DISTRICT OF COLUMBIA RETIREMENT BOARD

INVESTMENT POLICY STATEMENT

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District of Columbia Retirement Board
Investment Policy Statement

I. Introduction & Statement of Purpose

The District of Columbia Retirement Board ("DCRB") was created by Congress in 1979 as an independent agency of the District of Columbia to manage the assets belonging to the Police Officers and Fire Fighters' Retirement Fund (and the Teachers' Retirement Fund (collectively, the "Retirement Funds").[1] For a more in-depth overview of DCRB's history and statutory basis, please visit the 'Our History' section of DCRB's website at DCRB's Legal History | dcrb.

The assets of the Retirement Funds are held in trust for the exclusive benefit of all participants of the Retirement Funds' underlying retirement plans (and their eligible survivors and beneficiaries) The assets of the Retirement Funds are commingled for investment purposes and may only be used to provide benefits under the plans and to pay associated reasonable investment and administrative expenses. DCRB has the authority to promulgate rules and regulations and to implement policies for the management and administration of the Retirement Funds.[2] Therefore, one of DCRB's essential roles is to establish policies and procedures to ensure that the Retirement Funds are appropriately governed and managed.

This investment policy statement (the "Investment Policy Statement") serves as the guiding document for the investment of the assets of the Retirement Funds as well as a strategic guide in the planning and implementation of DCRB's investment program, outlining DCRB's investment philosophy, practices, policies, and objectives and outlining the duties and responsibilities of the individuals and entities involved in the investment process. The Board of Trustees may amend this Investment Policy Statement as they deem appropriate and may deviate from its terms when they feel it is prudent to do so under the circumstances.

II. Investment Program Objectives

The Retirement Funds are managed in a discretionary portfolio with the below objectives, which guide all aspects of the investment program.

Return Objectives

1. The primary return objective is to achieve a long-term net return that meets or exceeds the actuarial investment assumption[3] over a full market cycle, typically a ten-year period.

[1] The District of Columbia Retirement Reform Act (Pub. L. 96-122, codified at D.C. Code §§ 1- 701 *et seq*.), as modified by the Replacement Plan Act (D.C. Code §§ 1-901 *et seq*.). *See* D.C. Code § 1-712 and D.C. Code § 1-713 for the establishment of the Police Officers and Fire Fighters' Retirement Fund and the Teachers' Retirement Fund, respectively.
[2] D.C. Code § 1-711(e).
[3] 6.25% nominal return as of October 1, 2024.

2. The secondary return objective is to exceed the annualized return of the Retirement Funds' long-term policy benchmark (as contained in Exhibit H) over a full market cycle, typically a ten-year period.

Risk Objectives

1. Maintain a level of risk commensurate with the expected levels of return and consistent with prudent investment practices.

2. Maintain an appropriate level of liquidity to ensure timely payment of benefits and other obligations and expenses of the Retirement Funds.

3. Diversify exposure to asset classes, managers, industries, sub-sectors, geographic locations, jurisdictions, companies- and other identifiable categories (*e.g*., diversifiable risks) in the investment portfolio, while acknowledging and mitigating liquidity, concentration, credit, currency, and inflation risk as well as other known risks associated with investing in the capital markets (*e.g*., market risks).

Operational Objectives

1. Monitor and control the fees, costs and expenses within the investment program to minimize their effect on returns.

2. Operate in compliance with all applicable local, state and federal laws and regulations concerning the investment of governmental pension plan assets.

III. Funding Objective

Retirement benefits are funded by a combination of investment returns, employer contributions from the District of Columbia, and employee contributions from plan members. DCRB's main funding objective is to accumulate and maintain assets during a member's employment to fully finance the benefits such participant receives throughout their retirement. For more information about DCRB's funding goals, actuarial methods and benchmarks please see DCRB's Funding Policy at Funding Policy | dcrb.

IV. Roles and Responsibilities

The below groups and individuals are integral in implementing DCRB's investment program.

Board of Trustees: DCRB's Board of Trustees consists of up to twelve (12) persons cumulatively elected (or appointed) by the active and retired police officers, firefighters and teachers of the District of Columbia, the Mayor of the District of Columbia, and Council of the District of Columbia.[4] The Board of Trustees, and each individual Trustee composing it, are fiduciaries of the Retirement Funds. In their capacity as fiduciaries the Trustees must discharge their duties solely in the interest of participants and beneficiaries and are bound to act with the same care, skill, prudence, and diligence under the

[4] D.C. Code §1-711(b)(1)(A)(i)-(ix).

circumstances as a prudent person serving in a similar position familiar with such matters.[5] DCRB's Trustees make all investment decisions on an Arm's Length basis in accordance with DCRB's Conflict of Interest Guidelines, available at Conflict of Interest Guidelines | dcrb. Consistent with these duties and authority granted under law the Board of Trustees establishes and maintains broad policies, guidelines, and objectives for the assets of the Retirement Funds and is responsible for oversight of investment operations. The Board of Trustees may delegate its fiduciary functions to DCRB staff and appoint third-parties to render investment counseling and advice.[6] For more information on DCRB's Board of Trustees please see DCRB Board of Trustees | dcrb.

Investment Committee: The Board of Trustees has established an investment committee (the "Investment Committee") whose role is to provide general oversight of the investments of the Retirement Funds and monitor and recommend actions to the Board of Trustees. The Investment Committee is a committee of the whole, made up of all twelve members of DCRB's Board of Trustees. It is led by an Investment Committee Chair appointed by the Chair of the Board of Trustees. The Investment Committee typically meets every other month for a total of six regularly scheduled meetings per year. Decisions related to the investment program are generally made by majority vote of the Investment Committee, in closed session,[7] and ratified during a regularly scheduled open meeting of the Board of Trustees.[8]

Executive Director: The Board of Trustees has appointed an executive director (the "Executive Director") to manage and oversee the daily operations of DCRB, subject to oversight and approval by the Board of Trustees. The Board has also provided the Executive Director with limited delegated authority to oversee the investment program, manage the selection, monitoring and discharge of investments service providers, and to enter, execute, negotiate, modify, and terminate investment contracts, in conjunction with the Chief Investment Officer.

Chief Investment Officer: The chief investment officer ("Chief Investment Officer" or "CIO") manages and oversees DCRB's investment operations, subject to oversight and approval by the Board of Trustees. The Chief Investment Officer has also been provided with limited delegated authority to oversee the investment program, manage the selection, monitoring, and discharge of investments service providers, and to enter, execute, negotiate, modify, and terminate investment contracts, in conjunction with the Executive Director.

Investment Team: The Chief Investment Officer is assisted by an internal investment team, consisting of senior investment professionals, investment analysts, and administrative support professionals (collectively, with the Chief Investment Officer, the "Investment Team") who assist the Chief Investment Officer in developing, implementing, and

[5] The Retirement Funds are "governmental plans" exempted from coverage under the Employee Retirement Income Security Act of 1974 ("ERISA"). 29 U.S.C. 1002(32); 1003(b)(1). The fiduciary duties of DCRB's Board of Trustees are codified at D.C. Code § 1-741.
[6] D.C. Code §1-702(20)(A); 1-711(g)(1); 1-741.
[7] D.C. Code §2-575(b)(11); 1-909.05(e).
[8] 7 D.C.M.R. §1506.1.

monitoring DCRB's investment program in accordance with the policies, guidelines and procedures contained in this Investment Policy Statement.

Investment Consultant: DCRB currently engages a non-discretionary investment consultant (the "Investment Consultant") to provide expert knowledge, market research, non-discretionary consulting services and advice on policies, strategies, and procedures related to the investment program.[9] The Investment Consultant serves in a fiduciary capacity to DCRB and provides an independent third-party perspective on investment performance evaluation and analysis for the investment program. The Investment Consultant assists the Investment Team in identifying and accessing investment opportunities, performs independent due diligence on potential market opportunities, and advises on sound asset allocation structuring.

Other Consultants and Service Providers: DCRB engages various other consultants and service providers who provide specialized, independent, third-party expertise in areas such as transaction cost analysis, investment manager fee and expense verification and other investment related analysis.

Custodian Bank: DCRB's custodian bank holds and safeguards the assets of the Retirement Funds, maintains the official books and records, forwards any proxies and notices or other legal communications involving legal proceedings relating to securities or other property to the appropriate investment manager or the CIO and processes them as directed, prepares and delivers securities for settlement, temporarily invests cash balances, executes foreign exchange conversions, provides performance reports, and serves as an additional layer of risk control in the safekeeping of assets of the Retirement Funds by jointly monitoring the portfolio and investment manager guidelines.

Investment Managers: DCRB invests with experienced investment managers who invest assets in accordance with the terms of their written investment agreements and guidelines (which are reviewed and negotiated by DCRB). Investment managers are generally registered with the U.S. Securities and Exchange Commission (or similar regulatory authority in other jurisdictions).[10] Generally, investment managers execute transactions on behalf of DCRB in a manner that maximizes their risk-adjusted returns based on their investment mandate.

Actuary: DCRB engages an actuarial firm (the "Actuary") to help measure and manage future assets and liabilities of the Retirement Funds. The Actuary performs several functions for DCRB, including conducting annual valuations (on the basis of the entry age normal funding method and in accordance with generally accepted actuarial principles and practices with respect to each separate plan comprising the Retirement Funds), periodic 'asset and liability modeling' studies (to determine the level of volatility contained in the current program, the likelihood of different economic outcomes and their bearing on the plan costs, allowing DCRB to make decisions on asset allocation and investment risk to ensure they align with the Retirement Funds' liabilities), and periodic 'experience' studies

[9] DCRB is permitted to appoint one or more investment consultants to provide investment advice to the Board of Trustees in a fiduciary capacity. D.C. Code §§ 1-702(20)(A)(ii); 1-711(g)(1); 1-715(a)(1); 1-901.02(7)(A).
[10] D.C. Code 1-711(g)(1).

(reviewing the historical economic and demographic experience of the plans to assess the reasonableness of the actuarial assumptions that were made).

The tables contained at Exhibit A summarize various roles and responsibilities of the persons named above.

V. Investment Program Structure

Allocating assets to various types of investments is critical to structuring an optimally diversified portfolio which is expected to meet DCRB's investment objectives. Investments are not restricted by asset class or type and may include any investment the Board of Trustee deems prudent. All assets in DCRB's investment portfolio are managed by external investment managers.

Asset Classes

'**Public Markets Program**' investments are typically liquid strategies which seek to achieve consistent long-term growth while preserving capital and effectively managing the overall risk of the portfolio. The underlying investments in this asset class are readily tradable to allow for efficient buying and selling as needed with minimal costs and market impact. These strategies may be active or passive and will be diversified across various asset classes, sectors, industries, and geographies. DCRB's public markets program may include public equities and public fixed income securities. Public equities may include, but are not limited to, U.S. equities and international equities in both developed and emerging markets. Public fixed income securities may include, but are not limited to, U.S. or non-U.S., investment or non-investment grade corporate and government or government related debt securities, bonds and bank loans. Additional details about DCRB's public markets program can be found in Exhibit B – Public Markets Program.

'**Private Markets Program**' investments are typically illiquid strategies which have limited to no resale market and expected holding periods of at least seven to twelve years. These investments are typically held until maturity and selling prior to maturity may result in realizing at a discount to fair market value. Liquidity risk is managed by minimizing the possibility of forced sales that may arise from breach of contractual duties or exceeding maximum exposure limits and managing asset allocation targets. DCRB's private markets program may include private equity, private credit, and private real assets (real estate, infrastructure and natural resources) in U.S. or non-U.S. jurisdictions. Different measurement periods, benchmark calculations and/or governance regimes may apply to sub-programs or special asset categories where indicated. More information about DCRB's private equity, private credit and private real assets programs can be found at Exhibit C – Private Markets Programs.

Cash investments include cash, cash equivalents and short-term investments that are highly liquid with little to no volatility. These investments are typically used as a source of liquidity to meet ongoing operational expenses, fund benefit payments and short-term obligations.

Investment Restrictions

1. No single investment manager will be allocated more than thirty percent (30%) of the asset value of the Retirement Funds.

2. No single active product of an investment manager will be allocated more than twenty percent (20%) of the asset value of the Retirement Funds.

3. No single private markets program investment shall represent more than twenty-five percent (25%) of the total committed capital of any single private commingled investment vehicle (including parallel vehicles and calculated on a committed capital basis measured at the time of such vehicles final closing) (obtained by incorporating 'ratcheting' language with respect to DCRB's commitment).

4. No single private markets program investment shall be larger than the maximum allowable commitment size for an investment in that sector or subsector as presented in that year's Annual Commitment Plan.

5. No *direct* investments in the stocks, securities or other obligations of certain companies which are in the business of building or operating private prisons or correctional/detention facilities.

6. No *direct* investments in real property located in the District of Columbia, Virginia or Maryland, or in loans, mortgages, bonds, or other certificates of indebtedness secured, in whole or in part, by real property located in such jurisdictions. However, investment vehicles may invest without regard to such specific jurisdictional limitation provided such investments in pooled vehicles do not constitute plan assets under the DCRB and U.S. Department of Labor plan asset regulations.

Unless otherwise noted the above restrictions shall be measured at the time of DCRB's initial commitment or additional commitment, if any (for private markets program investments) or based on market value measured periodically (for public markets program investments). To the extent any commitment represents an additional commitment to a vehicle or manager for purposes of the above restrictions such measurement should be based on the following: (i) for purposes of close-ended private markets program investments, the dollar amount of the initial commitment at the time of such initial commitment plus the proposed dollar amount of the additional commitment; and (ii) for purposes of public markets program investments and open-ended private markets program investments the then current market value of the pre-existing commitment plus the proposed dollar amount of the additional commitment.

Time Horizons

The Retirement Funds are managed on a going-concern basis. The assets of the Retirement Funds will be invested with a long-term time horizon consistent with the demographics, actuarial duration, and purpose of the assets of the Retirement Funds. DCRB strives to limit the potential for any one investment to have a substantial negative impact on the long-term returns of the Retirement Funds by investing across economic cycles and vintage years.

Tax Considerations

The Retirement Funds are tax-exempt organizations as described in Section 115 of the Internal Revenue Code of 1986, as amended ("Code") and/or the doctrine of intergovernmental immunity, and the Retirement Funds are qualified trusts under Section 401(a) of the Code. Therefore, all gains and income associated with the assets of the Retirement Funds are exempt from U.S. federal income tax under Section 501(a) of the Code, Section 115 of the Code and/or such doctrine, including unrelated business income tax within the meaning of Sections 512 and 514 of the Code ("UBTI") (collectively, the "Assumptions"). Investments and strategies will be evaluated on a basis that is indifferent to the Retirement Funds' taxable status, except that the following may be considered on a case-by-case basis: (1) non-U.S. taxes, tax withholding and tax reporting obligations that may be imposed on the Retirement Funds by virtue of an investment, (2) U.S. state and local taxes that may be imposed on the Retirement Funds by virtue of an investment, (3) recent or impending changes in law regarding either UBTI or the reporting positions of the Retirement Funds with respect to U.S. federal income tax exposure, including UBTI, that would render the Assumptions incorrect, and (4) the tax treatment or tax structuring of an investment and any associated tax drag on the Retirement Funds' returns from such investment.

Investment Vehicle Forms

Investment vehicles, whether within the public or private markets programs, will generally take the form of commingled investment funds though investments may also be made via separately managed accounts (SMAs), funds of one, funds of funds or other forms. These vehicles may be open-ended (e.g., evergreen) or closed-ended. Commingled funds are generally structured as domestic or foreign limited partnerships or other similar limited liability legal structures though may also be in the form of trusts or collective investment funds (CIFs) or other forms. SMAs are investment accounts managed for one investor rather than many. Funds of one are generally private funds established for a single investor. Funds of funds are generally private funds created to invest in a portfolio of other private funds. SMAs and funds of one may have a specialized mandate or may be invested alongside a commingled fund. Investments within the private markets program may be made as primary investments or secondary investments (including via continuation vehicles), as described in, and subject to the guidelines contained in, Exhibit D.

Investment Costs

DCRB strives to achieve its investment objectives by, among other things, minimizing costs related to the investment program. The Investment Team, Investment Consultant and Other Consultants, as applicable, will negotiate, monitor and attempt to control investment fees, costs and expenses where possible. In addition:

i. Professional fees and expenses will be negotiated whenever possible;
ii. Where appropriate, pursuant to the strategic asset allocation plan, passive portfolios will be used for asset allocation and index replication and to minimize investment management fees and risk;
iii. If prudent from a financial cost and operational risk perspective, where possible assets will be transferred in-kind during investment manager transitions and any

restructuring of the assets of the Retirement Funds to eliminate unnecessary turnover expenses;

iv. Investment managers of public securities will be instructed to follow best execution practices and DCRB will periodically monitor trading costs to ensure they are appropriate and reasonable;

v. Investment costs, including fees and expenses, will be tracked, verified and benchmarked at least annually.

Securities Lending

DCRB may earn additional income and enhance returns through securities lending. This approach involves lending securities held, directly or indirectly, to other market participants for a fee. A securities lending agent or a securities lending enabled investment vehicle may be utilized if it is deemed that the opportunity outweighs the risks of participating in such a program.

In-Kind Distributions

DCRB may in some instances receive distributions of shares or interests in portfolio companies from investment managers in lieu of cash distributions (e.g., in-kind distributions). Unless it is determined imprudent, any such in-kind distributions will generally be sold as soon as practicable. The sale will be conducted through a third-party brokerage to ensure efficient execution, mitigate against potential market volatility, and minimize transaction costs.

Derivative Policy and Procedures

DCRB's Derivative Policy and Procedure Addendum was adopted by the Board of Trustees on May 15, 2013, and is available at Derivative Policy and Procedure Addendum | dcrb .

VI. Asset Allocation

The Investment Consultant will generally perform a strategic asset allocation study every three to five years. The strategic asset allocation study may occur more frequently if the Trustees deem it appropriate. The foundation of the strategic asset allocation study is the Investment Consultant's forecast of expected return, risk, and correlation for various asset classes over a long-term time horizon.

The strategic asset allocation study will recommend to the Board of Trustees potential strategic asset allocation plans designed to meet DCRB's investment objectives. The Board of Trustees will then establish a strategic asset allocation plan which identifies policy targets and ranges for each asset class.

Typically, the strategic asset allocation study will be conducted in conjunction with an asset and liability study performed by the Actuary in accordance with DCRB's Funding Policy available at Funding Policy | dcrb , which ensures that the strategic asset allocation is aligned with DCRB's expected liabilities.

As a part of the strategic asset allocation plan, the Board of Trustees establishes allowable ranges which each asset class may represent in the portfolio and each asset class may then move within that range without explicitly requiring a rebalancing transaction.

The strategic asset allocation plan and allowable ranges (current as of this revision of the Investment Policy Statement) are included at Exhibit E.

Interim Policy Benchmark

Considering the time required for investments in the private markets program to achieve their strategic target allocations (as capital is committed only to the extent a suitable opportunity has been identified, diligence, and closed, and then capital is called only as investments are made by the investment vehicle over a multi-year period), an interim policy benchmark is used to reflect the current allocation of private markets program investments.

Pending the identification of suitable assets and an investment manager's call for capital contributions, specific allocations may be temporarily invested in other asset classes. As a result, the target allocation to the affected asset classes may be temporarily altered and will change over time. This interim policy benchmark reflects the then current implementation stage of the investment program on its way to achieving the long-term target allocations contained in the strategic asset allocation plan.

Portfolio Rebalancing

Actual asset allocations may deviate from target allocations due to market movements and other factors, including, but not limited to, the long ramp-up period of private markets assets and availability of suitable high quality investment opportunities. These deviations may cause the Retirement Funds to diverge from the Board of Trustees approved strategic target allocations and corresponding risk and return expectations. The primary objective of rebalancing is to mitigate risk and enhance returns while meeting liquidity needs by maintaining an asset allocation that is consistent with or within the allowable ranges of the strategic asset allocation plan.

DCRB maintains a disciplined rebalancing process, whereby allocations to the public markets program (typically liquid or publicly traded asset classes) will not exceed allowable ranges under normal market conditions. This is accomplished via rebalancing purchases and sales of public markets program assets or liquid private markets program assets (*e.g.*, open-ended funds), subject to the maximum allowable asset allocation range for that particular asset class.

The private markets program (typically illiquid asset classes) is otherwise not generally managed via rebalancing but is instead managed to achieve targets over time through the strategic asset allocation plan and Annual Commitment Plan (as defined below), subject to certain exceptions as discussed in the subsection titled '*Private Markets Program*' below. In order to accommodate overweights or underweights within the private markets program, capitalize on specific market opportunities, and enhance liquidity while maintaining sector exposure, assets earmarked for private market program investment may be invested in the public markets at the discretion of the CIO.

Rebalancing transactions require awareness of market conditions and consideration of potential tracking error, transaction costs and operational risks. The timing of these transactions may depend on market environment, unit crossing opportunities and other factors.

The CIO will report on rebalancing activities to the Investment Committee. The CIO will also regularly re-evaluate the rebalancing process and recommend enhancements to the Investment Committee.

Private Markets Program & The Annual Commitment Plan

On an annual basis the Investment Team and the Investment Consultant will present to the Board of Trustees a private markets program commitment budget for each private markets program sector (*e.g*., private equity, private credit, and real assets) for the coming year (the "Annual Commitment Plan"). The Annual Commitment Plan will include a target dollar level of investment for each sector of the investment program and each individual commitment as well as lower and upper ranges relative to these targets to provide the flexibility necessary to capitalize on investment opportunities.

Available investment opportunities that fit DCRB's private markets program and criteria may be limited in any given year and as such there may be years when DCRB may not commit its full allocated budget. Importantly, investments will only be made as there is compelling deal flow. If investments cannot be found that meet these criteria, such investments will be de-emphasized until market conditions improve. DCRB will not make investments solely for the sake of diversification.

Secondary market sales of private markets program investments generally must be approved by the Board of Trustees; however, the CIO and the Executive Director have joint authority to purchase or sell otherwise illiquid private markets assets via continuation vehicle opportunities, as described in, and pursuant to the guidelines in, Exhibit D. Given the opportunistic nature of such transactions they are not contemplated in, or limited by, DCRB's Annual Commitment Plan.

Additional commitments may be made to open-ended private markets vehicles in excess of the Board of Trustee's approved initial commitment amount up to the then current Trustee-approved target asset allocation for that particular sub-category.

VII. Investment Manager Sourcing & Evaluation

The sourcing and evaluation of investment managers is an important step in implementing a successful investment program. The goal is to identify highly skilled investment managers who can effectively execute a strategy and contribute to achieving the Fund's long-term financial objectives while mitigating risk.

Sourcing Process

Given the different investment lifecycles of a public markets program investment versus a private markets program investment, the investment manager sourcing process for the two differ slightly.

Private Markets Program Investments. On a periodic basis the Investment Consultant meets with the Investment Team to present a "forward calendar" containing an updated list of private market investments which are currently or will in the near future be fundraising and which could potentially meet the criteria of DCRB's investment program. Each potential investment opportunity from the forward calendar will be reviewed by the Investment Team to determine whether that particular investment is a good fit for the portfolio at that time.

Public Markets Program Investments. Public market investment opportunities are selected when an allocation becomes available within the portfolio (whether because of underperformance of an existing manager, shift in the objectives of the investment program or otherwise). When this occurs the Investment Consultant and the Investment Team will utilize the above criteria to the extent applicable. The Investment Team and Investment Consultant will then determine up to three finalists. Information about the search process and the finalists will be presented to the Board of Trustees for final selection.

<u>Due Diligence Process</u>

Prospective investments and investment managers identified above, across public and private markets, primarily will be evaluated based on (i) fit within the respective asset class and DCRB's investment program, (ii) attractive current and expected market conditions for the strategy, and (iii) attractive firm and fund-specific characteristics, including the following:

A. <u>Organization</u>: Investment managers considered for DCRB's investment program may include established investment firms or recently formed organizations that are raising their first institutional investment fund. DCRB considers organizational stability and alignment of interest (including employee ownership and compensation and the principal's monetary commitment to the fund) to be important factors in evaluating potential investment opportunities and will look for firms that have consistent, stable leadership teams and succession plans in place to ensure the stewardship of DCRB's capital through the life of the investment.

B. <u>Investment Experience & Performance</u>: Investment teams are expected to have significant investment experience and expertise relevant to their investment strategy. DCRB will review the investment track record of the investment firm, as well as, if possible and material, the track record of each team member on a stand-alone basis.

C. <u>Staffing</u>: The organization must have enough investment professionals and support staff to successfully implement the proposed strategy. The firm's principals should dedicate a substantial amount of their time and effort to the proposed opportunity. The targeted fund size, average investment size and anticipated number of transactions should be reviewed to assess the appropriate staffing level.

D. <u>Investment Strategy & Focus</u>: The proposed strategy and business plan should be set forth in sufficient detail to permit substantive and meaningful review of the opportunity, the investment concept, and the risk factors. The risk/reward trade-off in the particular investment strategy and/or market should be attractive and based on reasonable assumptions. Investments may include a very specific investment focus that differentiates the opportunity. These opportunities may be focused on investing in "underserved markets", emphasize investments that impact a particular demographic or sector, or possibly specify a designated geographic region for investment.

E. <u>Terms</u>: Terms, including fees and expenses, are generally expected to be 'in-line' with industry norms. Legal documentation for potential investments will be reviewed by DCRB's legal counsel. The Chief Investment Officer and legal counsel will attempt to negotiate favorable terms that maximize the rights of DCRB and other limited partners. DCRB may also receive certain preferential terms as a result of negotiations between the Investment Consultant and the investment manager.

The evaluation process typically will include requests for information, quantitative and qualitative reviews, interviews and discussions with investment managers, on-site visits, review of due diligence materials and performance information, as well as a legal review and terms negotiation.

If the outcome of the due diligence process is favorable, a written recommendation to make a commitment will be presented to the Investment Committee for evaluation and approval by the Board of Trustees.

VIII. Investment Manager Monitoring

Throughout the lifecycle of an investment, the Investment Team and Investment Consultant will continue to monitor, diligence, and evaluate the performance of each investment. The monitoring process focuses on six key areas: (i) continuity of investment philosophy, strategy and process, (ii) stability of personnel and organization, (iii) investment performance, (iv) risk management, (v) reporting and valuations, and (iv) fees and expenses.

The time horizon to review performance trends normally will be over a full market cycle (typically at least 10 years), although other time horizons may be deemed prudent. Any extreme or unusual events or trends will be considered when evaluating short and intermediate-term investment results.

In addition to monitoring the investment manager's performance, the Investment Team and Investment Consultant will address in a timely manner any operational and governance issues as they arise. These may include, but are not limited to, amendments to contractual or governance documents of an investment, consents required or requested by an investment manager, and other issues that may affect the management or operations of an investment.

The CIO and the Investment Consultant will provide the Investment Committee with investment performance and asset allocation reports on a quarterly basis. These reports are formally reviewed with the Investment Committee at least annually, typically once fiscal year reporting is available. In addition, the Investment Team will present reporting on verified investment fees and expenses for DCRB's investment program on an annual basis.

Due to the nature of the differences between the public markets program and the private markets program, investments under the two programs are further monitored and evaluated differently from each other. Please see below for more information on each approach.

Public Markets Program Monitoring

The Public Markets Program Investment Watch List Criteria contained in Exhibit G provides a framework and criteria by which the Investment Team and the Investment Consultant evaluate public market program investment managers. As outlined in Exhibit G, an investment manager may be placed on the 'Watch List' for a variety of reasons including underperformance and other factors. This action takes effect immediately and requires heightened monitoring of the investment manager, potentially entailing more frequent reviews and meetings to discuss the specific issues in question and what steps are being taken to address them.

A list of managers who have been added to or removed from the Watch List is provided to the Investment Committee quarterly and a more detailed Watch List report (which includes a summary of when and why the particular manager was added, quantitative and qualitative updates on the firm, team, strategy, performance, market environment and any recommended next steps) will be provided to the Investment Committee at least annually, with additional updates provided as necessary to ensure transparency and informed decision-making.

If an investment manager resolves or substantially improves the issues which were responsible for its placement on the Watch List it may be removed from the Watch List. If not, DCRB may make the decision to terminate the relationship.

DCRB also monitors the trade costs of its public markets managers and presents an update on the trade cost analysis performed by DCRB's third party trade cost analysis consultant to the Investment Committee on an annual basis.

Private Markets Program Monitoring

The Investment Team conducts on-going monitoring and diligence of investment managers via review of quarterly, annual and other reporting, attending annual and special meetings, as well as regular interactions with each investment manager. The Investment Team endeavors to meet (whether virtually or in-person) with each investment manager at least once per calendar year but will often speak more frequently. The monitoring information obtained in these calls and meetings is stored in DCRB's electronic investment manager research management system.

Due to the illiquid nature of private market program investments, implementing a watch list system for these investments is less prescriptive. Private markets program investments are long-term (at least seven to twelve years) and are considered illiquid. There is minimal action that can be taken outside of selling the investment in the secondary market, typically at a significant discount. In such cases, DCRB may engage with the investment manager to discuss shortfalls and implement additional or enhanced monitoring. In such a scenario an investment manager would also be thoroughly reassessed when they return to the market to raise their next fund to determine if they continue to be an appropriate and beneficial fit for the portfolio.

Investment Performance Benchmarks

Long-term investment performance of the Retirement Funds, individual asset classes and individual investment vehicles will be evaluated relative to the applicable benchmarks and performance objectives outlined within the 'Long-Term Policy Benchmark' at Exhibit H. This

Long-Term Policy Benchmark provides a gauge to evaluate the Retirement Funds' performance over the long term (ten years or longer). It is designed to measure the performance of the Retirement Funds relative to a passive public markets-focused implementation of the strategic asset allocation. Individual asset class components are weighed at the respective target weights.

The interim policy benchmark discussed in Section VII above is designed to evaluate performance of the investment program until the time the private markets program investments achieve their target allocation, which provides a more appropriate performance gauge over the short and intermediate-term (less than ten (10) years). The weights used to calculate the interim benchmark change frequently and as such it is not included as an exhibit to this Investment Policy Statement.

IX. Disclosure of Information

DCRB is subject to the District of Columbia Freedom of Information Act which requires disclosure of certain public records.[11] This statute exempts, among other things, the disclosure of information relating to trade secrets and financial or commercial information obtained from third-parties to the extent that disclosure would result in substantial injury to the competitive position of the person(s) from whom the information was obtained.

DCRB will not voluntarily disclose information received from investment managers except as follows with respect to each DCRB commitment: (i) name of the investment vehicle, (ii) strategy or focus of investment vehicle, (iii) year of DCRB's capital commitment to such vehicle, (iv) amount of DCRB's capital commitment to such vehicle (broken down by funded and unfunded capital commitments), (v) total amount of distributions received to date, (vi) reported value of DCRB's interest, (vii) internal rate of return (IRR). DCRB is subject to strict confidentiality provisions with respect to its investment contracts and generally considers all other information received from its investment managers to be subject to the 'trade secret' or 'harm to the competitive position' exemptions described above.

DCRB does not release information regarding its deliberative process, including tentative or final decisions regarding investment matters, the disclosure of which may jeopardize the ability of DCRB to implement an investment decision or achieve investment objectives.[12] Accordingly, investment decisions will not be released to the public until after such time as (i) the release of information would not adversely affect negotiations or market prices and/or (ii) a proposed transaction has been completed.

X. Corporate Governance, Securities Litigation, and Proxy Voting

As a responsible shareholder of publicly traded securities, and consistent with its fiduciaries duties in managing the assets of the Retirement Fund, DCRB has established policies by which it votes proxies and evaluates, participates in and processes potential shareholder litigation activities. Please see DCRB's Proxy Voting Guidelines and DCRB's Shareholder Litigation Policy attached at Proxy Voting Guidelines | dcrb & Securities Litigation Policy | dcrb, respectively. DCRB believes that shareholder litigation actions are important tools that allow investors an opportunity to, among other things, recover investment losses suffered as a result of fraud, securities laws

[11] DC Code § 2-531, *et seq*.; Chapter 4, Title 1 of the DC Municipal Regulations.

[12] D.C. Code §§ 2-575(b)(1), (2), (11); 1-909.05(e), (f); 2-534(a)(1), (a)(6).

violations or other illegal conduct and/or to implement corporate governance changes. DCRB is also committed to reviewing the corporate governance practices of the companies within the Retirement Funds investment portfolio and will periodically update its Environmental, Social and Governance Policy.

DCRB's staff seeks to develop and enhance its policies and guidelines in these areas by fostering relationships with groups working to improve and enhance corporate governance practices and will consider best corporate governance practice recommendations from industry organizations, DCRB service providers and conversations with peer pension plan sponsors.

XI. Conflicts of Interest Guidelines

As an agency of the District of Columbia government DCRB is subject to the District of Columbia Ethics Act.[13] In addition, DCRB recognizes that it holds a position of public trust which requires rigorous adherence to high standards of honesty, integrity, impartiality, and conduct and as such has drafted its own Conflict of Interest Policy aimed at preventing any actions which might result in or create the appearance of impropriety. Please see DCRB's Conflict of Interest Guidelines available at Conflict of Interest Guidelines | dcrb.

XII. Trustee Education

The Investment Team and the Investment Consultant have developed and will continue to further develop investment education programs for the Board of Trustees which seek to educate trustees on all matters relevant to DCRB's investment program and portfolio, including, but not limited to, education on various asset classes, market characteristics, individual investment managers and key risk parameters. These investment education sessions will be periodically offered at special meetings of the Investment Committee.

XIII. Procedures for Updating or Amending this Policy Statement

This Investment Policy Statement may be amended from time-to-time by a majority vote of the Investment Committee (ratified by a majority vote of the Board of Trustees during an open session of a regular meeting of the Board of Trustees).[14]

A formal review of this Investment Policy Statement will be conducted every three to five years, concurrent with the asset allocation review, though it may be updated more frequently as needed. Certain exhibits may be updated on a stand-alone basis without corresponding updates to this Investment Policy Statement as a whole. Certain exhibits may be updated more frequently and, in such a scenario, will have their own 'revision' date listed in the top right corner. Targets and financial projections may be updated more frequently to be consistent with their own timelines as described elsewhere in this Investment Policy Statement.

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[13] D.C. Code §§ 1-1162.01 to 1-1162.32.

[14] 7 DCMR 1506.1

XIV. Drafting History

The following standalone policies were in effect prior to the date of this Investment Policy Statement and are replaced in their entirety by this Investment Policy Statement.

Asset Allocation Investment Policy, adopted and approved July 18, 2013, revised November 17, 2016, September 23, 2021, May 19, 2022

Governance Policy for Alternative Investments, amended January 22, 2015, revised September 28, 2017

Investment Policy Statement for Private Credit Investments, adopted and approved May 19, 2022

Investment Policy Statement for Private Equity Investments, adopted and approved July 19, 2012, revised September 28, 2017, May 19, 2022

Investment Policy Statement for Real Assets, adopted and approved January 22, 2015, revised September 28, 2017, June 20, 2019, April 22, 2021, May 19, 2022

Rebalancing Investment Policy, adopted and approved October 21, 2010, revised November 17, 2016, September 28, 2017

Investment Watch List Policy, adopted and approved November 18, 2010, revised June 22, 2017, June 21, 2018

The following policies remain in effect as standalone policies or supplements to other DCRB policy documents.

Conflict of Interest Guidelines, amended March 2006 (available at Conflict of Interest Guidelines | dcrb)

Derivative Policy and Procedure Addendum, adopted and approved May 16, 2013 (available at Derivative Policy and Procedure Addendum | dcrb)

Securities Litigation Policy, amended May 18, 2006 (available at Securities Litigation Policy | dcrb)

Proxy Voting Guidelines, adopted and approved September 15, 2016, revised March 17, 2022 (available at Proxy Voting Guidelines | dcrb)

Environmental, Social, and Governance Policy, adopted and approved November 21, 2013

Funding Policy, adopted and approved November 15, 2012, revised June 22, 2017 (available at Funding Policy | dcrb)

Exhibit A

Tables of Roles & Responsibilities

The tables below summarize the roles and responsibilities of the various parties responsible for management and administration of DCRB's investment program.

Investment Policy

ROLE	BOARD OF TRUSTEES	STAFF	INDEPENDENT THIRD PARTY
Determine investment objectives and constraints	Approves	Input/Recommend: CIO	Recommends: Investment Consultants
Conduct strategic asset allocation study, set target rate of return, and select asset allocations mix, and target and ranges	Approves	Input/Recommend: CIO	Recommends: Investment Consultants
Establish alpha risk budget	Approves	Input and Recommend: CIO	Recommends: Investment Consultants
Select benchmarks for performance measurement	Monitors/ Reviews	Input/Recommend: CIO	Input/Recommend: Investment Consultants
Establish and modify investment policies	Approves	Input/Recommend: CIO	Input/Recommend: Investment Consultants
Conducts investment education	Attendance is Strongly Encouraged	Input/Recommend: CIO	Input/Recommend: Investment Consultants, Advisors and Experts.
Develops positions on investment-related legislation	Recommends and approves	Recommends: CIO, ED, Legal	Input: Investment Consultants, Outside Counsel

Investment Implementation

ROLE	BOARD OF TRUSTEES	STAFF	INDEPENDENT THIRD PARTY
Selection of Custodian Bank, Investment	Approves	Evaluates, Monitors and Recommends ED, CIO, GC, CFO	Input: Investment Consultants, as needed

ROLE	BOARD OF TRUSTEES	STAFF	INDEPENDENT THIRD PARTY
Consultants and Actuary			
New assets, strategies, and products	Approves	Recommends: CIO	Recommends: Investment Consultants
Portfolio and asset class structuring; strategic asset allocation plan and allowable ranges	Approves	Recommends: CIO	Recommends: Investment Consultants
Manager hiring / redemptions (outside of allowable ranges) / terminations	Approves	Recommends: CIO	Recommends: Investment Consultant
Private market investments Annual Commitment Plan	Approves	Recommends: CIO	Recommends: Investment Consultant
Investment guidelines for investment managers	Receives periodic updates	Negotiates, Implements, Executes: ED and CIO (in consultation with Legal)	Input: Investment Consultants Reports: Custodian Bank, Investment Consultants Input/Adherence: Investment Managers
Contract negotiation and execution (e.g., initiation, amendments, consents, and recommitments)	Monitors	Negotiates, Executes and Reports: ED and CIO (in consultation with Legal)	Input: Investment Consultants and Investment Managers; Outside Counsel
Interim policy benchmark & long-term policy benchmark	Monitors/ Reviews	Input/Recommend: CIO	Input/Recommend: Investment Consultants
Rebalancing of public markets program investments within target allocation ranges; cash and liquidity management	Monitors	Approves and Reports: CIO	Input: Investment Consultants

ROLE	BOARD OF TRUSTEES	STAFF	INDEPENDENT THIRD PARTY
Rebalancing outside of target asset allocation range	Approves	Recommends: CIO	Input: Investment Consultants

Investment Monitoring and Reporting

ROLE	BOARD of TRUSTEES	STAFF	INDEPENDENT 3RD PARTY
Investment manager on-going monitoring, oversight and diligence	Receives periodic updates	Reports: CIO	Reports: Investment Consultants/Custodian Bank
Evaluation of investment policy decisions (attribution, risk budgeting)	Monitors/Reviews	Reports: CIO	Reports: Investment Consultants
Investment performance evaluation (overall, sector- level, manager-level)	Monitors/Reviews	Reports: CIO	Reports: Investment Consultants/Investment Managers
Peer and benchmark comparison	Monitors/Reviews	Monitors/Reviews: CIO	Reports: Custodian Bank/ Investment Consultants
Annual review of asset classes	Reviews	Reviews: CIO	Reports: Investment Consultants
Quarterly investment activity (new commitments, additional commitments, withdrawals, terminations, secondaries (including continuation vehicles))	Monitors/Reviews	Reports/Monitors: CIO	Monitors: Investment Consultants and Custodian Bank
Investment fees and expenses (including trade costs)	Receives periodic updates	Monitors/Reviews: Investment Team	Monitors: Investment Team and Other Consultants

Exhibit B

Public Markets Programs

Public Equities

a. Investment Objective

The objective of the public equities program is to primarily provide long-term growth through capital appreciation with the return objective of providing return that tracks or exceeds the broader public equity market.

b. Permissible Investments

U.S. Equity investments will primarily invest in common stocks of U.S. corporations and will be diversified across market capitalization and investment style (core, value and growth). These investments will be primarily through investment managers.

Non-U.S. Equity investments will primarily invest in common stocks of non-U.S. corporations in both developed and emerging non-U.S. markets. Developed non-U.S. markets are countries with well developed economies and capital markets while emerging non-U.S. countries have developing economies and capital markets. It will also be diversified across market capitalization and investment style (core, value and growth). These investments will be primarily through investment managers.

Fixed Income

a. Investment Objective

The objective of the fixed income program is to provide stable income, inflation protection and diversification benefits (through reduced volatility, stable income-producing assets and downside protection) to the overall investment portfolio. It will seek to generate returns that track or exceed the broader fixed income market.

b. Permissible Investments

Government Bonds investments will primarily be in government and/or government related agency debt issued by the U.S. or non-U.S. government either in U.S. dollars or the issuing entities' local currency. These will primarily be highly liquid investments that are traded in public market exchanges.

Corporate Bonds investments will primarily be debt securities issued by U.S. and non-U.S. corporations with a credit rating of BBB or higher (investment grade) or below BBB (high yield). Investment grade bonds are expected to have a lower default risk than high yield bonds. Non-U.S. corporate credit securities can be domiciled in a developed or emerging market country and may be denominated in U.S. or non-U.S. local currency. These will primarily be highly liquid investments that are traded in public market exchanges.

Bank Loans are investments in senior secured loans issued by banks to corporations. These are often structured with floating interest rates and are typically less sensitive to interest rate changes.

Inflation-Linked Bonds are primarily issued by the government that are designed as a hedge against inflation. These bonds' principal value is linked to inflation.

Exhibit C

Private Markets Programs

Private Equity

a. Investment Objective

The objective of the private equity program is to earn a risk adjusted return in excess of the public equity markets over the long-term and to provide diversification benefits to the investment program as whole. Investment Guidelines

b. Investment Guidelines

Investment is authorized in funds which invest in a broad array of various non-publicly traded securities, including but not limited to:

- *Buyout* investments include investments in acquisitions, recovery investments, subordinated debt, and special situations (a category which represents a diversified strategy across many sub-categories). Investments are made across the market capitalization spectrum and typically involve the purchase of a control position (primarily majority positions, with some minority positions) in an established company and may include the use of leverage. Investments are typically made in years one through six and returns typically occur in years three through ten. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

- *Venture Capital/Growth Equity* investments include investments in companies in a range of stages of development from start-up/seed-stage, early stage, and later/expansion stage and growth equity. Investments are typically made in years one through six and returns typically occur in years four through ten. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

- *Opportunistic* investments include private equity investments outside of the traditional buyout, venture capital and growth strategies. These may include flexible and hybrid strategies that have the ability to invest across capital structures and all asset classes regardless of geographic location.

Private Credit

a. Investment Objective

The objective of the private credit program is to provide performance enhancement and diversification benefits (through reduced volatility, stable income-producing assets and downside protection) to the overall investment portfolio and earn risk-adjusted returns in excess of the public credit markets.

b. Investment Guidelines

Private credit investments are generally defined as non-bank financing and/or private placements and incorporate multiple collateral types (including but not limited to corporate credit, mortgage credit, asset-based, and consumer credit) and strategies. There are two general types of strategies, income oriented and opportunistic. Income oriented investment strategies (*e.g*., direct lending and specialty finance) target primary/origination-based transactions that focus on generating returns through regular coupon payments and principal repayment over time. Alternatively, opportunistic (*e.g*., special situations and niche strategies) investment strategies primarily target secondary/asset purchases that rely more heavily on generating returns through appreciation. The four sub-categories are further outlined below.

- *Direct Lending* investments include first lien, uni-tranche, second lien, and mezzanine/junior debt within the capital structure and usually take place with smaller or middle market borrowers. Direct lending strategies focus on multiple industries and can be across the US and non-US geography.

- *Specialty Finance* Specialty finance lending is broadly defined as any financing activity outside of the banking system and typically ties to consumer lending (student loans, auto loans, credit cards) and commercial lending (equipment leasing, business credit cards, SBA loans, merchant cash advance). Investments include, but are not limited to, direct origination, portfolio acquisitions, pre-securitization warehousing (bridge to public ABS market). Assets/strategies include, but are not limited to, loans, leases, receivables, mortgages, tax credits, royalties, service contracts, equipment leasing, trade finance, solar finance, homebuilder finance, mortgage credit, real assets.

- *Special Situations* investment strategies include, but are not limited to, distressed debt (*e.g*., corporate, mortgage, commercial real estate), capital solutions and non-performing loans.

- *Opportunistic* investment strategies include, but are not limited to, royalties (e.g., music, healthcare, intellectual property), litigation finance, CLO debt/equity, venture debt and portfolio finance.

Real Assets - Real Estate

a. Investment Objective

The objective of the private real estate program is to provide performance enhancement, generating a long-term rate of return that exceeds that of publicly traded real estate securities, through investment in non-publicly traded vehicles that invest in a broad array of real estate properties and ventures.

b. Investment Guidelines

Investment is authorized in vehicles that invest in a broad array of real estate properties and ventures, including, but not limited to, investments in private vehicles that have an ownership interest, directly or indirectly, in real estate through either the debt or equity structure and which may be income-producing or non-income producing. The investment strategies may include those defined as Core, Core-plus, Value-add or Opportunistic.

- *Core* strategies will typically involve stable, income-producing properties with low to moderate levels of risk which prioritize capital preservation over capital appreciation. Underlying properties may include well-established commercial, residential, or industrial assets in prime locations with high occupancy rates and stable cash flows. The properties are predominantly brownfield (enhancement and/or redevelopment of existing properties). The allocation to core real estate strategies could also include investments in index funds that invest in listed real estate companies and publicly traded real estate investment trusts (REITS) for rebalancing and liquidity purposes with investments located in both developed and emerging markets. While REITs have a high correlation to public equities there are key advantages compared private core real estate funds (e.g., public REITs generate higher returns while assuming a similar level of risk, provide an important liquidity source, and offer lower fees as well as better governance and transparency).[15]

- *Core-plus* strategies exhibit core characteristics and derive their return primarily from income but with a more moderate risk profile with the addition of non-core assets. These strategies can provide both stable income and potential upside. Investments can be either brownfield or greenfield.

- *Value-add* strategies derive their return from both income and capital appreciation with higher levels of risk. The properties can either be brownfield or greenfield, but may require substantial renovations, redevelopment or operational improvements to maximize income potential and increase their market value.

- *Opportunistic* strategies derive their return primarily through capital appreciation and represent the highest risk and potential reward profile. These investments can be brownfield or greenfield and may include, but are not limited to, ground-up development, distressed asset acquisitions, or niche market opportunities.

Real Assets - Infrastructure

a. Investment Objective

The objective of the private real assets - infrastructure program is to enhance total fund performance through the investment in private vehicles that invest in a broad array of infrastructure projects. Infrastructure investments are expected to be stable and long-term in nature, and the cash flows from such projects are expected to have a positive correlation with inflation.

b. Investment Guidelines

Investment is authorized in vehicles that invest in a broad array of infrastructure investments, including, but not limited to, investments in private vehicles that have an ownership interest in physical structures, facilities and networks or ancillary services and equipment which provide essential services to the public that are owned and/or operated either privately or by government entities. Asset categories may include, but are not limited to, transportation, ports, utilities, energy

[15] For purposes of DCRB's strategic asset allocation plan public REITs are calculated as part of DCRB's Core real estate exposure within the private markets program; however, due to their liquidity profile and publicly traded structure REITs are treated as a public program investment for governance purposes (e.g., investment manager selection, evaluation and monitoring).

(including "renewables"), water, communications, and social infrastructure sectors. 'Renewables' may include, but are not limited to, solar, wind, biomass, and hydro power generation, storage, and transmission. 'Social infrastructure' may include, but is not limited to, health care (hospitals), education (schools), judiciary (courthouse), emergency response (police and fire), and recreation (parks).

The investment strategies may include those defined as "core" (or brownfield) or "growth" (or greenfield). "Core" (brownfield) strategies refer to existing projects that are producing significant cash flow and derive much of their return through income. "Growth" (greenfield) strategies are projects that require new construction and/or development and derive their return from both income and appreciation.

- Core/Core Plus strategies will largely be in stable existing infrastructure assets with predictable cash flows. Returns expectations are in the mid to high single digits.

- Value-Add strategies will also largely invest in existing infrastructure assets with predictable cash flows but will also invest in greenfield assets. These assets will often have additional value creation that can drive returns on top of income. These will exhibit a higher risk and return profile with return expectations in the low to mid double digits.

- Opportunistic strategies will exhibit Private Equity like characteristics, exhibiting a higher risk and return profile. Return expectations are in the high teens and above.

<u>Real Assets - Natural Resources</u>

a. Investment Objective

The objective of the natural resources program is to enhance total fund performance through investment in private vehicles that invest in a variety of natural resource assets, including, but not limited to, extracted energy (oil & gas), metals and mining, timber, agriculture, and land.

b. Investment Guidelines

Investment is authorized in private vehicles that invest in a broad array of assets, including, but not limited to, extracted energy investment strategies which primarily include, but are not limited to, those defined as "upstream", "midstream", or "downstream."

- "Upstream" refers to the exploration and production ("E&P") of crude oil, natural gas, coal, and other natural resource reserves.

- "Midstream" refers to the processing, transportation, and storage of oil and natural gas.

- "Downstream" refers to the refining and distribution of oil and natural gas, as well as power generation.

- Metals and mining strategies include, but are not limited to, precious, base, and other mined minerals and metals.

- Timber strategies include, but are not limited to, managed forests and tree farms.
- Agriculture and land strategies include, but are not limited to, the ownership of crop-producing farms and farmland conversion and development.

Exhibit D

Secondaries & Continuation Vehicles

Secondaries

With the typical private market fund, investors generally wait several years before they see a positive return on their capital (referred to as the 'J-curve') and even longer for the fund to fully liquidate. A market in second-hand interests (*e.g.*, 'secondaries') in private funds has evolved over time and is split into Limited Partner ("LP") led deals in which LPs sell their interests in a private fund to other investors and General Partner ("GP") led deals in which GPs offer liquidity to investors (LPs) in an existing private fund. If the GP offers liquidity to investors in an existing private investment vehicle, but only as an alternative to rolling assets into a new vehicle, the GP is offering a "continuation fund" which is covered separately in the next section.

A strategy of purchasing secondary market interests allows the investor to gain exposure to a more mature and less volatile existing portfolio which may generate cash flow to the investor sooner compared to a primary fund investment. The secondaries market allows (i) a potential buyer to (a) avoid the J-curve phenomenon, in which the fund's returns are negative in early years (when expenses outpace realized investments and returned capital) and positive in later years (resembling a "J" if plotting returns versus time on an x-y axis) and (b) purchase interests in a fund where all of the underlying assets are known (as opposed to primary investment in a private markets fund where managers have not yet chosen all of the funds' investments (*e.g.*, a blind pool), and (ii) a potential seller a liquidity option on an investment the investor would otherwise be locked into for at least several years. Selling in the secondary market is typically at a significant discount to the current market value, as it is impossible to guarantee what the returns will be when the capital invested in the private fund is ultimately realized.

DCRB does not expect to engage in the secondaries market frequently, whether purchasing or selling, but may do so opportunistically in the interests of rebalancing, providing diversification, underperformance or other issues with an investment manager, return enhancement, in response to a strategic change in the portfolio and/or to mitigate the J-curve effect in the private markets portfolio. Given the illiquid nature of private markets, DCRB may also consider selling its current interest in a private manager fund to rebalance the portfolio or in response to a strategic change in the portfolio. Since sales in the secondary market will typically be at a discounted value, the benefits of entering into such a transaction will be weighed against the cost, among other things. Secondary transactions (other than continuation vehicles) require the approval of the Investment Committee.

Continuation Vehicles

A continuation vehicle is a type of GP-led secondaries transaction in which the investment manager transfers a single asset or multi-asset portfolio of investments from an existing fund into a newly formed fund vehicle also controlled by the manager. The transaction allows the manager to retain and re-invest in quality assets with growth potential, rather than sell at an inopportune time. The transaction also provides a choice for investors to cash out ("sell"), take an equivalent ownership interest in the newly created fund ("roll"), or, in some cases, to do a bit of both ("sell and roll"). Certain transactions may also present a 'status quo' option whereby investors may elect to remain in the existing fund.

Investors typically have less than 20 business days to decide between selling their interest in the predecessor fund to the secondary buyer or rolling their interest into the continuation fund which will continue to own the assets. The investor's right to "roll" into the new fund can sometimes be conditioned on contributing additional capital (often 10-20% of the equity value), beyond its pro rata share of the predecessor fund, to support future value creation initiatives. If the investor is unable to commit to the continuation fund (plus any additional equity beyond the investment in the predecessor fund), the investor foregoes the option of remaining invested and may be forced to sell its interest at a discounted value.

DCRB will generally view the transaction more favorably if there is continued alignment of interest from the investment manager's perspective and a third-party fairness opinion was obtained related to the transaction. Opportunities presented by current investments managers to participate in or opt out a continuation vehicle will be assessed carefully to ensure the portfolio investment in question continues to be in the best interest of DCRB.

Due to the accelerated timeline on which continuation vehicle transactions operate, it is not feasible to approve such investments within the ordinary course of DCRB's Investment Committee cycle. Therefore, the Board of Trustees has hereby delegated authority to the Chief Investment Officer and Executive Director to jointly make a commitment to a continuation vehicle in an amount up to fifty percent (50%) of the related original commitment made by DCRB. Notice of any continuation vehicle commitment and a final report of such transaction will be presented to the Investment Committee at the next regularly scheduled Investment Committee meeting. Exercise of the authority delegated under this paragraph may only be made once with respect to any single investment manager until the Board of Trustees has reauthorized such authority.

Exhibit E

Asset Allocation Targets

Asset Class	Target (%)	Min (%)	Max (%)
Public Markets Program			
Fixed Income	***23***		
Cash	1	0	5
U.S. Intermediate Gov't Bonds	7	3	11
U.S. Long Gov't Bonds	3	0	10
U.S. Short Term TIPS	5	0	10
U.S. High Yield	1.5	0	4
Bank Loans	1.5	0	4
International Bonds	2	0	4
Emerging Markets Bonds	2	0	4
Public Equities	***41***		
U.S. Equities	25	19	31
Int'l. Dev. Markets Eq.	11	7	15
Emerging Markets Eq.	5	2	8
Private Markets Program			
Private Equity	***13***	***6***	***20***
Buyout	*70*	*50*	*90*
Venture/Growth Equity	*15*	*5*	*30*
Opportunistic	*15*	*0*	*20*
Private Credit	***7***	***2***	***12***
Income	*70*	*50*	*90*
Opportunistic	*30*	*10*	*50*
Private Real Assets	***16***		
Private Real Assets – Real Estate	***8***	***6***	***10***
Core (including Public REITS)	*20*	*0*	*40*
Core Plus	*30*	*10*	*50*
Value Add / Opportunistic	*50*	*30*	*70*

Asset Class	Target (%)	Min (%)	Max (%)
Private Real Assets - Infrastructure	**6**	**0**	**10**
Core/Core Plus	*33*	*10*	*50*
Value Add	*33*	*10*	*50*
Opportunistic	*33*	*10*	*50*
Private Real Assets - Natural Resources	**2**	**0**	**5**
Energy	*50*	*25*	*75*
Farmland	*25*	*0*	*50*
Metals & Mining	*25*	*0*	*50*

Exhibit F

Public Markets Program Investment Watch List Criteria

The Chief Investment Officer, in coordination with the Investment Consultant, may add a public markets manager to the Watch List for any reason including, but not limited to, those outlined below:

a. Organizational Issues
   - Change in ownership or control of the firm
   - Significant change in team composition or responsibilities
   - Material changes in the business organization of the manager
   - Departure of significant personnel

b. Relative Performance Measurement for Active Managers
   - 3, and 5-year performance net of fees below relevant benchmark
   - 3, and 5-year performance net of fees in the bottom quartile of relevant peer universe

c. Relative Performance Measurement for Passive Managers
   - 5-year performance net of fees below relevant benchmark
   - Tracking error tolerance
   - US Equity +/- 10 basis points
   - Non-US Equity +/- 40 basis points
   - Fixed Income +/- 20 basis points
   - Global REITS +/- 40 basis points

d. Other
   - Material guideline violation not brought to the attention of the Investment Team or Investment Consultant by the manager
   - Failure to comply with terms of contract/guideline that is not corrected within 60 days
   - Any material regulatory action or other proceeding affecting the manager's ability to perform its duties under the contract
   - Unsatisfactory client service
   - Any other reason as determined by the Investment Team or Investment Consultant

While there is no requirement that an investment manager be notified if they are placed on the Watch List, the Investment Team or Investment Consultant will generally communicate their concerns to the investment manager as part of DCRB's ongoing due diligence activities.

Throughout the period an investment manager is on the Watch List, the Investment Team and Investment Consultant will monitor the investment manager on a regular basis, reviewing quantitative and qualitative factors including reporting, information requests and virtual or in-person meetings with the investment manager. An investment manager may be removed from the Watch List if the Investment Consultant, with the assistance of the Investment Team, has completed a review of the manager and determined that (i) appropriate and effective corrective action has been taken or (ii) there were appropriate mitigating circumstances occurring which would warrant the retention of the investment manager in DCRB's portfolio.

With certain exceptions, a public market program investment manager's contract may generally be terminated for any reason at any time, whether that investment manager has been placed on the Watch List or not. If there is a recommendation for termination, a prudent plan for transitioning the assets will be presented to the Investment Committee as a part of the recommendation for termination.

Exhibit G

Long-Term Policy Benchmarks

Asset Class	Long-Term Policy Benchmarks[16]
Public Fixed Income	
Cash	*ICE BofAML 90-day US T-Bills*
U.S. Intermediate Gov't Bonds	*Bloomberg IT Gov't Bonds*
U.S. Long Gov't Bonds	*Bloomberg LT Gov't Bonds*
Short-Term U.S. TIPS	*Bloomberg 0-5 Year TIPS*
U.S. High Yield	*Bloomberg U.S. High Yield*
Bank Loans	*CS Leveraged Loan*
International Bonds	*Bloomberg Global ex U.S. Aggregate*
Emerging Markets Bonds	*50% JPM GBI-EM Global Diversified / 50% JPM EMBI Global Diversified*
Public Equities	
U.S. Equities	Russell 3000
Int'l. Dev. Markets Eq.	*MSCI World ex US ND*
Emerging Markets Eq.	*MSCI Emerging Markets ND*
Private Equity	*61% Russell 3000* *27% MSCI World Ex US ND* *12% MSCI Emerging Markets ND*
Private Credit	*Bloomberg US High Yield*
Real Assets	50% Real Estate Benchmark 37.5% Infrastructure Benchmark 12.5% Natural Resources Benchmark
Real Estate	*FTSE EPRA NAREIT Global (net)*
Infrastructure	*50% Bloomberg 0-5 Year TIPS* *31% Russell 3000* *13% MSCI World ex US ND* *6% MSCI Emerging Markets ND*
Natural Resources	*S&P Global Natural Resources*

[16] Long-Term Policy Benchmarks for private assets classes (private equity, private debt, and real assets) are lagged by a calendar quarter to align with the timing of valuations provided by investment managers.