within the guidelines to invest in equity, fixed income and related securities. Unless otherwise stated below, the following guidelines will be applied at the time of purchase.

Manager Objective

Exceed the total rate of return of the Russell 2000 index over a three-to-five year time horizon net of fees.

Portfolio Duration Range

Negative three (-3) to positive eight (+8) years
Portfolio 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.

Minimum Average Portfolio Quality:	A- Rating
Minimum Issue Quality:	B- Rating
Minimum Commercial Paper Quality:	A2/P2

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. Hedging, spread and income generating strategies may include the use of short sales. Reverse repurchase agreements (taxable clients only) are permitted.

The Manager has authority to take actions in connection with exchanges, reorganizations, conversions or other corporate events that could result in the receipt of securities (including, but not limited to, common stock) that may or may not be referenced elsewhere in the investment guidelines. The manager may, in the best interest of the portfolio, hold these for a reasonable amount of time.

Asset Types and Investment Vehicles

The Manager will invest primarily in the following "Stock Index Instruments"
Stock Index Futures
Stock Index Options
Options on Stock Index Futures

INTERNATIONAL EQUITY MANAGER GUIDELINES

NT MSCI WORLD EX-US INDEX

Commingled International Passive Equity Assignment

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

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for Northern Trust Investments, 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 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 MSCI World ex-U.S. Index.

- **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 Northern Trust Investments, Inc. 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 Northern Trust Collective World ex-U.S. Index 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 Northern Trust Investments, Inc.

- **Commingled Vehicle Election**
  The Association's investment in the Northern Trust Collective World ex-U.S. Index Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

<u>ARTISAN PARTNERS</u>

Separate Account Large Cap Growth Active International Equity Assignment

- **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.

- **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.

- **Investment Guidelines**

  - 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.

  - 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.

  - Investments generally will be made in non-U.S. companies.[1]

  - 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.

- The Account will generally be diversified across a minimum of fifteen (15) 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.

- Investment in any one industry will not generally exceed twenty-five percent (25%) of the value of the Account at the time of purchase.

- 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.

- The Account may not employ leverage, purchase securities on margin, or sell securities short.

- 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.

- 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.

- 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.

- Currency hedging may, but is not required to, be utilized to protect the Account's value in U.S. dollars.

- 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.

- The limitations in items 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.

[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.

MONDRIAN EMERGING MARKETS EQUITY FUND, LIMITED PARTNERSHIP

Commingled Limited Partnership Emerging Markets International Active Equity Assignment

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

- **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.

- **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.

- **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.

- **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.

<u>PACIFIC INVESTMENT MANAGEMENT COMPANY LLC (PIMCO) INTERNATIONAL EQUITY FUND SUB-ADVISED BY RESEARCH AFFILIATES LLC (RAE)</u>

Separate Account International Value Active Equity Assignment

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for PIMCO 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.

- **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 Depository 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.

GLOBAL FIXED INCOME MANAGER GUIDELINES

RBC ACCESS CAPITAL

Separate Account Community Impact Bond Assignment

- **Investment Assignment**

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

- **Investment Objectives**

  The Fresno County Employees' Retirement Association portfolio managed by RBC GAM-US will be managed for the purpose of competitive financial return vs the Bloomberg Barclay's Securitized Bond Index while investing in projects that seek to positively impact the residents and communities of Fresno County in the following areas:

  - Single Family Homeownership for low-to-moderate income (LMI) borrowers
  - Multi-Family affordable rental housing for LMI residents
  - Nursing homes and healthcare facilities that support LMI individuals
  - Small business loans that serve the community, deliver more services to the residents of the county and provide more job opportunities within the local economy
  - Infrastructure projects that support economic growth in the county
  - Green projects that promote environmental sustainability

  The portfolio will generally be constructed within the following ranges:

Impact Type	% of Portfolio (Range)
Single Family Homeownership	60-80%
Multi-Family Affordable Rental Housing & Healthcare Facilities	10-20%
Small Business Loans	5-10%
Other Infrastructure or Green Projects	5-10%

- **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.

Acceptable investment instruments include, but are not limited to:

- Obligations of the US and foreign governments, agencies, instrumentalities, political subdivisions and supranational entities
- Agency and non-agency mortgage and asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Certificates of Deposits
- Exchange traded futures and TBA securities may be used for hedging purposes
- Collateralized bond and loan obligations
- Other obligations consistent with investment objectives in Part 2

Credit Ratings:

- Security minimum credit rating is A- at the time of purchase.
- Securities must be rated by at least one Nationally Recognized Securities Rating Organization. In the case of two ratings, the lowest applies and in the case of three ratings, the middle applies.
- Maximum 15% of portfolio can be invested in securities rated A-.
- The Advisor shall provide notification to the client if a security is downgraded below the limits stated above.

Other Guidelines:

- All securities will be denominated in U.S. dollars.
- Non-U.S. securities are not permitted in the portfolio.
- Portfolio duration will range within +/- 6 months of the benchmark.
- No single issuer (excluding U.S. Government securities or securities carrying the full faith and credit of the U.S. Government) may constitute more than 5% of the Portfolio account balance.
- Performance for the investment strategy shall be benchmarked to the Bloomberg Barclays Securitized Bond Index.

WESTERN ASSET MANAGEMENT COMPANY

Separate Account US Core Fixed Income Assignment

- **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.

- **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) while managing active portfolio risk

  Long Term Performance Objectives: The Total Portfolio is to exceed the Bloomberg US Aggregate Bond Index as well as the median return in a representative fixed income performance universe net of fees.

- **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.

  Portfolio Guidelines: The guidelines below will be applied to the overall portfolio and to all eligible investment security types as applicable. These guidelines are measured and monitored at the time of purchase.

  Credit Quality
  Portfolio Credit Quality Min BBB. Securities will be rated minimum BBB- or equivalent or higher at the time of purchase. The methodology to calculate the portfolio's credit quality will utilize the higher of S&P, Moody's and Fitch ratings: the higher of two ratings or the sole rating if only one is available. In the absence of S&P, Moody's and Fitch ratings, Western Asset may assign an equivalent rating. Portfolio Average Quality: Three notches below the benchmark. The portfolio's average credit quality will not be lower than three rating notches below the benchmark's average quality. As an example, if the benchmark is rated AA, then three notches below is A.

Duration

Portfolio Effective Duration +/-20%. The portfolio dollar weighted average effective duration is expected to range within +/- 20% relative to the benchmark.

Maturity

Maturity Range No limit. Securities covering the full range of maturities are eligible.

Country & Currency

USD-Denominated Securities. The portfolio will invest in US Dollar denominated securities only.

Eligible Investments

Eligible Investments	Limit	Additional Information, Definitions, & Calculation Methodologies
US Treasuries		
US Agencies		
US Government-Sponsored Entities		
Sovereigns/Non-US Treasuries	10% per issuer	
International Agencies	10% per issuer	
Non-US Local Authorities	10% per issuer	
US Municipals	5% per issuer	
Supranationals	5% per issuer	
Corporations	5% per issuer	
Subordinated Debt		
Convertibles		
Capital Contingent Convertibles		
Perferreds		
Structured Products		
Agency MBS		Includes residential and commercial agency MBS
Residential Mortgage-Backed Securities (MBS)	5% per issuer	Issuer is defined as individual trust
Commercial MBS (CMBS)	5% per issuer	Issuer is defined as individual trust
Asset-Backed Securities (ABS)	5% per issuer	Issuer is defined as individual trust
General ABS		
CLO/CDO/CBO's		
Cash and Cash Equivalents		Cash equivalents are defined as liquid, investment-grade securities that have a duration of less than or equal to one year
Treasury Bills		
Commercial Paper	5% per issuer	
Certificates of Deposit	5% per issuer	
Bankers Acceptance	5% per issuer	

Repurchase Agreements	5% per counterparty	
Derivatives		
Futures		
Treasury/Interest Rate		
Options		
Treasury/Interest Rate		
Swaps		
Interest Rate		
Credit Default Swaps - Single Name		
Credit Default Swaps - Index/Basket		
Total Return Swaps		
Options on Swaps		
Credit Linked Notes	3%	To allow for certain GSE credit risk transfer MBS structures
Commingled Vehicles		
Short-Term Investment Funds (STIF)		
Exchange-Traded Funds (ETF)	Maximum 5% per ETF; Maximum 10% in ETF's (in aggregate)	The portfolio may only invest in ETF's in which the underlying exposure is permitted, subject to a maximum of 5% per ETF and no more than 10% in aggregate
Western Asset Institutional Plus Funds (LLC/LTD)		The portfolio may invest in commingled funds to gain exposure to certain sectors subject to client review and approval of fund subscription documents
Registered Investment Companies (Non-affiliated)		Western Asset will not purchase affiliated funds/registered investment companies
Private Placements		
144As		
Reg S Securities		
4(2) Commercial Paper		
Pure Private Placements (ex 144As)		
Equities		The portfolio will only invest in common stock relating to corporate actions, tenders, workouts & exchanges
Illiquid Instruments		

Additional Guidelines

Management Guidelines	Additional Information, Definitions, & Calculation Methodologies
Downgrades	In the event downgraded securities cause a breach of the investment guidelines, Western Asset may continue to hold the positions but will not make any further purchases to increase the position while the breach remains
Market Value Fluctuations	In the event fluctuations in the market value of securities cause a breach of the investment guidelines, Western Asset may continue to hold the positions but will not make any further purchases to increase the position while the breach remains
Corporate Actions, Tenders, Workouts & Exchanges	Western Asset may enter into corporate actions, workouts, tenders or exchanges for existing holdings even if the securities received may technically be outside the above prescribed limitations
Transitions	During transition periods (i.e., guideline amendments, in-kind security transfers, etc.) the account may be non-compliant. The client will be notified of any offside positions and brought back into compliance within one month. If Western Asset believes it is in the best interest of retain non-compliant holdings, the client will be consulted by Western Asset to obtain consent to continue to hold the securities.

<u>J.P. MORGAN INVESTMENT MANAGEMENT INC.</u>

Commingled Account US Core Fixed Income Assignment

Investment Objective: To seek to outperform (based on the Portfolio's total return, gross of fees) the Bloomberg U.S. Aggregate Bond Index (the "Benchmark") while maintaining total return risk similar to that of the Benchmark over a market cycle.

<u>Guidelines</u>

A. Eligible Investments by Type

Portfolio investments are limited to U.S. Dollar denominated, fixed income securities and selective derivatives designed to have similar attributes of such fixed income securities. The term "fixed income security" is defined to include instruments with fixed, floating, variable, adjustable, auction-rate, zero or other coupon features. Eligible investments include, but are not limited to:

1. U.S. Treasury debt securities including Separate Trading of Registered Interest and Principal of Securities (STRIPS). (Treasuries).
2. U.S. Agency and Government-Sponsored Enterprises (GSE) debt securities, including stripped securities.

3. U.S. Agency and GSE backed mortgages, including single family pass-through pools, pass-through coupon and principal stripped securities, collateralized mortgage obligations (CMOs/REMICs) and other home equity and multi-family pass-through securities (U.S. Agency MBS).

4. U.S. Agency and GSE mortgage dollar rolls.

5. CMOs and other residential mortgage securities issued by non-U.S. Agency organizations (Non-Agency MBS).

6. Obligations of state and local governments (Municipals).

7. Debt securities of foreign governments and supranational organizations (Other Government).

8. Debt obligations issued, assumed or guaranteed by non-governmental U.S. and non-U.S. institutions. "Obligations" includes bonds, debentures, notes and other evidences of indebtedness, as well as participation interests in any of the foregoing. "Institution" includes corporations, joint-stock associations, limited liability companies, business joint ventures, business trusts, statutory trusts or similar entities. Securities issued under Rule 144A or other private placements will be eligible investments.

9. Deposits (TDs, CDs) and insurance contracts (GICs) having structural characteristics similar to the above approved fixed income securities (generally to be classified as Corporates).

10. Asset-backed debt securities, including transactions backed by credit card, auto, home equity, recreational vehicle, manufactured housing, equipment and other loans, debt securities or lease payments (Asset-Backed Securities, ABS).

11. Commercial property mortgages and Commercial Mortgage Backed Securities (CMBS).

12. Cash and cash alternatives, money market funds, and other investments representing high quality liquid debt and monetary instruments, including repurchase agreements, banker's acceptances, commercial paper, negotiable certificates of deposit, U.S. government securities and funds established to invest in the foregoing (Money Market).

13. Preferred securities, including subordinated debt capital securities, trust preferred securities and preferred stock.

14. In constructing the Portfolio, the Manager may invest in individual securities and investment instruments as described in these guidelines, as well as make use of mutual funds, exchange traded funds or other pooled investment products that the Manager believes will facilitate the achievement of the investment objective.

15. Futures, options, interest rate swaps, credit default swaps, caps, floors, mortgage derivatives and other derivative instruments (subject to and consistent with the provisions of Section E, "Derivatives").

These Guidelines are not intended to prevent investment in any security, instrument or asset not explicitly described above so long as such investment has structural and risk characteristics similar to these explicitly approved investments. The Portfolio may not contain all of the eligible investments described above. All Investment Guidelines in this document are understood to apply at the time of purchase, unless otherwise specified. Terminology, categorizations or classifications of instruments and/or sectors referenced in these Investment Guidelines shall be construed according to the Manager's definitions of such terminology, categorization or classification. Additional information regarding the Manager's definitions is available upon request.

B. Minimum Credit Standards

The Portfolio shall generally be invested in securities falling into an investment grade classification.

1. Purchases are generally limited to issues rated at time of purchase as Baa3, BBB-, or BBB- (generically BBB-) or better by one or more Nationally Recognized Statistical Rating Organizations such as Moody's, Standard & Poors, Fitch, DBRS or Kroll.

2. The Manager is authorized to use its discretion in retaining or selling any security held in the Portfolio that falls below the minimum Investment Grade rating.

3. The dollar weighted average quality of the Portfolio will typically be A- or above.

4. The Manager may invest in unrated securities which in the opinion of the Investment Advisor are investment grade for up to 5% of the Portfolio (determined at the time of purchase). In the case of unrated securities, the Manager will assign such unrated securities a rating determined by it in its sole discretion in accordance with the Manager's internal rating system. This internal rating will be used to calculate the average quality of the Portfolio.

C. Diversification

Issuer concentrations are limited to 5% per issuer of the total market value of the Portfolio at the time of purchase. These concentration limits do not apply to investments in mutual funds, exchange traded funds or other pooled investment products or obligations of, and issues guaranteed by, the U.S. Treasury, U.S. Agencies and U.S. GSEs.

Sector concentration within the Portfolio will typically not exceed the weight of that sector in the Benchmark index plus 30%.

D. Duration

The weighted average effective duration of the Portfolio will typically remain within +/-20% of the Benchmark.

E. Derivatives

Derivatives may be used for the following purposes: to implement investment decisions in a more efficient manner, primarily for increased cost effectiveness and/or liquidity, particularly in managing duration, yield curve and credit exposure; to manage exposure to volatility and to take advantage of inefficiencies in derivatives markets; for return enhancement and other general hedging or risk management needs. Derivatives that introduce commodity, currency or other risks not inherently consistent with the Portfolio's overall risk profile and these guidelines shall not be used.

F. Unusual Conditions/Subsequent Events

If at any time due to contributions and withdrawals, major fluctuations in market prices, abnormal market conditions or any other reason outside the control of the Manager, there shall be a deviation from the specific guidelines described herein, the Manager shall not be in breach of these guidelines so long as it takes such actions over such reasonable period of time as the Manager determines are prudent and in the best interests of the client to return the investments of the Portfolio to compliance with these guidelines. Alternatively, if the Manager determines it is in the best interests of the Client not to return the Portfolio to compliance with the guidelines, the Manager may make a written recommendation to the client on guideline revisions or other appropriate response to the deviation and the Manager shall be entitled to implement its recommendation, and shall not be in breach of these guidelines, unless the client directs the Manager to the contrary within a reasonable time.

<u>HPS INVESTMENT PARTNERS</u>

Separate Account Multi-Sector Credit Assignment (Semi-Liquid)

The following are the investment guidelines for the FCERA Institutional Credit Strategy Separately Managed Account (the "Account") to be managed by HPS Investment Partners, LLC ("HPS" or the "Investment Manager").

Investment Manager	HPS shall act as the investment manager for the Account
Investment Objective	Employ HPS's Institutional Credit Strategy which seeks to generate attractive risk-adjusted returns while minimizing volatility and credit loss across market cycles.

Investment Guidelines[1]

The Investment Manager will target investments in loans, bonds, securitized credit (including debt and equity issued by asset-backed security offerings and associated warehouses (including, to the extent there is available excess capacity in the debt or equity tranches, of CLOs and associated warehouses for which HPS or an affiliate of HPS acts as collateral manager (each, an "HPS CLO"))), equity (common and preferred), exchange traded funds ("ETFs") and credit default swaps ("CDS") and CDS indices, within the following parameters:

Asset Class allocation maximums and expected ranges (as a percentage of Net Asset Value)

Asset Class	**Maximum Allowed Exposure**	**Expected Ranges**[2]
Leveraged Loans	100%	40-75%
Corporate Bonds (including high yield bonds, investment grade bonds, convertible bonds, and instruments that take the legal form of preferred equity but have bond characteristics (including coupon payments) as determined by the Investment Manager ("Debt-Like Preferred Equity"))	100%	20-50%
Securitized Credit	20%	5-15%
Equities (excluding Debt-Like Preferred Equity and equity received in connection with debt investments), ETFs, CDS and CDS indices (excluding any such instrument used for hedging).	15%	0-7.5%

Portfolio Diversification (as a percentage of Net Asset Value)

- Single Issuer Concentration Maximum:7.5%
- Single Position Size Maximum: 5.0%
- Non-US Investment maximum (excluding any securitized credit investment, ETFs, CDS and CDS indices): 30%

  "US Investments" as used herein shall mean any investment whose issuer is domiciled in, or derives a majority of its prior year's revenue (as reported in its last reported financials) from, the U.S.

"**Net Asset Value**" means total assets minus total liabilities, as determined in accordance with generally accepted accounting principles in the United States. During any ramp-up period following a new capital commitment to the Account, "Net Asset Value" shall be deemed to include any cash that is committed but not yet funded into the Account.

[1] Any requirement or limit herein with respect to an individual investment will be measured at the time such investment is made. Any portfolio level limits will be measured at the time each investment is made. Unless otherwise specified herein, when testing whether the Account (or a portion of the Account) will be in compliance with a limit following the completion of a proposed investment, the numerator for such calculation will be the cost of such proposed investment plus, if applicable, the market value, as determined in accordance with the Account's operating agreement, of other investments in the Account that satisfy the condition that is being tested, and the denominator will be the Net Asset Value (as defined below). For the avoidance of doubt, the disposition of an investment, market fluctuations and credit events shall not cause a breach of these guidelines.

[2] Expected ranges are based on our current view of the market – actual investments in a category may be outside of the expected range based on market conditions at the time, overall portfolio positioning and other considerations.

Benchmark	Blended benchmark consisting of: 50% Credit Suisse Leveraged Loan Index 50% Credit Suisse High Yield Index
Currency	Assets can be denominated in USD/EUR/GBP. A maximum of 20% of NAV may be invested in non-USD assets.
Borrowings	No leverage shall be used in connection with the investment program; provided, for the avoidance of doubt, that leverage inherent in certain types of investments (e.g., CLOs), hedging transactions and use of prime brokerage accounts shall be permitted.
Short Selling	The Account may engage in short selling as part of its investment program. Short selling, including hedge-related short selling described below, is not expected to exceed 20% of NAV.
Hedging	The Investment Manager may hedge risk (including, but not limited to, interest rate risk, currency risk, risk of market volatility, and risks associated with a specific issuer), including using forwards, options and short selling.
Reporting	To be agreed between the Client and HPS.

PGIM INC.

Separate Account Multi-Sector Credit Assignment (Liquid)

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

- **Investment Objectives**
  The investment objectives for PGIM 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 a custom benchmark comprised and equally weighted by the following indices net of fees:

    - Bloomberg Barclays U.S. Corporate High Yield Bond 1% Issuer Capped
    - JP Morgan Emerging Markets Global Diversified Index (EMBI)
    - Credit Suisse Leveraged Loan Index

- **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.

Eligible investments in the Account include but are not limited to:

- Obligations of U.S. and non-U.S. issuers payable in any currency
- Asset-backed securities
  1. CLOs, CDOs and CBOs
- Covered bonds
- Mortgage-backed securities (MBS) - including but not limited to commercial mortgage-backed securities (CMBS) and TBAs
- Hybrid and capital securities, including preferreds
- Convertible debt obligations
- Municipal securities, both taxable and tax-exempt
- Securities subject to resale under Rule 144A of the Securities Act of 1933, as amended ("Rule 144A Securities") and Reg S securities
- Private placement securities
- Bank loans, including loan participations and assignments[1]
- Preferred stock
- Common stock, as defined in section 7 below:
- Commingled, common or collective funds (each, an "Underlying Fund") managed or advised by the Investment Manager or an affiliate of the Investment Manager that are qualified under the provisions of Section 401(a) of the Internal Revenue Code (the "Code") and exempt under the provisions of Section 501(a) of the Code
- Exchange Traded Funds (ETFs)
- Derivatives, including, but not limited to:
  1. Futures
  2. Options
  3. Swaps (including CDS/CDX/TRS)
  4. Forward rate agreements

  These derivatives are permitted on bonds, interest rate instruments, indices, exchange traded funds, and currencies to hedge, obtain protection, or as a substitute for cash securities.

Short Sales are permitted

Prohibitions and Limits on Investments:

The following limit percentages refer to a percentage (%) of market value of the Account at the time of purchase:

<u>Sector Limits:</u>

- The portfolio is subject to the following limits (as a percentage of the portfolio's market value).

1. No more than 15% notional exposure to local currency bonds and interest rate derivatives in emerging markets.
2. Private placement securities (not including Rule 144A or Reg. S securities) limited to a maximum of 5%.
3. No more than 10% market value exposure to one or more affiliated/unaffiliated fixed income funds, including but not limited to ETFs, 40 Act Mutual Funds, and funds of the Prudential Trust Company

Issuer limitations versus Benchmark (based on immediate issuer):

US government and agencies	No limits
BBB-/Baa3 or higher	Maximum of 5% per issuer
BB+/Ba1 to BB-/Ba3	Maximum of 3% per issuer
Below BB-/Ba3	Maximum of 2% per issuer

For collateralized securities, a separate pool of collateral will be considered a separate issuer.

In the case of split ratings, quality will be based on the higher of ratings published by a NRSRO. The Account may invest in securities or instruments not rated by a NRSRO, using ratings determined by the Investment Manager to be of comparable quality to NRSRO rated securities.

- Security minimum credit rating is A- at the time of purchase.
- Securities must be rated by at least one Nationally Recognized Securities Rating Organization. In the case of two ratings, the lowest applies and in the case of three ratings, the middle applies.
- Maximum 15% of portfolio can be invested in securities rated A-.
- The Advisor shall provide notification to the client if a security is downgraded below the limits stated above.

Other Guidelines:

The Account may engage in other activities in order to enhance return that include, but are not limited to, securities lending and the sale and repurchase of securities.

Leverage, defined as increasing investment risk by creating liabilities that cannot be funded by cash or cash equivalent assets held in the account, may not exceed 5% of the Account's market value. The Account will not be considered leveraged as a result of (i) borrowing to avoid settlement failure, or (ii) derivative positions provided the Account maintains securities, cash and cash equivalents at least equal to the value of the obligations created by its net mark-to-market derivatives positions.

If, as a result of market movements, cash flows, a change in the nature of any investment (such as a change in business activity or credit rating) or change in these Investment Guidelines, the Account is in violation of restrictions set forth above, the Investment Manager will have 30 days after discovery to bring the Account back into compliance with these Investment Guidelines, unless otherwise mutually agreed upon in writing. If remedied in accordance with this paragraph, the non-compliance will not constitute a violation of these Investment Guidelines, and therefore not be reported by the Investment Manager to FCERA in accordance with Section 3 of the Agreement.

Emerging Markets are defined as bonds with a risk country classified as Middle or Low income by the World Bank, excluding countries within the European Monetary Union or appearing in one or more of the JPMorgan EMBI Global Diversified Index, the JPMorgan GBI-EM Broad Diversified index (the "Broad Index"), the JPMorgan Emerging Local Markets

Index Plus ("ELMI+ Index"), the JPMorgan Euro EMBI Global Diversified or the JPMorgan Corporate Emerging Markets Bond Index Broad Diversified ("CEMBI Broad Diversified Index").

Common stock holdings are permitted to include the following:

- Any Interests (“Interests”) issued or to be issued in connection with any actual, pending or threatened insolvency (or bankruptcy or similar) proceeding or out of court restructuring (including any tender or exchange offer) that relates to any otherwise permitted investment that is or was held by the Account. Interests may include, without limitation, securities (including bonds and equity securities), membership or partnership interests, loans, notes, debentures, warrants and any other obligation or instrument or evidence of indebtedness, ownership or other interest.
- The Investment Manager may, on behalf of the Account, execute agreements and commitments (including backstop commitments) and take other actions (“Actions”) in connection with the direct or indirect investment by the Account in Interests. Other Actions include the authority to negotiate and execute agreements and ancillary documents with appropriate counterparties ("Documentation") that are binding on FCERA, and to perform on FCERA's behalf, any and all of the obligations contemplated under such Documentation. This authority includes, among other things, the authority to: (i) open trading accounts with counterparties; (ii) make regulatory determinations and classifications of Account status; prepare and file Account regulatory or trade information; (iii) provide relevant Account-related information to counterparties; and (iv) receive, review, and accept on FCERA’s behalf, any disclosures and other information counterparties or futures commission merchants may provide.
- The Investment Manager may, in its sole discretion vote, (or in its discretion refrain from voting), for or against plans of reorganization.

OPEN END REAL ESTATE AND INFRASTRUCTURE MANAGER GUIDELINES

INVESCO REALTY, INC.

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

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

- **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.

- **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.

- **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.

- **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.

IFM INVESTORS

Commingled IFM Global Infrastructure (US), L.P.

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

- **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.

- **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.

- **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.

- **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.

HARRISON STREET

Commingled Harrison Street Core Property Open End Fund L.P.

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

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for Harrison Street 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.

- **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 Harrison Street Core Real Estate Fund L.P. (the "Fund"). Investments made by Harrison Street must be consistent with the Fund Declaration.

- **Commingled Vehicle Election**

  The Association's investment in the Harrison Street Core Property Fund, L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

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:

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.

KENNEDY WILSON REAL ESTATE FUND V

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.

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.

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.

INVESCO VALUE-ADD FUND VI

This $1.25B fund will target the following property types: industrial (~30-50%), residential (~30-50%), office (~15-30%), retail (~0-10%) and specialty (0-20%) properties, mainly located in top 25 U.S. markets. Included within residential is 10-20% affordable housing, 0-10% in senior housing and 0-10% in single family rentals. Included in office is 0-10% in life science assets and the remainder will be in high growth innovation hubs. Specialty property types will include self-storage and data centers.

OAKTREE REAL ESTATE OPPORTUNITIES FUND VIII

The $3.5B fund is an opportunistic, "all-weather" real estate strategy that targets multiple sectors of real estate while investing in both equity and debt. The investment strategy is nimble and can shift across many platforms (commercial, residential, corporate, opportunistic credit, global ex-US) depending on current market conditions.

ARES US REAL ESTATE OPPORTUNITY FUND III

AREOF III will seek attractive risk-adjusted returns through opportunistic investments in real estate assets and real estate operating companies located in primary markets in the United States. Target fund size is $1.5B. The fund will target a diversified portfolio of 15-25 real estate investments of $50-$150 million across major property types, including residential, hotel, industrial, office, and retail, with selective investments in specialized asset classes including student and senior housing, medical offices, and self-storage.

PCCP EQUITY IX FUND

The fund is targeting $1.25B in commitments consisting of U.S. middle market real estate assets, diversified by geography, asset class, strategy type, and operating partner. The fund will invest in the four main property types (office, industrial, multifamily, and retail/mixed use) with allocations targeting 30% each to office, industrial, and multifamily and 10% to retail and/or hotel.

ARES US REAL ESTATE FUND X

The fund will deploy a value-add approach with a focus on industrial and multifamily sectors in secondary and tertiary markets across the US. Outside of the core sectors of multifamily and industrial which are expected to make up 60-80% of the Fund, the team will focus on niche sectors with strong tailwinds that are adjacent to their areas of expertise. This could include student and senior housing, data centers, self-storage, as well as medical and life science offices. Target fund size is $1.5B.

PRIVATE EQUITY GUIDELINES

HAMILTON LANE PRIVATE EQUITY SEPARATE ACCOUNT

Investments in Private Equity are managed and operated by Hamilton Lane Advisors LLC.

Eligible investments: The Assets may be invested in private markets funds, including HL Products dedicated to secondary funds or co-investments. The Manager will use reasonable best efforts to seek commitment sizes of $15-20 million per fund commitment.

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

First Tranche:

Secondaries	$10 million
Primaries:	$240 million

Second Tranche:

Primaries:	$85 million

Third Tranche:

Primaries:	$375 million; provided, however, the Manager shall not commit more than $125 million of the Capital Commitments of the Third Tranche in each year of its three-year Commitment Period.

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

PRIVATE CREDIT GUIDELINES

HIGH SIERRA CREDIT INVESTORS LLC (ADVISED BY AKSIA LLC)

Investments in Private Credit are managed and operated by Aksia LLC, the General Partner. The General Partner expects that when fully invested, the Partnership's portfolio shall be constructed generally in accordance with the following composition guidelines (as measured at the time an investment is made and applied to the portfolio as a whole and not on a Series-by-Series basis):[3]

Fund Strategy

- Diversified private credit strategies which may include, but shall not be limited to, the following: commingled funds, custom mandates, funds-of-one, and individual holdings/co-investments.

Series Information

- First Series: $400m in commitments with commitment period beginning on 1/3/2022 and ending on 12/31/2024
- Second Series: $500m in commitments with commitment period beginning on (1/01/2024 and ending on 12/31/2026
- At the Investor's request, the General Partner may create additional series to accommodate the Investor's commitment increases to the Partnership beyond 12/31/2026

Target Asset/Strategy Allocation Exposure

- Core - Direct Lending: ~0-100%
- Core - Real Assets Credit: ~10-20%
- Satellite – Total: ~0-50%
  - Satellite - Distressed & Special Situations: ~0-30%
  - Satellite - Specialty Finance: ~0-25%
  - Satellite - Mezzanine: ~0-20%

Net Return Target

- ~8 – 10% blended target at the portfolio level

Target Allocation Size

- Generally, $20-50 million per investment[4]

[3] Such portfolio composition metrics shall be subject to periods of initial build out, re-balancing and winddown where the portfolio may be outside of certain parameters for temporary periods of time.
[4] This can include instances where there is an aggregate commitment of $20 to $50 million made to more than one vehicle if such vehicles are managed by the same general partner or manager, and such vehicles follow similar investment strategies.

Target Geographic Exposure

- U.S./North America: ~40%-70%
- Europe: ~20%-40%
- Asia/Emerging Markets: ~0%-10%[5]

Permitted Fund Structures for Underlying Funds

- Commingled fund structures with commitment periods no longer than four years (excluding any permitted extensions thereof);
- Individual Holdings/Co-investments;
- Secondaries; and
- Funds-of-one and other custom mandates with, to the extent any such structure has a commitment period, commitment periods no longer than four years (excluding any permitted extensions thereof).

[5] For funds exposed to China, the preference would be to invest in funds with less than a 25% target to China.

OVERLAY MANAGER GUIDELINES

PARAMETRIC GUIDELINES

Separate Overlay Account managed by Parametric Portfolio Associates LLC

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 standpoint 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.

Appendix A

FUND ASSET ALLOCATION

The Fund's asset allocation targets and associated benchmark indices are as follows:

Asset Class	Benchmark Index	Portfolio Targets
Domestic Equity[1]	MSCI USA	29.0%
International Equity[1]	MSCI ACWI ex-US	21.0%
Fixed Income[1]	Custom	22.0%
Private Equity[2]	Russell 2000 Index Lagged	8.0%
Private Credit[2]	Barclays US HY 1 Qtr Lagged	8.0%
Real Assets[2]	NCREIF ODCE Net Index	12.0%

[1]Investable Asset Classes.

[2]Uninvestable Asset Classes.

It is Client's responsibility to establish and revise as necessary the asset class categories, benchmark indices, and portfolio targets.

The Uninvestable Asset Classes will be considered fully invested at target levels. The difference between the target allocation for these asset classes and the actual allocation will be allocated as follows, and result in new, Adjusted Portfolio Targets:

Asset Class	Allocation of Difference
Private Equity	Domestic Equity
Private Credit	Fixed Income
Real Assets	Proportional across Investable Asset Classes

Appendix B

CASH SECURITIZATION – Fund Level ☒Utilized ☐Not Utilized

Client will designate specific fund level cash accounts to be overlaid by Investment Manager. These assets will be overlaid to a mix of the Domestic Equity and International Equity futures as follows:

Asset Class	Target %[1]	Benchmark Index
Domestic Equity	58.0%	MSCI USA
International Equity	42.0%	MSCI ACWI ex. US Index

[1]Targets are equal to the proportional weights of Domestic Equity and International Equity Portfolio Targets as a percent of total Public Equity (Domestic Equity Target is 29% / (29%+21%) = 58%; International Equity is 21% / (29%+21%) = 42%).

CASH SECURITIZATION – Manager Level ☒Utilized ☐Not Utilized

Investment Manager will invest Manager cash as able in the asset classes as described below. It is Client's responsibility to communicate to Investment Manager which managers should be included in the manager cash overlay for each asset class.

Asset Class	Benchmark Index
Domestic Equity	MSCI USA
International Equity	MSCI ACWI ex. US Index

Additional overlay exposure may not be added if total gross notional exposure is greater than 10% of the total portfolio value. If market movements cause total exposure to exceed 10% of gross notional, existing overlay positions will not be removed but no additional positions, long or short, will be added until overlay exposure moves below the 10% limit.

Appendix C

EXPOSURE MAINTENANCE INCLUDING REBALANCING ☒Utilized ☐Not Utilized

Investment Manager will monitor fund asset allocation relative to the following variation bands:

Asset Class	Proportional Band %
Domestic Equity	±8.0%
International Equity	±8.0%
Fixed Income	±8.0%

Rebalance Bands are for monitoring purposes only, and Investment Manager will not execute any rebalance trades. If a variation band is exceeded, Investment Manager will notify Client, but will not make any rebalancing overlay adjustments.

[1]Proportional Variation Band %. Relative to Adjusted Portfolio Target.

Appendix D

TRANSITION EXPOSURE MANAGEMENT ☒Utilized ☐Not Utilized

Transition positions may create the need for additional margin in Investment Manager's account to support overlay exposure.

If incomplete information is provided by Client or outside party, Investment Manager will work as able to complete necessary transition transaction in a manner which maintains market exposure in an unlevered manner. If incorrect information is provided, leverage or lack of full market exposure may result.

Appendix E

INTEREST RATE MANAGEMENT ☐Utilized ☒Not Utilized

Appendix F

CURRENCY EXPOSURE MANAGEMENT ☐Utilized ☒Not Utilized

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)
INVESTMENT POLICY STATEMENT (IPS)
ON
INVESTMENT POLICIES, GUIDELINES AND PERFORMANCE
AS OF DECEMBER 6, 2023

I. TABLE OF CONTENTS

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 and death and survivor benefits to the members of FCERA and their beneficiaries. Benefits are funded by employer and member contributions and investment earnings, net of investment management and administrative fees and expenses.

III. PURPOSE

1) The IPS serves 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 capture timely 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) <u>Board</u>: 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 counsel, and monitoring the performance of the firms engaged to invest the assets of the Fund.

2) <u>FCERA Administrator and Staff</u>: 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

g) Advising the Board on investment matters from the Administration's perspective.

3) Investment Consultant: The Investment Consultant serves as a fiduciary to the Fund, providing independent information and recommendations directly to the Board in collaboration with Investment Staff. The Investment Consultant is charged with the responsibility of advising the Board on investment policy, asset allocation consistent with the Fund's investment objectives and risk tolerance, the selection, evaluation and monitoring of Investment Managers, providing reports and analyses on material 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 every 3 to 5 years, as contracted by the Board. The Investment Consultant also provides advice, analytical services, and technical assistance to Investment Staff for implementing the Board's policies and strategic directives.

4) Specialty Consultants: The Board may choose to utilize Specialty Consultants for the purpose of obtaining specialized advice in areas such as private markets or hedge funds. If such consulting services are utilized, said service providers will be fiduciaries to the Fund and will provide such advice in accordance with this Investment Policy Statement.

5) Investment Managers: The Investment Managers are fiduciaries delegated the responsibility of investment and re-investment of the Plan's assets in accordance with written agreements and supporting guidelines, and all applicable laws or regulations. Managers of accounts in publicly traded asset classes or traditional strategies will normally be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, or (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of plan assets. The Board may also engage other persons or organizations authorized by applicable law or regulation to function as

an Investment Manager. It is understood that special oversight and due diligence procedures may be required for Managers not registered under the above Acts.

6) 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.

V. INVESTMENT PHILOSOPHY

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

1) The mission of the investment program: Satisfy all benefit obligations owed to FCERA members as they come due and ensure the ability to accomplish that consistently over the life of the system.

2) Plan governance: The Board is responsible for establishing policies for administering the investment program, establishing the strategic asset allocation, and delegating responsibility to implement Board policies and strategies as appropriate. The Board will carefully monitor implementation of the program to assure compliance with Board policies and external requirements.

3) The time horizon of the investment program: FCERA is a long-term investor and thus manages the fund strategically based upon the long-term prospects of diversified global markets. FCERA believes in mean reversion and that significant changes in asset allocation should be well understood and implemented only over a long period of time.

4) Asset allocation and diversification: Prudent asset allocation is the single most important factor contributing to the long-term success of the system. In general, FCERA favors fewer and larger investments in each asset class to avoid complexity that does not improve risk-adjusted returns. Each asset class shall be evaluated based on its cost, diversifying characteristics, risk and return expectations, and with reference to its contribution to the portfolio. The Board will set the overall design of the asset allocation across broad categories establishing appropriate subclasses and styles within the general asset allocation parameters with input from Staff and Consultants.

5) Strategic & tactical decisions; rebalancing: FCERA believes the long-term success of the program is derived from an asset allocation based on specific targets and rebalancing back

to those targets using a consistent and structured process. The range of each asset class will be modest relative to target allocations to accommodate any tactical judgements without adversely impacting long-term success of the program. A separate rebalancing guide will be reviewed annually.

6) Implementation of the program: Active and passive management; efficiency of markets; role of private markets: It is FCERA's belief that global markets are efficient, and that passive management can provide low-cost, broad, and diversified exposure to them. FCERA favors passive management unless active management clearly demonstrates better-than benchmark performance on a net-of-fees basis. Private market investing is necessarily active, targeting higher returns with some degree of increased risk.

7) Investment risks: FCERA believes risk taking should be prudent, intentional, and commensurate with expected returns over time. A diversified portfolio should be designed to balance risk and reward across volatile markets. Market risks should be compensated. Operational and external risks (such as governance, reputational, regulatory and compliance risks) should be mitigated to avoid adverse impacts on the system's financial well-being. As the system's funded status improves, the Board believes that it may be prudent to consider lower risk and return targets.

8) Liquidity needs: The Board believes that its diversified investment portfolio will generate regular and sufficient cash flow to meet its benefit payment obligations to members for the foreseeable future. Under extreme circumstances liquidity is essential and as such, the Board believes in holding a minimum balance of 2% actual cash, which will be routinely overlaid as either fixed income or equities to maintain target weights.

9) Costs and manager performance: Costs need to be commensurate with demonstrated outperformance on a manager-by-manager basis. The Board will continue to monitor and negotiate terms and fees to preserve the greatest net return on its investments.

10) Relationship to funded status and contribution rates: FCERA believes that prudent management of the investment portfolio will improve the system's funded status and thus enable the Board to reduce employer contributions to the system over time. The goals of the investment program shall include seeking to reduce the level of unfunded liabilities that must be funded from employer contributions.

VI. INVESTMENT OBJECTIVES

The Investment Objectives of the Fund shall be:

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

2) Long-Term Growth of Capital: To emphasize long-term growth of principal while avoiding excessive downside risk. Short-term volatility will be tolerated to the extent it is prudent and 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 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 to 5-year term is expected to exceed the compounded return of a custom index reflecting the asset class benchmarks and allocation weights as specified in Appendix A.

2) "Active" Investment Managers are expected to exceed their respective assigned benchmark returns.

3) For purposes of Total Fund valuation, Private Equity, Private Credit, and Closed End Real Estate performance will be lagged by one quarter and neutralized.

VIII. LONG TERM PERFORMANCE OBJECTIVES

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

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 and/or Specialty Consultant(s) 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 or Specialty Consultant(s), as needed.

3) Rebalancing: The objective of portfolio rebalancing is to mitigate the risk exposure of the Fund when asset allocations deviate from policy targets due to capital market environments, manager performance, or capital flows. Portfolio rebalancing shall be conducted in order to meet the following objectives:

   a) Maintain the long-term strategic asset allocation and risk targets as set forth in Appendix A. In meeting this objective, the costs associated with rebalancing must be balanced against the need to maintain the desired strategic allocation targets.

   b) To satisfy liquidity needs and properly stage asset moves required for significant portfolio adjustments due to investment mandate changes that are either underway or anticipated due to a Board-approved change to the target asset allocation.

   c) To add value to the overall portfolio through the use of tactical actions, the aim of which is to take advantage of uncommon market pricing opportunities caused by significant market dislocations.

   d) The Administrator, in conjunction with the advice of the Investment Consultant, is responsible for executing all rebalancing activities, seeking as needed, guidance from the Investment Consultant and the Board.

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

4) Proxy Voting: Voting of proxies in stocks held by the Fund will be done in a manner which is in the best financial and economic interests of the Fund and its beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, it will generally delegate such decisions to its Investment Managers. Investment Managers must exercise due diligence in ascertaining the facts and circumstances of the matter being voted on. Investment Managers are required to report their proxy voting activities to the Administrator on an annual basis. The Board may engage a proxy-voting service to assist it in prudently exercising its rights.

5) Environmental, Social and Governance Investing: The Board may consider investing in, or divesting from, investments that are expected to accrue benefits in the area of economic development, environment, health, corporate governance and other social or moral issues. However, these investment determinations must satisfy applicable "costlessness" standards, including that their expected risk-adjusted returns and associated costs shall not be more costly to the Fund than comparable investment actions absent the expected environmental, social or corporate governance characteristics.

6) Trading and Execution: Investment Managers shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates. California law limits and requires disclosures regarding prime brokers and "soft-dollar" transactions and Investment Managers are expected to comply with the law. Recognizing the primary importance of best execution, an Investment Manager may accept the instructions of the Board to place transaction orders with a particular broker-dealer firm provided that such instruction is in writing and contains the 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. FCERA Staff, in conjunction with the advice of the Investment Consultant, has the authority to select the Transition Management vendor and manage the transition process. Following any transition event, FCERA Staff will provide an update report to the Board detailing performance relative to objectives and any other pertinent details.

8) Securities Lending: 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 views. The Board may authorize the execution of a Securities Lending

Program to be performed by the Custodian in conformance with the Custodial Agreement. The program will be monitored and reviewed by the Administrator and FCERA Staff, with particular attention to the liquidity, duration and risk characteristics of the associated collateral pool. Securities lending may also be implemented through the use of commingled funds.

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

XI. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

1) The Board shall review the investment results of the Fund at least on a quarterly basis. Performance comparisons will be made against the various benchmarks established for the Fund and each Investment Manager as set forth in this IPS and the Investment Manager Agreements.

2) The Board, with the assistance of the Investment Consultant, shall periodically evaluate developments affecting each Investment Manager. This evaluation should include changes in ownership, personnel turnover, adherence to investment style and philosophy, relative peer performance, co-investor confidence, and any other qualities that the Board deems appropriate. This evaluation should also include an assessment as to whether each Investment Manager has operated within the parameters established by the consultant and reported to the Board on a quarterly basis.

3) The Board shall hold each Investment Manager accountable for the performance of the assets over which the manager exercises discretion or control. If an Investment Manager fails to accomplish its investment objectives over a market cycle (typically at least five years), the Board may notify the Investment Manager in writing that it has failed to accomplish its performance objectives and that the Board has placed them on probation. The Board will continue to monitor the investment results until it determines whether removal of probation or termination of the Investment Manager is warranted. To assist in the evaluation, the Board will maintain a "Manager Review Report". This report will include the following "flags" that will be monitored on an ongoing basis:

   a) Manager has underperformed the benchmark index more than half the time over the last 20 quarters.

   b) Manager has returned less than 105% of the benchmark index over a three-year period (110% for equity managers).

c) Manager has underperformed the 50th percentile in the appropriate style universe in more than two of the last five years of consecutive returns.

d) Manager's Sharpe Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.

e) Managers Information Ratio is worse than the 50th percentile in an appropriate style universe for the five-year period.

f) Manager experiences non-performance related issues including personnel turnover, changes in investment philosophy or drift, excessive asset growth, change in ownership, or any other reason that raises concern.

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

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

5) The Board has approved a Placement Agent Disclosure Policy in compliance with California law. Each Investment Manager shall comply at all times with all of the provisions of the Placement Agent Disclosure Policy.

XII. ADMINISTRATIVE PRACTICES

1) <u>Communication and Reporting of Investment Managers</u>: 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) <u>Compensation of Investment Managers</u>: Each Investment Manager retained by the Fund shall be compensated quarterly by a formula contained in the Investment Manager Agreement. No Investment Manager retained by the fund shall receive a payment of commission or other fees on a particular investment transaction. Further, each Investment Manager must disclose to the Board any indirect compensation received in addition to its fees as a result of servicing the Fund.

3) Brokerage Disclosure: Each Investment Manager retained by the Fund shall provide a written quarterly report detailing the name of each brokerage institution which received commissions from the Fund as the result of the discretionary trading authority bestowed upon the Investment Manager by the Board. Investment Managers shall provide to the Board a commission report detailing the name of the brokerage firm, the number of shares, average cost per share traded, and the commissions paid.

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

5) Specific Disclosures regarding Fees and Expenses: California Assembly Bill 2833 (AB2833) requires a public pension or retirement system to require limited partnerships, limited liability companies or similar legal structures (hereafter referred to as Alternative Investment Vehicles – AIVs) to make specific disclosures regarding fees and expenses, for contracts entered into, extended, renewed, or amended on or after January 1, 2017. Consistent with requirements relating to public records, the plan must disclose, at least annually, the information received in connection with the AIVs at an open public meeting. The intent of AB2833 is to increase the transparency regarding the character and amounts of fees paid by a public pension fund to AIVs. The following information is required by each AIV:

   a) The fees and expenses that the retirement system pays directly to the AIV, the fund manager, or related parties subject to the agreement.

   b) The pro rata share of fees and expenses not included in paragraph (a) that are paid from the AIV to the fund manager or related parties.

   c) The public fund's pro rata share of carried interest distributed to the fund manager or related parties.

   d) The public fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the AIV to the fund manager or related parties.

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

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

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

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

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

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

XIII. POLICY REVIEW

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

XIV. POLICY HISTORY

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

XV. SECRETARIES CERTIFICATE

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

December 6, 2023

Date of Action:

By: Retirement Administrator

APPENDIX A – STRATEGIC ASSET ALLOCATION

APPENDIX A – STRATEGIC ASSET ALLOCATION

The enclosed table reflects FCERA's long-term strategic asset allocation targets, and permissible ranges associated with each asset class. This asset allocation is the culmination of a comprehensive asset-liability study, last conducted in 2021, as well as proceeding asset allocation analysis in 2022 and 2023.

Appendix A: FCERA Strategic Asset Allocation (Updated September 2023)

Asset Class	Style/ implemementation	Target	Min.	Max	Style Benchmark/Asset Class Benchmark
Domestic Large Cap	Core - passive	26			Russell 1000
Domestic Small Cap	Core - active	3			Russell 2000
Total Domestic Equity		**29**	21	36	**Russell 3000**
International Large	Core - passive (50% target)	7			MSCI World Ex-US
International Large	Value - active	4			MSCI EAFE Value
International Large	Growth - active	4			MSCI EAFE Growth
Emerging Markets	Active	6			MSCI EM IMI
Total International Equity		**21**	17	26	**MSCI ACWI ex-US**
Total Public Equity		**50**	38	57	**MSCI ACWI**
US Fixed Income	Core - hybrid	11			BBgBarc US Aggregate
US Fixed Income	Impact oriented	1			BBgBarc US Securitized
Multi-Sector Credit	High Yield, bank loans, EM Debt	10			40% BBgBarc US HY, 40% S&P/LTSA Lev. Loan, 20% JPM EMBI
Total Fixed Income		**22**	17	25	**Custom (weighted average of style BMs)**
Real Assets	Open-ended core	4			
Real Assets	Closed-end V.A./Opp	4			
Real Assets	Global Infrastructure	4			
Total Real Assets		**12**	6	16	**NCREIF ODCE Net**
Private Equity	Closed-end funds	8			Russell 2000 1 Qtr lagged
Private Credit	Closed-end funds	8			BBgBarc US HY 1 Qtr. Lagged
Total Alternatives		**16**	7	21	**Neutralized Performance**
Total Portfolio		**100**			**Weighted Average of Asset Class Benchmarks**

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

APPENDIX B – ILPA TEMPLATE AND REPORTING GUIDELINES

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

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

APPENDIX C – SUPPORTING MANAGER GUIDELINES

APPENDIX C – SUPPORTING MANAGER GUIDELINES
(Last updated December 2023)

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DOMESTIC EQUITY MANAGER GUIDELINES

NT RUSSELL 1000 INDEX

Separate Account Large Cap Passive Equity Assignment

Investment Manager shall maintain in the name of the FCERA, as agent for FCERA, a Domestic Equity Portfolio Account (hereafter "Account") for all cash, securities and other property which may be delivered to Investment Manager from time to time for credit to this Account, upon the following terms, unless otherwise directed in writing.

Investment Objective:

The investment objective for the Account shall be to provide a total return that approximates the risk and return characteristics of the Russell 1000 Index ("Index").

It is understood that the Account will be constructed to have aggregate investment characteristics similar to those of the Index by using, in the discretion of the Investment Manager, either an optimization or full replication technique to reflect the performance of the Index without necessarily holding all its component stocks. It is further understood that due to investment deviations from components of the Index, as well as transaction costs, management fees, brokerage commissions and other incidental costs, there will be a tracking deviation from the performance of the Index.

Eligible Investments:

Equity securities purchased for the Account will generally, but not necessarily, be current or pending constituents of the Index. The Account may be invested in exchange traded funds, equity index futures contracts, and other derivative transactions in order to equitize cash and cash entitlements, provided that any such derivative transactions are fully collateralized. It is understood that such investments may not be perfectly correlated with the investment objective for the Account, but will in the sole judgment of the Investment Manager assist in meeting the investment objective for the Account.

It is understood that the common stock of Northern Trust Corporation ("NTC") may be one of the securities that constitute the Index from time to time. The Investment Manager is directed that the common stock of NTC shall be purchased, retained and sold from time to time if such transactions are consistent with the investment objective for the Account. Nevertheless, it is understood that transactions in the common stock of NTC may be restricted from time to time in order to assure compliance with the internal policies of the Investment Manager and applicable securities laws, and that such restrictions may adversely affect the ability of the Investment Manager to achieve the investment objective of the Account. Proxies for the common stock of NTC shall be voted in accordance with instructions for the Account.

The foregoing Investment Guidelines supersede all prior objectives and guidelines and shall remain in effect until the parties mutually agree in writing to the contrary.

PIMCO STOCKSPLUS SMALL FUND

Separate Account Small Cap Active Equity Assignment

The Manager will have full discretion within the guidelines to invest in equity, fixed income and related securities. Unless otherwise stated below, the following guidelines will be applied at the time of purchase.

Manager Objective

Exceed the total rate of return of the Russell 2000 index over a three-to-five year time horizon net of fees.

Portfolio Duration Range

Negative three (-3) to positive eight (+8) years
Portfolio 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.

Minimum Average Portfolio Quality:	A- Rating
Minimum Issue Quality:	B- Rating
Minimum Commercial Paper Quality:	A2/P2

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. Hedging, spread and income generating strategies may include the use of short sales. Reverse repurchase agreements (taxable clients only) are permitted.

The Manager has authority to take actions in connection with exchanges, reorganizations, conversions or other corporate events that could result in the receipt of securities (including, but not limited to, common stock) that may or may not be referenced elsewhere in the investment guidelines. The manager may, in the best interest of the portfolio, hold these for a reasonable amount of time.

Asset Types and Investment Vehicles

The Manager will invest primarily in the following "Stock Index Instruments"
Stock Index Futures
Stock Index Options
Options on Stock Index Futures

INTERNATIONAL EQUITY MANAGER GUIDELINES

NT MSCI WORLD EX-US INDEX

Commingled International Passive Equity Assignment

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

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for Northern Trust Investments, 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 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 MSCI World ex-U.S. Index.

- **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 Northern Trust Investments, Inc. 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 Northern Trust Collective World ex-U.S. Index 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 Northern Trust Investments, Inc.

- **Commingled Vehicle Election**
  The Association's investment in the Northern Trust Collective World ex-U.S. Index Fund is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

<u>ARTISAN PARTNERS</u>

Separate Account Large Cap Growth Active International Equity Assignment

- **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.

- **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.

- **Investment Guidelines**

  - 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.

  - 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.

  - Investments generally will be made in non-U.S. companies.[1]

  - 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.

- The Account will generally be diversified across a minimum of fifteen (15) 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.

- Investment in any one industry will not generally exceed twenty-five percent (25%) of the value of the Account at the time of purchase.

- 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.

- The Account may not employ leverage, purchase securities on margin, or sell securities short.

- 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.

- 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.

- 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.

- Currency hedging may, but is not required to, be utilized to protect the Account's value in U.S. dollars.

- 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.

- The limitations in items 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.

[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.

MONDRIAN EMERGING MARKETS EQUITY FUND, LIMITED PARTNERSHIP

Commingled Limited Partnership Emerging Markets International Active Equity Assignment

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

- **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.

- **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.

- **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.

- **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.

<u>PACIFIC INVESTMENT MANAGEMENT COMPANY LLC (PIMCO) INTERNATIONAL EQUITY FUND SUB-ADVISED BY RESEARCH AFFILIATES LLC (RAE)</u>

Separate Account International Value Active Equity Assignment

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for PIMCO 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.

- **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 Depository 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.

GLOBAL FIXED INCOME MANAGER GUIDELINES

RBC ACCESS CAPITAL

Separate Account Community Impact Bond Assignment

- **Investment Assignment**

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

- **Investment Objectives**

  The Fresno County Employees' Retirement Association portfolio managed by RBC GAM-US will be managed for the purpose of competitive financial return vs the Bloomberg Barclay's Securitized Bond Index while investing in projects that seek to positively impact the residents and communities of Fresno County in the following areas:

  - Single Family Homeownership for low-to-moderate income (LMI) borrowers
  - Multi-Family affordable rental housing for LMI residents
  - Nursing homes and healthcare facilities that support LMI individuals
  - Small business loans that serve the community, deliver more services to the residents of the county and provide more job opportunities within the local economy
  - Infrastructure projects that support economic growth in the county
  - Green projects that promote environmental sustainability

  The portfolio will generally be constructed within the following ranges:

Impact Type	% of Portfolio (Range)
Single Family Homeownership	60-80%
Multi-Family Affordable Rental Housing & Healthcare Facilities	10-20%
Small Business Loans	5-10%
Other Infrastructure or Green Projects	5-10%

- **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.

Acceptable investment instruments include, but are not limited to:

- Obligations of the US and foreign governments, agencies, instrumentalities, political subdivisions and supranational entities
- Agency and non-agency mortgage and asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Certificates of Deposits
- Exchange traded futures and TBA securities may be used for hedging purposes
- Collateralized bond and loan obligations
- Other obligations consistent with investment objectives in Part 2

Credit Ratings:

- Security minimum credit rating is A- at the time of purchase.
- Securities must be rated by at least one Nationally Recognized Securities Rating Organization. In the case of two ratings, the lowest applies and in the case of three ratings, the middle applies.
- Maximum 15% of portfolio can be invested in securities rated A-.
- The Advisor shall provide notification to the client if a security is downgraded below the limits stated above.

Other Guidelines:

- All securities will be denominated in U.S. dollars.
- Non-U.S. securities are not permitted in the portfolio.
- Portfolio duration will range within +/- 6 months of the benchmark.
- No single issuer (excluding U.S. Government securities or securities carrying the full faith and credit of the U.S. Government) may constitute more than 5% of the Portfolio account balance.
- Performance for the investment strategy shall be benchmarked to the Bloomberg Barclays Securitized Bond Index.

<u>WESTERN ASSET MANAGEMENT COMPANY</u>

Separate Account US Core Fixed Income Assignment

- **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.

- **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) while managing active portfolio risk

  Long Term Performance Objectives: The Total Portfolio is to exceed the Bloomberg US Aggregate Bond Index as well as the median return in a representative fixed income performance universe net of fees.

- **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.

  Portfolio Guidelines: The guidelines below will be applied to the overall portfolio and to all eligible investment security types as applicable. These guidelines are measured and monitored at the time of purchase.

  Credit Quality
  Portfolio Credit Quality Min BBB. Securities will be rated minimum BBB- or equivalent or higher at the time of purchase. The methodology to calculate the portfolio's credit quality will utilize the higher of S&P, Moody's and Fitch ratings: the higher of two ratings or the sole rating if only one is available. In the absence of S&P, Moody's and Fitch ratings, Western Asset may assign an equivalent rating. Portfolio Average Quality: Three notches below the benchmark. The portfolio's average credit quality will not be lower than three rating notches below the benchmark's average quality. As an example, if the benchmark is rated AA, then three notches below is A.

Duration
Portfolio Effective Duration +/-20%. The portfolio dollar weighted average effective duration is expected to range within +/- 20% relative to the benchmark.

Maturity
Maturity Range No limit. Securities covering the full range of maturities are eligible.

Country & Currency
USD-Denominated Securities. The portfolio will invest in US Dollar denominated securities only.

Eligible Investments

Eligible Investments	Limit	Additional Information, Definitions, & Calculation Methodologies
US Treasuries		
US Agencies		
US Government-Sponsored Entities		
Sovereigns/Non-US Treasuries	10% per issuer	
International Agencies	10% per issuer	
Non-US Local Authorities	10% per issuer	
US Municipals	5% per issuer	
Supranationals	5% per issuer	
Corporations	5% per issuer	
Subordinated Debt		
Convertibles		
Capital Contingent Convertibles		
Perferreds		
Structured Products		
Agency MBS		Includes residential and commercial agency MBS
Residential Mortgage-Backed Securities (MBS)	5% per issuer	Issuer is defined as individual trust
Commercial MBS (CMBS)	5% per issuer	Issuer is defined as individual trust
Asset-Backed Securities (ABS)	5% per issuer	Issuer is defined as individual trust
General ABS		
CLO/CDO/CBO's		
Cash and Cash Equivalents		Cash equivalents are defined as liquid, investment-grade securities that have a duration of less than or equal to one year
Treasury Bills		
Commercial Paper	5% per issuer	
Certificates of Deposit	5% per issuer	
Bankers Acceptance	5% per issuer	

Repurchase Agreements	5% per counterparty	
Derivatives		
Futures		
Treasury/Interest Rate		
Options		
Treasury/Interest Rate		
Swaps		
Interest Rate		
Credit Default Swaps - Single Name		
Credit Default Swaps - Index/Basket		
Total Return Swaps		
Options on Swaps		
Credit Linked Notes	3%	To allow for certain GSE credit risk transfer MBS structures
Commingled Vehicles		
Short-Term Investment Funds (STIF)		
Exchange-Traded Funds (ETF)	Maximum 5% per ETF; Maximum 10% in ETF's (in aggregate)	The portfolio may only invest in ETF's in which the underlying exposure is permitted, subject to a maximum of 5% per ETF and no more than 10% in aggregate
Western Asset Institutional Plus Funds (LLC/LTD)		The portfolio may invest in commingled funds to gain exposure to certain sectors subject to client review and approval of fund subscription documents
Registered Investment Companies (Non-affiliated)		Western Asset will not purchase affiliated funds/registered investment companies
Private Placements		
144As		
Reg S Securities		
4(2) Commercial Paper		
Pure Private Placements (ex 144As)		
Equities		The portfolio will only invest in common stock relating to corporate actions, tenders, workouts & exchanges
Illiquid Instruments		

Additional Guidelines

Management Guidelines	Additional Information, Definitions, & Calculation Methodologies
Downgrades	In the event downgraded securities cause a breach of the investment guidelines, Western Asset may continue to hold the positions but will not make any further purchases to increase the position while the breach remains
Market Value Fluctuations	In the event fluctuations in the market value of securities cause a breach of the investment guidelines, Western Asset may continue to hold the positions but will not make any further purchases to increase the position while the breach remains
Corporate Actions, Tenders, Workouts & Exchanges	Western Asset may enter into corporate actions, workouts, tenders or exchanges for existing holdings even if the securities received may technically be outside the above prescribed limitations
Transitions	During transition periods (i.e., guideline amendments, in-kind security transfers, etc.) the account may be non-compliant. The client will be notified of any offside positions and brought back into compliance within one month. If Western Asset believes it is in the best interest of retain non-compliant holdings, the client will be consulted by Western Asset to obtain consent to continue to hold the securities.

J.P. MORGAN INVESTMENT MANAGEMENT INC.

Commingled Account US Core Fixed Income Assignment

Investment Objective: To seek to outperform (based on the Portfolio's total return, gross of fees) the Bloomberg U.S. Aggregate Bond Index (the "Benchmark") while maintaining total return risk similar to that of the Benchmark over a market cycle.

Guidelines

A. Eligible Investments by Type

Portfolio investments are limited to U.S. Dollar denominated, fixed income securities and selective derivatives designed to have similar attributes of such fixed income securities. The term "fixed income security" is defined to include instruments with fixed, floating, variable, adjustable, auction-rate, zero or other coupon features. Eligible investments include, but are not limited to:

1. U.S. Treasury debt securities including Separate Trading of Registered Interest and Principal of Securities (STRIPS). (Treasuries).
2. U.S. Agency and Government-Sponsored Enterprises (GSE) debt securities, including stripped securities.

3. U.S. Agency and GSE backed mortgages, including single family pass-through pools, pass-through coupon and principal stripped securities, collateralized mortgage obligations (CMOs/REMICs) and other home equity and multi-family pass-through securities (U.S. Agency MBS).
4. U.S. Agency and GSE mortgage dollar rolls.
5. CMOs and other residential mortgage securities issued by non-U.S. Agency organizations (Non-Agency MBS).
6. Obligations of state and local governments (Municipals).
7. Debt securities of foreign governments and supranational organizations (Other Government).
8. Debt obligations issued, assumed or guaranteed by non-governmental U.S. and non-U.S. institutions. "Obligations" includes bonds, debentures, notes and other evidences of indebtedness, as well as participation interests in any of the foregoing. "Institution" includes corporations, joint-stock associations, limited liability companies, business joint ventures, business trusts, statutory trusts or similar entities. Securities issued under Rule 144A or other private placements will be eligible investments.
9. Deposits (TDs, CDs) and insurance contracts (GICs) having structural characteristics similar to the above approved fixed income securities (generally to be classified as Corporates).
10. Asset-backed debt securities, including transactions backed by credit card, auto, home equity, recreational vehicle, manufactured housing, equipment and other loans, debt securities or lease payments (Asset-Backed Securities, ABS).
11. Commercial property mortgages and Commercial Mortgage Backed Securities (CMBS).
12. Cash and cash alternatives, money market funds, and other investments representing high quality liquid debt and monetary instruments, including repurchase agreements, banker's acceptances, commercial paper, negotiable certificates of deposit, U.S. government securities and funds established to invest in the foregoing (Money Market).
13. Preferred securities, including subordinated debt capital securities, trust preferred securities and preferred stock.
14. In constructing the Portfolio, the Manager may invest in individual securities and investment instruments as described in these guidelines, as well as make use of mutual funds, exchange traded funds or other pooled investment products that the Manager believes will facilitate the achievement of the investment objective.

15. Futures, options, interest rate swaps, credit default swaps, caps, floors, mortgage derivatives and other derivative instruments (subject to and consistent with the provisions of Section E, "Derivatives").

These Guidelines are not intended to prevent investment in any security, instrument or asset not explicitly described above so long as such investment has structural and risk characteristics similar to these explicitly approved investments. The Portfolio may not contain all of the eligible investments described above. All Investment Guidelines in this document are understood to apply at the time of purchase, unless otherwise specified. Terminology, categorizations or classifications of instruments and/or sectors referenced in these Investment Guidelines shall be construed according to the Manager's definitions of such terminology, categorization or classification. Additional information regarding the Manager's definitions is available upon request.

B. Minimum Credit Standards

The Portfolio shall generally be invested in securities falling into an investment grade classification.

1. Purchases are generally limited to issues rated at time of purchase as Baa3, BBB-, or BBB- (generically BBB-) or better by one or more Nationally Recognized Statistical Rating Organizations such as Moody's, Standard & Poors, Fitch, DBRS or Kroll.

2. The Manager is authorized to use its discretion in retaining or selling any security held in the Portfolio that falls below the minimum Investment Grade rating.

3. The dollar weighted average quality of the Portfolio will typically be A- or above.

4. The Manager may invest in unrated securities which in the opinion of the Investment Advisor are investment grade for up to 5% of the Portfolio (determined at the time of purchase). In the case of unrated securities, the Manager will assign such unrated securities a rating determined by it in its sole discretion in accordance with the Manager's internal rating system. This internal rating will be used to calculate the average quality of the Portfolio.

C. Diversification

Issuer concentrations are limited to 5% per issuer of the total market value of the Portfolio at the time of purchase. These concentration limits do not apply to investments in mutual funds, exchange traded funds or other pooled investment products or obligations of, and issues guaranteed by, the U.S. Treasury, U.S. Agencies and U.S. GSEs.

Sector concentration within the Portfolio will typically not exceed the weight of that sector in the Benchmark index plus 30%.

D. Duration

The weighted average effective duration of the Portfolio will typically remain within +/-20% of the Benchmark.

E. Derivatives

Derivatives may be used for the following purposes: to implement investment decisions in a more efficient manner, primarily for increased cost effectiveness and/or liquidity, particularly in managing duration, yield curve and credit exposure; to manage exposure to volatility and to take advantage of inefficiencies in derivatives markets; for return enhancement and other general hedging or risk management needs. Derivatives that introduce commodity, currency or other risks not inherently consistent with the Portfolio's overall risk profile and these guidelines shall not be used.

F. Unusual Conditions/Subsequent Events

If at any time due to contributions and withdrawals, major fluctuations in market prices, abnormal market conditions or any other reason outside the control of the Manager, there shall be a deviation from the specific guidelines described herein, the Manager shall not be in breach of these guidelines so long as it takes such actions over such reasonable period of time as the Manager determines are prudent and in the best interests of the client to return the investments of the Portfolio to compliance with these guidelines. Alternatively, if the Manager determines it is in the best interests of the Client not to return the Portfolio to compliance with the guidelines, the Manager may make a written recommendation to the client on guideline revisions or other appropriate response to the deviation and the Manager shall be entitled to implement its recommendation, and shall not be in breach of these guidelines, unless the client directs the Manager to the contrary within a reasonable time.

HPS INVESTMENT PARTNERS

Separate Account Multi-Sector Credit Assignment (Semi-Liquid)

The following are the investment guidelines for the FCERA Institutional Credit Strategy Separately Managed Account (the "Account") to be managed by HPS Investment Partners, LLC ("HPS" or the "Investment Manager").

Investment Manager	HPS shall act as the investment manager for the Account
Investment Objective	Employ HPS's Institutional Credit Strategy which seeks to generate attractive risk-adjusted returns while minimizing volatility and credit loss across market cycles.

Investment Guidelines[1]

The Investment Manager will target investments in loans, bonds, securitized credit (including debt and equity issued by asset-backed security offerings and associated warehouses (including, to the extent there is available excess capacity in the debt or equity tranches, of CLOs and associated warehouses for which HPS or an affiliate of HPS acts as collateral manager (each, an "HPS CLO"))), equity (common and preferred), exchange traded funds ("ETFs") and credit default swaps ("CDS") and CDS indices, within the following parameters:

Asset Class allocation maximums and expected ranges (as a percentage of Net Asset Value)

Asset Class	**Maximum Allowed Exposure**	**Expected Ranges**[2]
Leveraged Loans	100%	40-75%
Corporate Bonds (including high yield bonds, investment grade bonds, convertible bonds, and instruments that take the legal form of preferred equity but have bond characteristics (including coupon payments) as determined by the Investment Manager ("Debt-Like Preferred Equity"))	100%	20-50%
Securitized Credit	20%	5-15%
Equities (excluding Debt-Like Preferred Equity and equity received in connection with debt investments), ETFs, CDS and CDS indices (excluding any such instrument used for hedging).	15%	0-7.5%

Portfolio Diversification (as a percentage of Net Asset Value)

- Single Issuer Concentration Maximum:7.5%
- Single Position Size Maximum: 5.0%
- Non-US Investment maximum (excluding any securitized credit investment, ETFs, CDS and CDS indices): 30%

  "US Investments" as used herein shall mean any investment whose issuer is domiciled in, or derives a majority of its prior year's revenue (as reported in its last reported financials) from, the U.S.

"**Net Asset Value**" means total assets minus total liabilities, as determined in accordance with generally accepted accounting principles in the United States. During any ramp-up period following a new capital commitment to the Account, "Net Asset Value" shall be deemed to include any cash that is committed but not yet funded into the Account.

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[1] Any requirement or limit herein with respect to an individual investment will be measured at the time such investment is made. Any portfolio level limits will be measured at the time each investment is made. Unless otherwise specified herein, when testing whether the Account (or a portion of the Account) will be in compliance with a limit following the completion of a proposed investment, the numerator for such calculation will be the cost of such proposed investment plus, if applicable, the market value, as determined in accordance with the Account's operating agreement, of other investments in the Account that satisfy the condition that is being tested, and the denominator will be the Net Asset Value (as defined below). For the avoidance of doubt, the disposition of an investment, market fluctuations and credit events shall not cause a breach of these guidelines.

[2] Expected ranges are based on our current view of the market – actual investments in a category may be outside of the expected range based on market conditions at the time, overall portfolio positioning and other considerations.

Benchmark	Blended benchmark consisting of: 50% Credit Suisse Leveraged Loan Index 50% Credit Suisse High Yield Index
Currency	Assets can be denominated in USD/EUR/GBP. A maximum of 20% of NAV may be invested in non-USD assets.
Borrowings	No leverage shall be used in connection with the investment program; provided, for the avoidance of doubt, that leverage inherent in certain types of investments (e.g., CLOs), hedging transactions and use of prime brokerage accounts shall be permitted.
Short Selling	The Account may engage in short selling as part of its investment program. Short selling, including hedge-related short selling described below, is not expected to exceed 20% of NAV.
Hedging	The Investment Manager may hedge risk (including, but not limited to, interest rate risk, currency risk, risk of market volatility, and risks associated with a specific issuer), including using forwards, options and short selling.
Reporting	To be agreed between the Client and HPS.

PGIM INC.

Separate Account Multi-Sector Credit Assignment (Liquid)

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

  The investment objectives for PGIM 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 a custom benchmark comprised and equally weighted by the following indices net of fees:

  - Bloomberg Barclays U.S. Corporate High Yield Bond 1% Issuer Capped
  - JP Morgan Emerging Markets Global Diversified Index (EMBI)
  - Credit Suisse Leveraged Loan Index

- **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.

Eligible investments in the Account include but are not limited to:

- Obligations of U.S. and non-U.S. issuers payable in any currency
- Asset-backed securities
    1. CLOs, CDOs and CBOs
- Covered bonds
- Mortgage-backed securities (MBS) - including but not limited to commercial mortgage-backed securities (CMBS) and TBAs
- Hybrid and capital securities, including preferreds
- Convertible debt obligations
- Municipal securities, both taxable and tax-exempt
- Securities subject to resale under Rule 144A of the Securities Act of 1933, as amended ("Rule 144A Securities") and Reg S securities
- Private placement securities
- Bank loans, including loan participations and assignments[1]
- Preferred stock
- Common stock, as defined in section 7 below:
- Commingled, common or collective funds (each, an "Underlying Fund") managed or advised by the Investment Manager or an affiliate of the Investment Manager that are qualified under the provisions of Section 401(a) of the Internal Revenue Code (the "Code") and exempt under the provisions of Section 501(a) of the Code
- Exchange Traded Funds (ETFs)
- Derivatives, including, but not limited to:
    1. Futures
    2. Options
    3. Swaps (including CDS/CDX/TRS)
    4. Forward rate agreements

  These derivatives are permitted on bonds, interest rate instruments, indices, exchange traded funds, and currencies to hedge, obtain protection, or as a substitute for cash securities.

Short Sales are permitted

Prohibitions and Limits on Investments:

The following limit percentages refer to a percentage (%) of market value of the Account at the time of purchase:

Sector Limits:

- The portfolio is subject to the following limits (as a percentage of the portfolio's market value).
    1. No more than 15% notional exposure to local currency bonds and interest rate derivatives in emerging markets.

2. Private placement securities (not including Rule 144A or Reg. S securities) limited to a maximum of 5%.
3. No more than 10% market value exposure to one or more affiliated/unaffiliated fixed income funds, including but not limited to ETFs, 40 Act Mutual Funds, and funds of the Prudential Trust Company

Issuer limitations versus Benchmark (based on immediate issuer):

US government and agencies	No limits
BBB-/Baa3 or higher	Maximum of 5% per issuer
BB+/Ba1 to BB-/Ba3	Maximum of 3% per issuer
Below BB-/Ba3	Maximum of 2% per issuer

For collateralized securities, a separate pool of collateral will be considered a separate issuer.

In the case of split ratings, quality will be based on the higher of ratings published by a NRSRO. The Account may invest in securities or instruments not rated by a NRSRO, using ratings determined by the Investment Manager to be of comparable quality to NRSRO rated securities.

- Security minimum credit rating is A- at the time of purchase.
- Securities must be rated by at least one Nationally Recognized Securities Rating Organization. In the case of two ratings, the lowest applies and in the case of three ratings, the middle applies.
- Maximum 15% of portfolio can be invested in securities rated A-.
- The Advisor shall provide notification to the client if a security is downgraded below the limits stated above.

Other Guidelines:

The Account may engage in other activities in order to enhance return that include, but are not limited to, securities lending and the sale and repurchase of securities.

Leverage, defined as increasing investment risk by creating liabilities that cannot be funded by cash or cash equivalent assets held in the account, may not exceed 5% of the Account's market value. The Account will not be considered leveraged as a result of (i) borrowing to avoid settlement failure, or (ii) derivative positions provided the Account maintains securities, cash and cash equivalents at least equal to the value of the obligations created by its net mark-to-market derivatives positions.

If, as a result of market movements, cash flows, a change in the nature of any investment (such as a change in business activity or credit rating) or change in these Investment Guidelines, the Account is in violation of restrictions set forth above, the Investment Manager will have 30 days after discovery to bring the Account back into compliance with these Investment Guidelines, unless otherwise mutually agreed upon in writing. If remedied in accordance with this paragraph, the non-compliance will not constitute a violation of these Investment Guidelines, and therefore not be reported by the Investment Manager to FCERA in accordance with Section 3 of the Agreement.

Emerging Markets are defined as bonds with a risk country classified as Middle or Low income by the World Bank, excluding countries within the European Monetary Union or appearing in one or more of the JPMorgan EMBI Global Diversified Index, the JPMorgan GBI-EM Broad Diversified index (the "Broad Index"), the JPMorgan Emerging Local Markets Index Plus ("ELMI+ Index"), the JPMorgan Euro EMBI Global Diversified or the JPMorgan Corporate Emerging Markets Bond Index Broad Diversified ("CEMBI Broad Diversified Index").

Common stock holdings are permitted to include the following:

- Any Interests (“Interests”) issued or to be issued in connection with any actual, pending or threatened insolvency (or bankruptcy or similar) proceeding or out of court restructuring (including any tender or exchange offer) that relates to any otherwise permitted investment that is or was held by the Account. Interests may include, without limitation, securities (including bonds and equity securities), membership or partnership interests, loans, notes, debentures, warrants and any other obligation or instrument or evidence of indebtedness, ownership or other interest.
- The Investment Manager may, on behalf of the Account, execute agreements and commitments (including backstop commitments) and take other actions (“Actions”) in connection with the direct or indirect investment by the Account in Interests. Other Actions include the authority to negotiate and execute agreements and ancillary documents with appropriate counterparties ("Documentation") that are binding on FCERA, and to perform on FCERA's behalf, any and all of the obligations contemplated under such Documentation. This authority includes, among other things, the authority to: (i) open trading accounts with counterparties; (ii) make regulatory determinations and classifications of Account status; prepare and file Account regulatory or trade information; (iii) provide relevant Account-related information to counterparties; and (iv) receive, review, and accept on FCERA’s behalf, any disclosures and other information counterparties or futures commission merchants may provide.
- The Investment Manager may, in its sole discretion vote, (or in its discretion refrain from voting), for or against plans of reorganization.

OPEN END REAL ESTATE AND INFRASTRUCTURE MANAGER GUIDELINES

<u>INVESCO REALTY, INC.</u>

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

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

- **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.

- **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 50^{th} 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 50^{th} percentile in a representative peer universe.

- **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.

- **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.

IFM INVESTORS

Commingled IFM Global Infrastructure (US), L.P.

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

- **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.

- **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.

- **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.

- **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.

  -

HARRISON STREET

Commingled Harrison Street Core Property Open End Fund L.P.

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

- **Investment Assignment**

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

- **Investment Objectives**

  The investment objectives for Harrison Street 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 50^{th} 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 50^{th} percentile in a representative peer universe.

- **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 Harrison Street Core Real Estate Fund L.P. (the "Fund"). Investments made by Harrison Street must be consistent with the Fund Declaration.

- **Commingled Vehicle Election**

  The Association's investment in the Harrison Street Core Property Fund, L.P. is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment process of the fund.

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:

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.

KENNEDY WILSON REAL ESTATE FUND V

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.

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.

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.

INVESCO VALUE-ADD FUND VI

This $1.25B fund will target the following property types: industrial (~30-50%), residential (~30-50%), office (~15-30%), retail (~0-10%) and specialty (0-20%) properties, mainly located in top 25 U.S. markets. Included within residential is 10-20% affordable housing, 0-10% in senior housing and 0-10% in single family rentals. Included in office is 0-10% in life science assets and the remainder will be in high growth innovation hubs. Specialty property types will include self-storage and data centers.

OAKTREE REAL ESTATE OPPORTUNITIES FUND VIII

The $3.5B fund is an opportunistic, "all-weather" real estate strategy that targets multiple sectors of real estate while investing in both equity and debt. The investment strategy is nimble and can shift across many platforms (commercial, residential, corporate, opportunistic credit, global ex-US) depending on current market conditions.

ARES US REAL ESTATE OPPORTUNITY FUND III

AREOF III will seek attractive risk-adjusted returns through opportunistic investments in real estate assets and real estate operating companies located in primary markets in the United States. Target fund size is $1.5B. The fund will target a diversified portfolio of 15-25 real estate investments of $50-$150 million across major property types, including residential, hotel, industrial, office, and retail, with selective investments in specialized asset classes including student and senior housing, medical offices, and self-storage.

PCCP EQUITY IX FUND

The fund is targeting $1.25B in commitments consisting of U.S. middle market real estate assets, diversified by geography, asset class, strategy type, and operating partner. The fund will invest in the four main property types (office, industrial, multifamily, and retail/mixed use) with allocations targeting 30% each to office, industrial, and multifamily and 10% to retail and/or hotel.

ARES US REAL ESTATE FUND X

The fund will deploy a value-add approach with a focus on industrial and multifamily sectors in secondary and tertiary markets across the US. Outside of the core sectors of multifamily and industrial which are expected to make up 60-80% of the Fund, the team will focus on niche sectors with strong tailwinds that are adjacent to their areas of expertise. This could include student and senior housing, data centers, self-storage, as well as medical and life science offices. Target fund size is $1.5B.

PRIVATE EQUITY GUIDELINES

HAMILTON LANE PRIVATE EQUITY SEPARATE ACCOUNT

Investments in Private Equity are managed and operated by Hamilton Lane Advisors LLC.

Eligible investments: The Assets may be invested in private markets funds, including HL Products dedicated to secondary funds or co-investments. The Manager will use reasonable best efforts to seek commitment sizes of $15-20 million per fund commitment.

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

First Tranche:

Secondaries	$10 million
Primaries:	$240 million

Second Tranche:

Primaries:	$85 million

Third Tranche:

Primaries:	$375 million; provided, however, the Manager shall not commit more than $125 million of the Capital Commitments of the Third Tranche in each year of its three-year Commitment Period.

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: $20 million

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

PRIVATE CREDIT GUIDELINES

HIGH SIERRA CREDIT INVESTORS LLC (ADVISED BY AKSIA LLC)

Investments in Private Credit are managed and operated by Aksia LLC, the General Partner. The General Partner expects that when fully invested, the Partnership's portfolio shall be constructed generally in accordance with the following composition guidelines (as measured at the time an investment is made and applied to the portfolio as a whole and not on a Series-by-Series basis):[3]

Fund Strategy

- Diversified private credit strategies which may include, but shall not be limited to, the following: commingled funds, custom mandates, funds-of-one, and individual holdings/co-investments.

Series Information

- First Series: $400m in commitments with commitment period beginning on 1/3/2022 and ending on 12/31/2024
- Second Series: $500m in commitments with commitment period beginning on (1/01/2024 and ending on 12/31/2026
- At the Investor's request, the General Partner may create additional series to accommodate the Investor's commitment increases to the Partnership beyond 12/31/2026

Target Asset/Strategy Allocation Exposure

- Core - Direct Lending: ~0-100%
- Core - Real Assets Credit: ~10-20%
- Satellite – Total: ~0-50%
  - Satellite - Distressed & Special Situations: ~0-30%
  - Satellite - Specialty Finance: ~0-25%
  - Satellite - Mezzanine: ~0-20%

Net Return Target

- ~8 – 10% blended target at the portfolio level

Target Allocation Size

- Generally, $20-50 million per investment[4]

[3] Such portfolio composition metrics shall be subject to periods of initial build out, re-balancing and winddown where the portfolio may be outside of certain parameters for temporary periods of time.
[4] This can include instances where there is an aggregate commitment of $20 to $50 million made to more than one vehicle if such vehicles are managed by the same general partner or manager, and such vehicles follow similar investment strategies.

Target Geographic Exposure

- U.S./North America: ~40%-70%
- Europe: ~20%-40%
- Asia/Emerging Markets: ~0%-10%[5]

Permitted Fund Structures for Underlying Funds

- Commingled fund structures with commitment periods no longer than four years (excluding any permitted extensions thereof);
- Individual Holdings/Co-investments;
- Secondaries; and
- Funds-of-one and other custom mandates with, to the extent any such structure has a commitment period, commitment periods no longer than four years (excluding any permitted extensions thereof).

~~**Net Return Target:** 8% to 10% blended target at the portfolio level~~

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

~~Senior Lending~~

~~Direct Lending – 50% to 70%~~
~~Real Estate Credit/Real Assets Credit – 10% to 40%~~

~~Other Strategies~~

~~Distressed/Special Situations – 0% to 30%~~
~~Specialty Finance – 0% to 25%~~
~~Mezzanine – 0% to 20%~~

~~The portfolio should be diversified based on geography, industry, fund manager, sub-asset class and vintage year.~~

~~**Geography Targets:**~~

~~U.S./North America – 50% to 70%~~
~~Europe – 10% to 30%~~
~~Asia/Emerging Markets – 0% to 10%~~

~~**Investment Pace:**~~

~~Target start date – Q3/Q4 2021~~

[5] For funds exposed to China, the preference would be to invest in funds with less than a 25% target to China.

~~3-year deployment timeline~~

~~Target allocation size:~~

~~~$20 million/$50 million satellite/core~~

~~Fund Structures:~~

~~Commingled funds~~
~~Co-investments~~
~~Secondaries~~
~~~

OVERLAY MANAGER GUIDELINES

PARAMETRIC GUIDELINES

Separate Overlay Account managed by Parametric Portfolio Associates LLC

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 standpoint 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.

Appendix A

FUND ASSET ALLOCATION

The Fund's asset allocation targets and associated benchmark indices are as follows:

Asset Class	**Benchmark Index**	**Portfolio Targets**
Domestic Equity[1]	MSCI USA	29.0%
International Equity[1]	MSCI ACWI ex-US	21.0%
Fixed Income[1]	Custom	22.0%
Private Equity[2]	Russell 2000 Index Lagged	8.0%
Private Credit[2]	Barclays US HY 1 Qtr Lagged	8.0%
Real Assets[2]	NCREIF ODCE Net Index	12.0%

[1]Investable Asset Classes.

[2]Uninvestable Asset Classes.

It is Client's responsibility to establish and revise as necessary the asset class categories, benchmark indices, and portfolio targets.

The Uninvestable Asset Classes will be considered fully invested at target levels. The difference between the target allocation for these asset classes and the actual allocation will be allocated as follows, and result in new, Adjusted Portfolio Targets:

Asset Class	**Allocation of Difference**
Private Equity	Domestic Equity
Private Credit	Fixed Income
Real Assets	Proportional across Investable Asset Classes

Appendix B

CASH SECURITIZATION – Fund Level ☒Utilized ☐Not Utilized

Client will designate specific fund level cash accounts to be overlaid by Investment Manager. These assets will be overlaid to a mix of the Domestic Equity and International Equity futures as follows:

Asset Class	**Target %**[1]	**Benchmark Index**
Domestic Equity	58.0%	MSCI USA
International Equity	42.0%	MSCI ACWI ex. US Index

[1]Targets are equal to the proportional weights of Domestic Equity and International Equity Portfolio Targets as a percent of total Public Equity (Domestic Equity Target is 29% / (29%+21%) = 58%; International Equity is 21% / (29%+21%) = 42%).

CASH SECURITIZATION – Manager Level ☒Utilized ☐Not Utilized

Investment Manager will invest Manager cash as able in the asset classes as described below. It is Client's responsibility to communicate to Investment Manager which managers should be included in the manager cash overlay for each asset class.

Asset Class	**Benchmark Index**
Domestic Equity	MSCI USA
International Equity	MSCI ACWI ex. US Index

Additional overlay exposure may not be added if total gross notional exposure is greater than 10% of the total portfolio value. If market movements cause total exposure to exceed 10% of gross notional, existing overlay positions will not be removed but no additional positions, long or short, will be added until overlay exposure moves below the 10% limit.

Appendix C

EXPOSURE MAINTENANCE INCLUDING REBALANCING ☒Utilized ☐Not Utilized

Investment Manager will monitor fund asset allocation relative to the following variation bands:

Asset Class	Proportional Band %
Domestic Equity	±8.0%
International Equity	±8.0%
Fixed Income	±8.0%

Rebalance Bands are for monitoring purposes only, and Investment Manager will not execute any rebalance trades. If a variation band is exceeded, Investment Manager will notify Client, but will not make any rebalancing overlay adjustments.

[1]Proportional Variation Band %. Relative to Adjusted Portfolio Target.

Appendix D

TRANSITION EXPOSURE MANAGEMENT ☒Utilized ☐Not Utilized

Transition positions may create the need for additional margin in Investment Manager's account to support overlay exposure.

If incomplete information is provided by Client or outside party, Investment Manager will work as able to complete necessary transition transaction in a manner which maintains market exposure in an unlevered manner. If incorrect information is provided, leverage or lack of full market exposure may result.

Appendix E

INTEREST RATE MANAGEMENT ☐Utilized ☒Not Utilized

Appendix F

CURRENCY EXPOSURE MANAGEMENT ☐Utilized ☒Not Utilized