

INVESTMENT POLICY STATEMENT

For the

Municipal Police Employees' Retirement System of Louisiana

**Approved
August 21, 2013**

**Updated
March 19, 2014
May 21, 2015
March 16, 2016
February 21, 2018**

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
INTRODUCTION.....	3
<i>Plan Description</i>	<i>3</i>
<i>Purpose</i>	<i>3</i>
<i>Objectives.....</i>	<i>4</i>
<i>Time Horizon</i>	<i>4</i>
<i>Risk Tolerance</i>	<i>4</i>
<i>Account Performance Measurement.....</i>	<i>4</i>
DISTINCTION OF RESPONSIBILITIES.....	5
<i>Board of Trustees</i>	<i>5</i>
<i>Investment Consultant.....</i>	<i>5</i>
<i>Investment Managers</i>	<i>6</i>
<i>Bank Custodian/Trustee.....</i>	<i>7</i>
GENERAL INVESTMENT POLICIES AND GUIDELINES	8
<i>Asset-Allocation Guidelines.....</i>	<i>8</i>
<i>Rebalancing of Asset-Allocation Guidelines</i>	<i>8</i>
<i>Investment Manager Guidelines</i>	<i>9</i>
<i>Derivatives Guidelines.....</i>	<i>9</i>
<i>Investment Practices</i>	<i>12</i>
<i>Proxy Voting Guidelines.....</i>	<i>18</i>
<i>Brokerage Policy</i>	<i>18</i>
<i>Securities Lending.....</i>	<i>18</i>
<i>Manager-Selection Procedures</i>	<i>19</i>
RATE-OF-RETURN OBJECTIVES	21
<i>Time Horizon</i>	<i>21</i>
<i>Performance Objectives.....</i>	<i>21</i>
<i>Performance Measurement Guidelines</i>	<i>22</i>
COMMUNICATIONS	23
<i>Investment Manager Reporting Requirements</i>	<i>23</i>
<i>Investment Consultant Reporting Requirements.....</i>	<i>25</i>
REVIEW PROCEDURES	26

EXECUTIVE SUMMARY

Planning Time Horizon: 10 to 30 years

Return: Primary long-term objective of the Plan is to achieve a return equal to or greater than the actuarial return assumption (currently 7.5%) and maintaining asset growth above the rate of inflation. The actuarial return assumption is anticipated to move to 7.325% in 2017, 7.2% om 2018, and 7.125% in 2019.

Risk Tolerance: Moderate. Preservation of capital, capital appreciation, and funding ratio stability and improvement are important to the System. Long-term investment horizon of the Plan enables it to tolerate short-term fluctuations in value.

Evaluation Benchmark: Total return is expected to exceed a weighted Policy Index comprised of 16% Russell 1000; 8% Russell 2500; 20% MSCI EAFE; 8% MSCI Emerging Markets, 14% BC Aggregate; 2% BC High Yield; 2% CS Leverage Loan; 4% JPM GBI EM Diversified; 5% HFRI Fund of Funds Composite; 8.0% NCREIF; 2% CPI + 3%; 5% Cambridge Private Equity Index; 6% Custom Global Equity/Global Bond Index (60% MSCI ACWI/40% Citi WGBI)

	Target Allocation	Minimum Allocation	Maximum Allocation
Large Cap U.S. Equities	16%	11%	21%
Small/Mid Cap U.S Equities	8%	3%	13%
Developed International Equities	20%	15%	25%
Emerging International Equities	8%	3%	13%
Total Equity	52%	43%	63%
Core Bonds	14%	9%	19%
High Yield Bonds	2%	0%	7%
Bank Loans	2%	0%	7%
EMD (local currency)	4%	0%	9%
Total Fixed Income	22%	11%	31%
Private Equity	5%	0%	10%
Real Estate	8%	3%	13%
Real Assets (Liquid)	2%	0%	4%
Hedge Funds	5%	0%	10%
Total Alternatives	20%	10%	30%
Global Tactical Asset Allocation	6%	1%	11%
Total Other	6%	1%	11%

The targets are to be maintained by allocating cash flows on a long-term basis. When possible, future inflows and spending will be anticipated and considered when rebalancing. When changes in the target mix or market action causes the actual asset mix to deviate from the target mix, assets may be shifted among investment manager accounts as specified by the Board of Trustees (“Board”). A formal asset-liability study should be conducted at least every five years to determine the long-term targets. Annually, the target allocations are to be reviewed for reasonableness in relation to significant economic and market changes or to changes in the Municipal Police Employees’ Retirement System of Louisiana long-term goals and objectives.

INTRODUCTION

Plan Description

The Municipal Police Employees' Retirement System ("MPERS" or the "System") is a statewide retirement system of Louisiana that was established by Act 189 of 1973, effective July 1, 1973, which was placed under the management of a Board of Trustees for the purpose of providing retirement allowances and other benefits for full-time municipal police officers in the State of Louisiana and other defined members including System employees. The System is funded by contributions from both eligible employers and eligible employees. The System utilizes a defined benefit pension plan ("Plan"), and System assets are held in trust. The Trustees are responsible for ensuring adherence to Plan provisions as well as the investment and administration of System assets. The Board's investment authority is set forth in Louisiana law, including but not limited to L.R.S. 11:261 et seq. and L.R.S. 11:2261. The Board of Trustees ("Board" or "Trustees") of the Municipal Police Retirement System of Louisiana has a fiduciary responsibility to the System's members and beneficiaries. In recognition of this responsibility, the Board has adopted the following Mission Statement which serves as a guiding principal to this Investment Policy Statement:

MPERS' Mission

To play an important role in the future financial security of System participants by providing useful information, quality service and attractive and progressive benefits through professional plan administration and prudent investment management of System assets.

Purpose

The purpose of this Investment Policy Statement ("Policy" or "IPS") is to assist the Board in effectively supervising, monitoring and evaluating the investment of Plan assets. The objectives, policies, and procedures outlined in this document were created as a general framework and guide for the management of the Plan, and the statements contained in this document are intended to provide sufficient flexibility to the Board in the investment process. Accordingly, this Investment Policy Statement:

1. Makes a clear distinction between the responsibilities of the Board and the service providers hired to help implement the Plan's Investment Policy—the investment consultant, the investment managers, and the bank custodian/trustee.
2. Describes the Plan's risk tolerance, as defined by the asset classes that are considered allowable investments and the percentage allocations to each asset class.
3. Sets forth the criteria to be placed on diversification of portfolio investments.
4. Describes the investment practices that apply to the individual portfolios managed by each of the investment managers.
5. Provides rate-of-return objectives and criteria to monitor and evaluate the performance results achieved by the investment managers.
6. Establishes effective communication procedures between the Board and the investment managers, investment consultant, and bank custodian/trustee.
7. Creates a formal review process for reviewing this Investment Policy Statement.

The Board intends that the Plan will comply with all applicable laws, rules, and regulations from various local, state, and federal entities that may have an impact on MPERS assets.

Provisions within this document are intended to be additive to contractual agreements established with the Plan's service providers (e.g., investment managers, custodians, consultants, etc.). In the event that the Investment Policy Statement is in conflict with the terms of a vendor contract, the terms of the vendor contract will prevail.

This Investment Policy Statement has been arrived at upon careful consideration by the Board of the financial implications of a wide range of policies, and describes the prudent investment process that the Board deems appropriate for achieving the financial objectives of the Plan.

Objectives

Investments will be made for the sole interest of the participants and beneficiaries of the Plan. Accordingly, the assets of the Plan shall be invested in accordance with these objectives:

1. To ensure funds are available to meet current and future obligations of the Plan when due.
2. To earn an investment return equal to or greater than the actuarial return assumption (currently 7.5%, net of investment expenses).
3. To earn a risk-adjusted rate of return that, over a 5 – 7 year market cycle, is equal to or above the median plan of the public pension plan universe.
4. To invest the assets in a cost effective manner.

Time Horizon

For purposes of planning, the time horizon for investments is long-term. Capital values fluctuate over shorter periods, and the Board recognizes that the possibility of capital loss does exist. The Board has adopted a long-term investment horizon in order to carefully weigh the probability and duration of investment loss against the long-term potential for investment gains. Plan assets will be invested in a prudent manner to ensure diversification of investment risks and opportunities.

Risk Tolerance

The Board recognizes that risk must be assumed to achieve the Fund's long-term investment objectives. The Board also understands that the nature of financial instruments and markets in which it invests involves some interim fluctuations in market value and rates of return. The Board's risk tolerance is characterized as Moderate, defined by its desire to preserve capital in volatile investment environments and to improve or maintain its current funding ratio level. The Board will aim to diversify assets across asset classes and investment managers to maintain an appropriate level of risk to meet these objectives.

Account Performance Measurement

In measuring the performance of an account, a total return concept is applied. This means that the returns customarily include the income generated from the assets under management during the measurement period as well as the change in asset value. When securities are bought or sold, the trade date values are used. The income generated by fixed income securities is to be measured on an accrual basis rather than on a cash basis. Performance is usually measured according to the CFA Institute Standard, which utilizes a time-weighted measurement method to minimize the impact that contributions and withdrawals have on portfolio returns.

DISTINCTION OF RESPONSIBILITIES

Board of Trustees

The Municipal Police Employees' Retirement System Board Trustees ("Board" or "Trustees") shall be responsible for the overall management of the assets of the Plan. The Trustees shall approve the Investment Policy Statement ("Policy" or "IPS") and provide overall direction in the execution of the IPS. The Trustees shall review and approve or disapprove investment recommendations that fall within the purview of the Board prior to their execution. The Trustees may also review and recommend investment policy changes, deletions, or additions. The Trustees shall review, on an annual basis, investment results in relationship to investment expectations and actuarial assumptions and experience to determine if future changes are needed to either the IPS or the implementation of the IPS.

The primary investment-related role of the Board is to develop and administer the investment policy. Other investment-related responsibilities of the Board are as follows:

1. To determine the appropriate levels of risk and return for the Plan.
2. To determine, with the assistance of its Investment Consultant, an investment manager structure (including the number and types of investment managers), as well as hiring and discharging managers.
3. To determine the investment limitations (if any) that apply to the portfolios managed by investment managers.
4. To monitor and evaluate the performance results achieved by the investment managers.
5. To establish effective communication procedures between the Plan's administrative staff, the investment managers, the investment consultant, the bank custodian/trustee, and the Board.
6. To monitor and control investment expenses.

Investment Consultant

The primary role of the Investment Consultant, pursuant to its contract with the Plan, is to provide objective, third-party advice, including, but not limited to:

1. Assist the Board in making well-informed and well-educated decisions regarding the investment of Plan assets.
2. Assist the Board in the development of investment policy guidelines that reflect the Board's tolerance for risk and rate-of-return objectives.
3. Assist the Board in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers.
4. Assist the Board in the identification of appropriate market benchmarks and manager "style groups" against which each investment manager shall be evaluated.
5. Assist the Board in manager searches and selection of investment managers to implement the Plan's investment policy.
6. Assist the Board in monitoring each investment manager. This includes the ongoing monitoring of (i) total fund and individual investment manager performance on a quarterly basis; (ii) each investment manager's adherence to its stated investment style, and (iii) organizational developments at each investment manager.

7. Provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board.

Investment Managers

All Investment Managers (“Managers”) retained by the Plan will be recognized by the Financial Industry Regulatory Authority (formerly known as the National Association of Securities Dealers) and the United States Securities and Exchange Commission, with the exception of those alternative investment managers, which may be exempt from SEC registration requirements according to the Investment Advisers Act of 1940. Managers will adhere to the code of ethical standards and conduct of the CFA Institute (formerly known as the Association for Investment Management and Research).

Alternative Investment manager categories include, but are not limited to, managers of real assets (e.g., timberland, farmland, infrastructure, and commodities), hedge funds (e.g., macro, managed futures, merger arbitrage, distressed, convertible arbitrage, volatility arbitrage, fixed income arbitrage, long/short equity, market neutral and fund of hedge funds), real estate, risk parity, global tactical asset allocation, and private equity (e.g., venture capital, LBOs, mezzanine debt, and distressed debt).

The duties and responsibilities of each investment manager are set out in each respective Investment Management Agreement (“IMA”), including, but not limited to, these general requirements:

1. Manage Plan assets under its supervision in accordance with the guidelines and objectives contained in the Investment Management Agreement and this Investment Policy Statement and consistent with each investment manager’s stated investment philosophy and style as presented to the Board.
2. Meet or exceed the manager-specific benchmarks, net of all fees and expenses, expressed herein over various and appropriately measured time periods.
3. Comply with all provisions pertaining to the investment manager’s duties and responsibilities as a fiduciary as set forth in L.R.S. 11:264 et seq. and all other applicable laws. Plan assets should be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent institutional investor, acting in like capacity and familiar with such matters, would use in the investment of Plan assets.
4. Exercise investment discretion in regard to buying, managing and selling assets held in the portfolio, subject to any limitations contained in the manager’s Investment Management Agreement (“IMA”) and this Investment Policy Statement.
5. Make reasonable efforts to preserve the principal of funds provided to them, but preservation of principal shall not be imposed on each individual investment. It is understood that the dual goals of preservation of principal and capital appreciation will cause fluctuations in the total value of investment managers’ portfolios and the total value of the Plan.
6. Maintain as its primary consideration for the evaluation of any particular investment opportunity the interests of Plan participants and beneficiaries with respect to their retirement income.
7. Disclose all conflicts and potential conflicts of interest.
8. Meet with the Board as needed upon request of the Board.

9. Communicate with the Board, administrative staff, and investment consultant in a timely manner and in writing (according to the General Investment Policies and Guidelines section of this IPS) regarding any violation of their Investment Management Agreement guidelines or any of the guidelines contained in this IPS.
10. Initiate written communication with the Board when the manager believes that this IPS is inhibiting performance and/or should be altered for any valid reason. No deviation from the guidelines and objectives established in this IPS is permitted until after such communication has occurred and the Board has approved such deviation in writing.

Bank Custodian/Trustee

The bank custodian/trustee is hired by, and is responsible to the Plan. The primary responsibilities of the bank custodian/trustee are to:

1. Provide adequate safekeeping services, cash-management services, administrative support, accounting services, risk management, and data processing capabilities.
2. Settle securities transactions on time.
3. Collect income when due.
4. Provide prompt, accurate proxy administration.
5. Manage a securities-lending program, if MPERS elects such service.
6. Make sure that all available cash is invested.
7. Prepare accurate and timely investment reports including monthly statements reporting the value of all assets at cost and market and monthly statements reporting all portfolio holdings and transactions by each investment manager.
8. Calculate timely and accurate rates of return.
9. File all relevant class action claim forms on behalf of MPERS unless instructed otherwise.

GENERAL INVESTMENT POLICIES AND GUIDELINES

Asset-Allocation Guidelines

The Board establishes asset-allocation policies to reflect, and be consistent with, the investment objectives expressed in this Investment Policy Statement. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the greatest probability of meeting or exceeding the Plan's return objectives at the lowest possible risk.

The Board considered the risk, reward and volatility of securities markets in establishing the risk tolerance for the Plan. The Board also reviewed the long-term characteristics of various asset classes, focusing on balancing risk with expected return. On the basis of the Board's time horizon and risk tolerance, the following asset-allocation guidelines have been established:

	Target Allocation	Minimum Allocation	Maximum Allocation
Large Cap U.S. Equities	16%	11%	21%
Small/Mid Cap U.S. Equities	8%	3%	13%
Developed International Equities	20%	15%	25%
Emerging International Equities	8%	3%	13%
Total Equity	52%	43%	63%
Core Bonds	14%	9%	19%
High Yield Bonds	2%	0%	7%
Bank Loans	2%	0%	7%
EMD (local currency)	4%	0%	9%
Total Fixed Income	22%	11%	31%
Private Equity	5%	0%	10%
Real Estate	8%	3%	13%
Real Assets (Liquid)	2%	0%	4%
Hedge Funds	5%	0%	10%
Total Alternatives	20%	10%	30%
Global Tactical Asset Allocation	6%	1%	11%
Total Other	6%	1%	11%

Rebalancing of Asset-Allocation Guidelines

One essential component of a strategic asset-allocation policy is the development and use of rebalancing ranges for the target allocation. The rebalancing ranges are shown in the above table.

The Investment Consultant shall prepare quarterly reports reviewing the actual asset-allocation percentages, demonstrating whether the lower or upper limits have been violated. Said reports shall be reviewed with the Board as part of the Investment Consultant's quarterly review. The actual allocation will be rebalanced based upon "trigger point" rebalancing. If, on a quarterly basis, the upper or lower limit is breached the asset class will be reviewed and rebalanced back

to the strategic allocation, unless under the circumstances at that time rebalancing should be deemed inappropriate by the Board. In addition, regular cash flows associated with the Plan will be used to achieve rebalancing. Managers considered by the Board to be on a “watch list” may be excluded from receiving additional assets during rebalancing. The Board will consider market conditions and transaction costs, as well as any other relevant factors when rebalancing.

Investment Manager Guidelines

Full discretion, within the parameters of the Investment Management Agreement and the Policy guidelines described herein, is granted to the investment managers regarding the selection of securities, and the timing of transactions.

Compliance with all IMA and Policy guidelines must be monitored by the investment managers on a regular basis (monthly or more frequently when market conditions warrant) and based on then current market values. Securities that, at purchase, would move the portfolio out of compliance with these guidelines, based on the investment manager’s most recent valuation, may not be purchased.

In the event that a portfolio moves out of compliance with the terms of the Investment Management Agreement and/or Policy guidelines (as identified in the investment manager’s regular review of the portfolio), through market conditions or other changes outside the control of the manager, the manager must bring the portfolio composition back into compliance within 30 days. Investment managers must provide to the Board a written report describing in detail any and all non-compliance extending beyond 30 days within 48 hours of the 30-day violation period. Included in this report, the manager also must provide information concerning the manager’s planned course of action to return to compliance with the IMA and IPS, as well as the timing of such action. If the investment manager wishes to remain out of compliance beyond 30 days, the manager must make a written request to the Board for a compliance waiver.

Derivatives Guidelines

The derivatives policy guidelines contained herein identify and allow common derivative investments and strategies which are consistent with applicable law and the IPS and requires investment managers to petition for the inclusion of additional derivative instruments and strategies. These guidelines also require investment managers to follow certain controls, documentation and risk management procedures.

For managers not deemed by the Board as alternative investment managers, the following derivative guidelines are to be adhered to, unless prior written approval from the Board has been granted. Alternative investment manager categories include, but are not limited to, managers of real assets (e.g., timberland, farmland, infrastructure, and commodities), hedge funds (e.g., macro, managed futures, merger arbitrage, distressed, convertible arbitrage, volatility arbitrage, fixed income arbitrage, long/short equity, market neutral and fund of hedge funds), real estate, risk parity, global tactical asset allocation, and private equity (e.g., venture capital, LBOs, mezzanine debt, and distressed debt).

Allowed Use of Derivatives

- **Hedging.** To the extent that the non-derivative component of a portfolio is exposed to clearly defined risks and derivative contracts exist that can be used to reduce those risks, investment managers are permitted to use such

- derivatives for hedging purposes, including cross-hedging of currency exposures, subject to the documentation requirements listed later.
- **Creation of Market Exposures.** Investment managers are permitted to use derivatives to gain exposure to assets and asset classes if such exposure would be allowed if created with the underlying assets.
 - **Management of Country and Asset Allocation Exposure.** Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for this purpose.

Prohibited Uses of Derivatives

Any use of derivatives not listed above is prohibited without written approval of the Board. Investment managers are encouraged to solicit such approval if they believe the list of allowable derivative instruments is too restrictive. By way of amplification, it is noted that the following uses of derivatives are prohibited unless permission is specifically granted (e.g., to an absolute return mandate):

- **Leverage.** Derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond which would be allowed by a portfolio's investment guidelines if derivatives were not used.
- **Unrelated Speculation.** Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable, unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

Risk Control and Documentation Guidelines for All Investment Managers

The following risk control and documentation requirements are to be adhered to by all investment managers (i.e., managers of traditional and alternative investment asset categories).

- **Transaction Risk Control Procedures and Documentation Requirements**
 - For each over-the-counter derivative transaction (defined as a privately negotiated and traded contract that derives value from underlying assets, interest rates, currency rates, or indices – including but not limited to swaps, forward rate agreements, and exotic options), except foreign exchange forward contracts, investment managers are required to obtain at least two competitive bids or offers.
 - For all derivative transactions, investment managers should maintain appropriate records to support that all derivative contracts used are employed for allowed strategies.
- **Portfolio-Level Risk Control Procedures and Documentation Requirements**
 - **Counter Party Credit Risk:** Managers are required to measure and monitor exposure to counter party risk.
 - **Ongoing Monitoring of Risk Exposures.** The duration and other risk exposure limits specified in the Investment Management Agreement and Policy guidelines are expected to be satisfied on an ongoing basis. Thus, managers must monitor changing risk exposures. Fixed income managers investing in CMOs should pay particular attention to the changing

duration of their CMOs, and should anticipate potential changes in duration at the time the CMOs are purchased. This is to ensure that the interest rate and prepayment rate changes do not inadvertently move the portfolio out of compliance.

Investment Practices

Domestic and Non-U.S. Equity Managers:

1. Domestic and non-U.S. investments include common and Preferred stocks of companies domiciled both within the U.S. and outside the U.S. that trade on U.S. or foreign exchanges and over the counter. Permissible investments in this asset class include American Depository Receipts (ADRs), Global Depository Receipts (GDRs), securities convertible into common stocks, derivative financial instruments that create equivalent exposures, and units of commingled or mutual funds investing in substantially the same permissible investments.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager's IMA and the spirit and intent of guidelines contained in this Policy.
3. The equity portfolio is to be managed on a total return basis; that is, equities should be selected by investment managers on the basis of their anticipated return from the combination of dividends and market appreciation.
4. Equity investment managers classified within this asset class are prohibited from investing in the following restricted investments: letter stock, short sales or margin transactions, investments in commodities or commodity contracts, and unrestricted securities and private placements (except those securities regulated by SEC Rule 144A).
5. Unless otherwise stated in the respective Investment Management Agreement, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager's discretion, subject to the standards of fiduciary prudence, as set out in all applicable laws, and subject to the restrictions stated in the respective manager's IMA and in this Policy.
6. The purchase of stocks in foreign companies (as defined by the investment manager's respective benchmark) which are publicly traded securities may be held by each domestic equity investment manager in proportions which each manager shall deem appropriate, up to 10% of the investment manager's portfolio at market value.
7. The purchase of stocks in U.S. companies (as defined by the investment manager's respective benchmark) which are publicly traded securities may be held by each non-U.S. equity investment manager in proportions which each manager shall deem appropriate, up to 10% of the investment manager's portfolio at market value.
8. The purchase of stocks in emerging markets companies (as defined by the investment manager's respective benchmark) which are publicly traded securities may be held by each non-U.S. equity investment manager in proportions which each manager shall deem appropriate, up to the greater of 20% of the manager's portfolio at market value or 150% that of the investment manager's benchmark's allocation to stocks of emerging market companies.
9. Equity portfolios should be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security. Exposure to any economic sector (as defined by the manager's benchmark) shall not exceed the greater of 30% of the portfolio at market value or two times that of the manager's benchmark index. Economic sector and industry exposure concentration guidelines will not apply to those investment managers of equity portfolios in which the Board desires to opportunistically

or strategically access specific, concentrated exposure to a particular sector or industry group.

10. Equity investments should be made in seasoned companies whose market capitalization is at least \$50 million.
11. Each actively managed equity manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested equity benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term “essentially fully invested” means no more than 5% of the investment manager’s portfolio shall be held in cash and cash equivalents. Cash equivalents are defined as high grade (A- credit rating or better), highly liquid fixed income securities with one-year of duration or less. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action.

Domestic Fixed-Income Managers:

1. Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, yankee bonds, mortgage-backed securities and other domestically issued fixed income instruments deemed prudent by the investment managers. The fixed income guidelines below also apply to high yield and bank loan managers unless otherwise specifically noted.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager’s IMA and the spirit and intent of guidelines contained in this Policy.
3. Unless otherwise stated in the respective Investment Management Agreement, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager’s discretion, subject to the standards of fiduciary prudence, as set out in all applicable laws, and subject to the restrictions stated in the respective manager’s IMA and in this Policy.
4. Unless expressly permitted by the Board, domestic fixed income portfolio securities (with the exception of full discretion, core plus, high yield and bank loan portfolios) shall be limited to those with a credit rating of investment grade (BBB/Baa) or better as defined by the least of the three rating agencies (S&P, Moody’s, and Fitch). Investment managers shall immediately notify the MPERS staff and Board of any investments that are downgraded below investment grade, provide a plan for holding or disposition, and report their status regularly.
5. The overall average duration (interest rate sensitivity) of each domestic fixed-income manager’s portfolio (with the exception of full discretion and core plus) shall not differ from that of the manager’s passive benchmark by more than two years, unless written permission has been obtained from the Board.
6. No single issuer may account for more than 5% of the market value of each domestic fixed-income manager’s portfolio, unless written authorization has been obtained by the Board. However, obligations of the U.S. Government or a U.S. Government agency may be held without limitation.

7. Each actively managed fixed income manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested fixed income benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term “essentially fully invested” means no more than 5% of the investment manager’s portfolio shall be held in cash and cash equivalents. Cash equivalents are defined as high grade (A- credit rating or better), highly liquid fixed income securities with one-year of duration or less. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action. Money market instruments shall have a minimum quality rating comparable to an A bond rating and commercial paper shall be rated A1/P1 unless held in a diversified short-term commingled fund.
8. The Plan may hold cash or other short-term instruments in order to fund benefit and other administrative payments. These holdings will be counted as part of the overall fixed income allocation percentage, as there is no explicit allocation to short-term investments.

Global and Emerging Market Fixed Income Managers:

1. Global and emerging fixed income investments may include debt securities of the U.S. government, non-U.S. government, and non-U.S. non-government entities, and other issued fixed income instruments deemed prudent by the investment managers.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the manager’s IMA and the spirit and intent of guidelines contained in this Policy.
3. Unless otherwise stated in the respective Investment Management Agreement, decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to the manager’s discretion, subject to the standards of fiduciary prudence, as set out in all applicable laws, and subject to the restrictions stated in the respective manager’s IMA and in this Policy.
4. Each global fixed income manager may hold no more than 30% of the market value of that manager’s portfolio in any single government or non-U.S. government entity, and no single non-government debt issuer shall constitute more than 5% of that global fixed income manager’s portfolio’s value, as determined at the time of purchase.
5. The overall average quality of each global fixed-income investment manager’s portfolio shall be rated A- or higher. Non-rated issues or issues below investment grade (below BBB) may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of A- or higher. The combined allocation to non-rated issues or issues below investment grade (below BBB) may not exceed 15% of each manager’s portfolio.
6. The overall average duration (interest rate sensitivity) of each global fixed-income manager’s portfolio shall not differ from that manager’s passive benchmark by more than two years.
7. Each emerging market fixed-income manager’s portfolio will hold no more than 10% of that manager’s portfolio value in any single debt security, at market value, and no industry, as defined by the JP Morgan GBI-EM Global Diversified Index, will comprise more than 25% of that manager’s portfolio at market value, as determined at the time of

purchase. Each emerging market fixed income manager may invest up to 20% of that manager's portfolio in securities not included in the JP Morgan GBI-EM Global Diversified Index.

8. The overall average duration (interest rate sensitivity) of each emerging market fixed income manager's portfolio shall not differ from that manager's passive benchmark by more than two years.
9. Global and emerging market fixed income investment managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to prudently improve portfolio risk-adjusted return rather than lever portfolio risk exposure. Currency contracts may be utilized in the settlement of securities transactions.
10. Each actively managed global and emerging market fixed income manager may hold some investment reserves of cash but with the understanding that performance will be measured against its fully invested fixed income benchmark. It is expected that each manager will remain essentially fully invested at all times. For purposes of this IPS, the term "essentially fully invested" means no more than 5% of the investment manager's portfolio shall be held in cash and cash equivalents. Cash equivalents are defined as high grade (A- credit rating or better), highly liquid fixed income securities with one-year of duration or less. It shall be the responsibility of each manager, however, to notify the Board in writing of any intention to raise its allocation to cash above 10% prior to implementing the allocation, should it believe that market conditions warrant such action.

Hedge Fund Managers:

1. The investment objective of the hedge fund portfolio is to achieve attractive long-term, risk-adjusted returns in a variety of capital market conditions in accordance with this IPS. The hedge fund portfolio shall achieve this objective by purchasing investment funds that may utilize a broad range of absolute return oriented investment strategies (e.g., convertible arbitrage, merger arbitrage, distressed securities, long/short equity, equity market neutral, etc.)
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by terms of the hedge fund's legal documents and side letters and the spirit and intent of guidelines contained in this Policy.
3. Investment in hedge fund strategies shall be limited primarily to fund-of-fund vehicles where possible. Fund-of-fund vehicles offer broader diversification and can reduce "downside risk" compared to direct investments. In addition, fund-of-fund approaches can offer access to higher quality managers that may not otherwise be obtained, generally require lower minimum investment amounts, and are responsible for due diligence and ongoing monitoring of underlying funds.
4. The hedge fund program will make specialized investments requiring the establishment of individualized performance objectives for each fund/manager (e.g., HFRI FOF, T-Bills +4% or T-Bills +6%).
5. Hedge fund managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.

6. Investment managers are required to maintain liquidity of underlying holdings in a hedge fund that are consistent with the provisions for making redemptions from the hedge fund as stated in the hedge fund's legal documents or investment guidelines in the case of separate accounts.
7. No aggregate investment with any direct hedge fund manager can represent more than 10% of the Plan's total portfolio.

Private Equity/Debt Managers:

1. The investment objective of the private equity/private debt portfolio is to enhance the overall risk-return profile of the Plan's total portfolio, primarily by achieving high long-term returns through investing in privately held investment strategies (including, but not limited to buyout funds, venture capital funds, distressed debt funds, and mezzanine financing funds) with the potential for net of fees returns higher than those available through investable public equity alternatives and by diversifying investments within the private equity/private debt portfolio. It is understood that during the early years of each fund's life, investment returns may be zero or even negative after considering expenses.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the fund's legal documents and side letters and the spirit and intent of guidelines contained in this Policy.
3. Investment in private equity/private debt strategies may include both direct fund and fund-of-fund vehicles. Fund-of-fund managers can offer access to higher quality managers that may not otherwise be obtained, generally require lower minimum investment amounts, and are responsible for due diligence and ongoing monitoring of underlying funds.
4. The private equity/private debt investment allocation should be diversified by investment types, general partners, and vintage years.
5. Private equity and private debt investment managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.
6. Capital calls and distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/(losses), and carried interest.
7. MPERS' initial capital commitment to a partnership/fund shall not exceed 25% of the total committed capital of that partnership/fund.
8. Those partnerships/funds where the general partner is contributing at least 1% of the total fund are preferred.

Real Estate Managers:

1. The investment objective of the real estate portfolio is to enhance the risk/return profile of the Plan's total portfolio primarily by providing a low correlation to equities and fixed income markets and diversification benefits to the overall portfolio. . It is understood that during the early years of each real estate fund's life, investment returns may be zero or even negative after considering expenses.

2. Real estate categories, as defined herein, may include domestic and foreign income producing properties (e.g., office, hotel, commercial, residential, industrial, etc.), raw land, and other real estate related opportunities. Real estate investments may include both direct and pooled investments. Direct investments in real estate may be equity or mortgage interests and shall be limited to non-agricultural, income producing properties. Exceptions to this are as follows: Olde Oakes Golf Course and the development of residential real estate surrounding that golf course, Stone Bridge Golf course, the System's office building and adjacent land (all located in Louisiana).
3. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the fund's legal documents and side letters and the spirit and intent of guidelines contained in this Policy.
4. Real estate investment managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.
5. Capital calls and distributions will clearly delineate the following: investment capital, fees, recalled capital, return of capital, gains/ (losses), and carried interest.
6. MPERS' initial capital commitment to a partnership/fund shall not exceed 25% of the total committed capital of that partnership/fund.
7. Those partnerships/funds where the general partner is contributing at least 1% of the total fund are preferred.

Risk Parity and Global Tactical Asset Allocation (GTAA) Managers:

1. The investment objective of employing risk parity and/or GTAA strategies is to give investment managers the ability to invest across traditional and non-traditional asset classes in order to further diversify the Plan, control risk and increase return. Risk parity and global asset allocation are not asset classes, but are investment approaches that provide broadly diversified exposure to multiple asset classes.
2. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the Investment Management Agreement and the spirit and intent of guidelines contained in this Policy.
3. To the extent deemed necessary by the managers in order to achieve the performance objectives of the portfolio, each risk parity and GTAA manager may use active or passive underlying portfolios. Due to the global nature of these mandates, managers are expected to be evaluating and/or investing in non-U.S. instruments, to include derivative investments allowing for market exposure or risk mitigation (e.g., index futures and currency forwards). The use of derivative investments will be governed by each manager's Investment Management Agreement and the derivatives guidelines included in this policy.
4. Risk parity and GTAA investment managers are allowed, where the manager has the ability to invest in, but is neither limited by nor required to hold, domestic, international and emerging equities, bonds and real assets. Managers may employ a global tactical

asset allocation strategy that can change the asset class composition of the portfolio at any time as market conditions dictate, subject to restrictions stated in the respective manager's Investment Management Agreement and this policy.

5. Risk parity and GTAA managers may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.

Real Assets – Inflation Protection Investment Managers:

1. The investment objective of employing real asset strategies is to hedge against unexpected inflation and provide diversification benefits to the overall portfolio. Real assets provide inflation-adjusted or positive “real” return. The inflation protection provided can help the overall investment portfolio meet liabilities and protect portfolio value during periods of rising inflation.
2. Real asset categories, as defined herein, may include U.S. Treasury Inflation-Protected Securities (TIPS), global inflation-linked bonds, commodities (including Commodity Trading Advisor pools), global natural resources equities/Master Limited Partnerships, and diversified, multi-strategy funds that invest both long and short in some or all of the real asset categories listed herein.
3. Given that the investments may be made via commingled vehicles, the Plan recognizes that the commingled portfolio holdings cannot be customized or altered for any one investor. Accordingly, investments in each commingled fund will be governed by the Investment Management Agreement and the spirit and intent of guidelines contained in this Policy.
4. Certain real asset investment strategies (e.g., Commodity Trading Advisor pools and long/short multi-strategy funds) may use leverage, however portfolio investments may only be made in investment vehicles that provide limited liability and protect the Plan from losses exceeding the invested capital. Investment managers will not make material changes to their use of leverage within their portfolios without receiving prior written consent from the Board.

Proxy Voting Guidelines

Investment managers have responsibility for voting corporate proxies. With respect to the voting of proxies for issuers of securities in the Plan, the Board requires the managers, as Plan fiduciaries, to vote proxies in a manner that is in the Plan’s best financial and economic interest and requires the managers to monitor and evaluate (at least annually) any proxy voting outsourced to a third party. Each investment manager is required to submit written summary reports (including a summary of associated research and analysis) to the Board upon request advising of the manner in which each proxy was voted during the preceding period specified in the request.

Brokerage Policy

Each investment manager shall attempt to obtain the best net price and the most favorable execution of each purchase and sale transaction. In selecting a broker-dealer for a particular transaction, each manager shall obtain “best execution”, considering such factors as execution capabilities required by a transaction, cost, speed, efficiency, confidentiality and other factors,

including the provision of research or other services or products to the investment account or to other accounts serviced by the manager, provided that manager shall comply with applicable portions of the Securities Exchange Act and the Soft Dollar Standards adopted by the CFA Institute. The Plan may enter into commission recapture agreements and may instruct a manager in writing to direct the Plan's brokerage commissions. The objective of any commission recapture/directed brokerage agreement is to serve the interests of the Plan's members and beneficiaries by achieving both commission cost savings and "best execution". Commission recapture/directed brokerage services may be utilized, where feasible, to defray costs and benefit the Plan's members and beneficiaries, subject to each investment manager's "best execution" efforts. No execution of sales, purchases or other trades of account assets shall be effected through a parent organization, subsidiary organization, or related entity of a manager, unless prior written approval from the MPERS Board has been obtained. The definitions of a parent organization, subsidiary organization and a related entity are the same as those found in the United States Internal Revenue Code. Commissions shall be reported in accordance with the requirements of the Investment Management Agreement.

Securities Lending

The Plan may engage in securities lending. The Board desires that the securities lending program be run in a manner that generates incremental income within a high-quality investment program that safeguards the return of principal, maintains adequate daily liquidity, ensures diversification, and tightly controls exposure to fluctuating interest rates.

The securities lending process shall be transparent to the Fund's investment managers. "Marking to market" shall be performed daily by the lending agent, and the required collateral shall be maintained diligently. All loans shall be fully collateralized with cash, government securities, or irrevocable bank letters of credit. Collateralization of such loans shall be 102% for domestic securities and 105% for non-U.S. securities of the market value of the loaned securities plus accrued income. Such collateralization procedures should be marked-to-market daily. The asset/liability management of loans and investments (gap management) shall be performed consistently and with the proper application of prudence. The duration of loans and assets (gap positions) shall be reported by the lending agent on a quarterly basis. The lending agent shall have full discretion over the selection of borrowers and shall continually review the credit worthiness of potential borrowers through thorough credit and financial analysis. Securities lending reports shall be provided quarterly by the lending agent to the Board. Such reports shall provide details of the investment instruments utilized and the appropriate breakdown of revenues.

Manager-Selection Procedures

In selecting investment managers the Board will:

1. Retain "prudent experts" (a bank, insurance company, or investment advisor as defined by the Registered Investment Advisers Act of 1940).
2. Follow a due-diligence process so as to avoid selecting managers on an ad-hoc basis.
3. The due-diligence process, at a minimum, will involve analyzing investment manager candidates in terms of certain:
 - a. **Qualitative Characteristics**, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.

- b. **Quantitative Characteristics**, such as CFA Institute-compliant composite return data, risk-adjusted rates of return (e.g., Sharpe Ratios), and certain portfolio characteristics, such as R^2 in relation to an appropriate market index.
 - c. **Organizational Factors**, such as type and size of firm, ownership structure, client-servicing capabilities, record of gaining and keeping clients, and fees.
4. Use industry recognized databases for screening purposes and ensure an unbiased and objective search process.

RATE-OF-RETURN OBJECTIVES

Time Horizon

The Board acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods.

Recognizing that short-term fluctuations may cause variations in the total portfolio's performance, the Board requires each investment manager to develop long-term investment strategies consistent with the guidelines contained in this Investment Policy Statement. A minimum of a five-year moving time period reflects the emphasis on the long term. However, this five-year moving average shall not be the sole determinant of any decision.

Performance Objectives

The Board has determined that it is in the best interest of the Fund that performance objectives be established for the total portfolio and each investment manager. It is clearly understood that these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Investment Policy Statement. The Board acknowledges that investment styles come in and go out of favor depending on economic and capital-market conditions. Accordingly, the Board has established style group comparisons as shorter-term performance objectives to be applied over a minimum of rolling three-year time periods.

Asset Category	Performance Index Target	Peer Group Universe/Style Benchmark
Total Portfolio	Policy Index ¹	Public Pension Funds
Large Cap U.S. Equities	Russell 1000	Large Cap Core
Small to Mid Cap U.S. Equities	Russell 2500	Small/Mid Cap Core
International Equities	MSCI EAFE / MSCI ACWI ex US	Core International
Emerging International Equities	MSCI Emerging Markets	Emerging Markets
Domestic Fixed Income	BC Aggregate	Core Fixed Income
High Yield	BC High Yield Index	High Yield Bond Managers
Bank Loan	CSFB Leveraged Loans	Bank Loan Managers
Emerging Market Debt	JPM GBI-EM Global Diversified	EM Debt Managers
Hedge Funds	HFRI Fund of Funds	Absolute Return Managers
Private Equity/Debt	Cambridge Associates Private Equity Index	Private Equity
Real Estate	NCREIF	Real Estate Managers
Global Asset Allocation	60% MSCI ACWI/40% Citi WGBI	Global TAA
Real Assets	CPI + 3%	Custom Real Assets

¹Policy Index will consist of 16.0% Russell 1000; 8% Russell 2500; 20.0% MSCI EAFE; 8.0% MSCI Emerging Markets, 14.0% BC Aggregate; 23.0% BC High Yield; 2% CS Leverage Loan; 4% JPM GBI EM Diversified; 5% HFRI Fund of Funds Composite; 8% NCREIF; 2% CPI + 3%; 5% Cambridge Private Equity Index; 6% Custom Global Equity/Global Bond Index (60% MSCI ACWI/40% Citi WGBI)

Cash	90-Day U.S. T-Bills	Cash Managers
------	---------------------	---------------

Performance Measurement Guidelines

The Board retains the discretion to terminate contractual relationships with an investment manager for any reason, in accordance with the terms of each manager's Investment Management Agreement. Some grounds that the Board may consider for termination of an investment manager may include, but are not limited to the following criteria:

1. **Extraordinary Events (Organizational Issues)**

Extraordinary events which may be evaluated prior to a termination decision include such things as--

- a) Ownership changes
- b) Key personnel departures
- c) Significant changes in the investment philosophy or the investment process
- d) Litigation or other regulatory matters
- e) Failure to comply with stated investment guidelines
- f) A change in the Fund's asset allocation

2. **Long-Term Performance in Relation to Appropriate Market Index**

Long-term performance standards measure a manager's since-inception performance and trailing five-year returns (net of fees) in relation to the market index that the manager is measured against. Each active manager is expected to consistently generate a return premium (net of fees) in excess of the manager's Performance Index Target listed in the above Performance Objectives section.

3. **Shorter-Term Performance in Relation to Appropriate Style Group and/or Style Benchmark**

Shorter-term performance standards incorporate a trailing time period of three years. Each manager will be measured against the median return of a peer group of managers with similar investment styles. Each active manager is expected to consistently generate a return (net of fees) in excess of the median return of the appropriate style group and/or the style benchmark (if applicable).

COMMUNICATIONS

Traditional Investment Manager Reporting Requirements

Each investment manager is required to provide the MPERS Board and its investment consultant with periodic investment information as required by their respective Investment Management Agreement and this IPS. Generally these are as follows:

Quarterly (due no later than the 21st calendar day following quarter end)

1. Time-weighted rates of return for the quarter, YTD, and since inception.
2. Performance commentary that attributes both good and bad elements of quarterly performance to the sources of return.
3. Strategy statement that describes the portfolio strategies currently in place and the manager's reasons for implementing them.

Monthly (due no later than the 5th business day following month end)

1. Estimated preliminary time-weighted rate of return for the month

Monthly (due no later than the 10th business day following month end)

1. Asset listings that contain descriptions of all securities held in the portfolio.
2. Finalized time-weighted rate of return calculated for the month.

Event Driven (due no later than the 1st business day following the event)

1. All significant changes pertaining to the portfolio it manages or the firm itself including but not limited to a) substantive changes in investment strategy and portfolio structure, b) significant changes in ownership, organizational structure, financial condition or professional staffing, c) litigation or violation of securities regulations, and d) significant account losses or growth of new business.

Alternative Investment Manager Reporting Requirements

Upon request, each alternative investment manager must provide the MPERS Board, administrative staff, and investment consultant access to all corporate documents. Each alternative investment manager is required to provide MPERS and its investment consultant with periodic investment information as required by their respective Investment Management Agreement and this Policy. Generally these are as follows:

Hedge Fund Quarterly Requirements (due no later than the 30th calendar day following quarter end)

1. Time-weighted rates of return for the quarter, YTD, and since inception.
2. Performance commentary that attributes both good and bad elements of quarterly performance to the sources of return.
3. Strategy statement that describes the portfolio strategies currently in place and the manager's reasons for implementing them.

Private Investment Fund Quarterly Requirements, unless otherwise provided for in the Investment Management Agreement (due no later than the 90th calendar day following quarter end)

1. Balance sheet, period end schedule of investments, statement of operations, statement of cash flows, Partners' Capital Account Statement.
2. Summary management discussion and analysis.

Hedge Fund Monthly (due no later than 5th business day following month end)

1. Estimated preliminary time weighted rate of return for the month

Hedge Fund Monthly (due no later than 20th business day following month end)

1. Finalized time-weighted rate of return calculated for the month.

Event Driven (due no later than the 1st business day following the event)

1. All significant changes pertaining to the portfolio it manages or the firm itself including but not limited to a) substantive changes in investment strategy and portfolio structure, b) significant changes in ownership, organizational structure, financial condition or professional staffing, c) litigation or violation of securities regulations, and d) significant account losses or growth of new business.

Board and Investment Committee Meetings

Any investment manager (traditional and alternative) may be invited to make presentations at Board meetings at the cost of the investment manager. The agenda for such meetings typically will include, but is not limited to, the following:

1. Review of investment manager's strategies and objectives, investment style, and compliance to guidelines that apply to management of portfolio.
2. Discussion of investment performance and risk - current quarter, YTD, and since inception, in relation to a mutually agreed upon market index. Discussion of investment strategies that have helped and hurt performance.
3. Discussion of recent and material developments at investment manager's organization - Ownership, organizational structure, financial condition, outstanding litigation, investment philosophy and investment decision-making process, professional staff, and client-servicing program.

Investment Consultant Reporting Requirements

The investment consultant is required to provide the Board with periodic investment information for portfolio monitoring purposes. Generally these are as follows:

Monthly (due in advance of the Meeting)

1. A review of the current investment market environment
2. An executive summary of total Plan and individual investment manager performance relative to relevant market indices and goals stated in this Investment Policy Statement.

Quarterly (due in advance of the Meeting)

1. A review of the current investment market environment.
2. The Plan's actual asset allocation relative to its target asset allocation.
3. The Plan's return relative to its Policy Index and other public pension funds.
4. The Plan's risk adjusted returns relative to the Policy Index and other public pension funds.
5. Individual asset class performance relative to the benchmark.
6. Individual investment manager returns relative to their stated benchmarks.
7. Any reportable events affecting any of the Plan's investment managers.

Event Driven (due no later than the 1st business day following the event)

Organizational developments that address any changes to the consultant's organization or changes to the assigned consulting team.

REVIEW PROCEDURES

The Board and its investment consultant customarily make a formal review of this Investment Policy Statement annually. Any modifications to this Investment Policy Statement made by the Board will be provided to the investment managers prior to implementation.

The MPERS Board of Trustees has formally adopted this Investment Policy Statement, effective August 21, 2013. Updates to the asset allocation were approved by the MPERS Board of Trustees, effective March 19, 2014.

August 22, 2013

(Date)

Board of Trustees for Municipal Police Employee Retirement System (MPERS):

By: _____

(Authorized Signature)