GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

DEFINED BENEFIT PLAN

INVESTMENT POLICY STATEMENT

OBJECTIVES AND OPERATING GUIDELINES

Effective Date: November 15, 2022

PART I. INTRODUCTION

The Government of Guam Retirement Fund (the "Fund") was created to provide retirement annuities and other benefits to employees of the Government of Guam and their dependents. The Fund became operative as of May 1, 1951 by the enactment of Public Law No. 1-88. The governing statute was codified initially in Government Code §§ 4200 *et seq.*, and is codified currently as the Defined Benefit Plan in Title 4, Chapter 8, Article 1 of the Guam Code Annotated ("GCA"), and posted at http://www.justice.gov.gu/CompilerofLaws/GCA/title4.html by the Guam Compiler of Laws.

The general administration and responsibility for the operation of the Fund is vested in the Board of Trustees of the Fund (the "Board" or the "Trustees"). The Trustees stand in a fiduciary relationship to the beneficiaries of the Fund in regard to the management of the Fund, and are elected or appointed in accordance with 4 GCA § 8138 through § 8138.5.

The Board appoints a Director to be its chief executive officer to be responsible for the planning, organizing, and administering the operations of the Fund. The Director may employ clerical, medical, and other assistance as necessary for the proper administration of the Fund, including a controller. The Board may appoint a Deputy Director to serve at the pleasure of the Director and the Board. The Board also is authorized to retain attorneys, custodians, actuaries, and investment agents. Board members, Fund management, and professional service providers are listed in **Appendix A**.

PART II. PURPOSE

This Investment Policy Statement ("IPS") is prepared under the mandates of public laws as enacted from time to time, as codified at GCA Title 4, Chapter 8, Article 1 (Defined Benefit Plan). The investment sections of the Defined Benefit Plan, 4 GCA § 8143 through § 8159, are attached hereto in **Appendix B.**

The purpose of the IPS is to delineate the investment policies and objectives of the Fund, to allow for sufficient flexibility in the management process to capture investment opportunities, and to provide parameters that will ensure prudence and care in the execution of the investment program. The IPS serves to assist the Board, Fund management, and staff in effectively and efficiently supervising, monitoring and evaluating the investments of the Fund.

The IPS:

1. States in writing the Trustees' attitudes, expectations, objectives and guidelines in the investment of all Fund assets, and shall serve as a guide for the continuity of the Fund's management through time.

2. Sets forth the Fund's asset allocation philosophy and targets consistent with the Fund's investment horizon and risk tolerance, acceptable ranges of various asset classes, and the desired prudent diversification.

3. Provides general guidelines for the management, rebalancing and operations of the Fund.

4. Encourages effective communications between the Trustees, Fund management and staff, and Investment Advisors, including the investment consultant ("Consultant"), and the investment managers.

5. Establishes formalized criteria to monitor, evaluate and compare the performance results achieved by the investment managers on a regular basis.

PART III. STATEMENT OF OBJECTIVES

A. Objectives

The objectives of the Fund have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

1. To provide a return on the portfolio that, when coupled with sufficient periodic contributions of the membership and the government employers, will meet the obligations of the Fund over time.

2. To obtain reasonable expected return consistent with the degree of risk levels assumed, in order to increase expected benefit security for Fund members for any given level of contributions made by the Government of Guam.

3. To maximize the probability of achieving the actuarial rate of return assumption.

4. To control the costs of administering the Fund and managing the investments.

B. Performance

Investment results, and continued contributions at the actuarial recommended rate are equally critical elements in achieving fully funded status. The long-term performance expectations for the Fund, after the deduction of management fees are as follows:

1. Performance expectations shall be consistent with the projected investment horizon of the Fund, and short-term volatility shall be considered in the context of the long-term goals to ensure prudent risk taking.

2. Performance should exceed the Evaluation Benchmark, as defined in **Appendix C** based on the Fund's Asset Allocation, which may be changed from time to time as market condition and funded status/Fund asset levels change through time.

PART IV. DUTIES AND RESPONSIBILITIES

A. The Board

The Trustees shall discharge their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The Trustees establish investment objectives and policies, obtain expert advice and assistance, and monitor the actions of staff and advisors to ensure compliance with these policies. Specifically, the primary responsibility of the Board is to approve and maintain this investment policy statement to provide for the following:

1. Sufficient asset classes with distinct risk/return profiles in the portfolio
2. Diversity of investments and asset classes
3. The prudent selection and engagement of investment managers, investment consultants and vendors providing investment-related services
4. Appropriate investment expenses
5. Sufficient monitoring of vendors
6. The avoidance of prohibited transactions and conflicts of interest

B. Management and Staff

Management and Staff are authorized to plan, organize and administer the operations and investments of the Fund under broad policy guidance from the Board. Through processes, the Management and Staff keep the Board well informed about the performance status of each of the managers hired. Additionally, Management and Staff are responsible to objectively monitor the performance of the Consultant with respect to manager due diligence, asset allocation strategies and all other internal controls. Management and Staff manage investment managers and other vendors, perform risk-management functions, and finalize investment reports.

Management and Staff involved with investments are responsible to:

1. Manage the day-to-day investment operations
2. Prepare recommendation reports
3. Determine timing and re-balancing quantity
4. Monitor vendors
5. Oversee all due diligence procedures
6. Monitor portfolio performance
7. Account for external management investment expenses
8. Ensure all investment managers are aware of their obligations, constraints and performance expectations

C. Investment Consultant

The Trustees may retain one or more third-party investment consultants ("Consultants"). The qualifications, duties and responsibilities of custodians shall be consistent with 4 GCA § 8145.

Consultants are responsible for guiding the Fund through a disciplined and rigorous investment process. Specifically, a Consultant shall assist Management, Staff and the Board with the following:

1. Assist with the development of investment strategies for Fund assets; Provide sufficient asset classes with distinct and complementary risk/return profiles
2. Assist with asset allocation analysis; Prudently select available investment options
3. Assist in the Investment Policy Statement Development
4. Provide Manager/Custodian search services
5. Monitor investment managers and investment options; Provide notification of any significant change regarding a manager on an on-going basis
6. Provide detailed manager attribution analyses
7. Monitor the performance of Fund assets
8. Educate Trustees/Staff on pension investment issues;
9. Provide quarterly on-site reviews; Assist with any special projects.

D. Investment Managers

The Trustees, with the assistance of the Consultant, will select appropriate investment managers ("Managers") to manage Fund assets. Managers must meet the requirements set forth in 4 GCA § 8145.

Each manager shall utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a similar capacity and fully familiar with such matters would use in accordance and compliance with all applicable laws, rules and regulations from local, state, federal and international political entities as it pertains to fiduciary duties and responsibilities. Specifically, managers shall:

1. Adhere to GCA Title 4, Chapter 8, Article 1, §§ 8143 through 8159, as amended, the IPS objectives and guidelines set forth herein, and also any additional guidelines expressed in separate written agreements when deviation is deemed prudent and desirable by the Trustees.
2. Promptly inform the Trustees in writing regarding all significant matters and changes pertaining to the investment of Fund assets, including, but not limited to:

a. Investment strategy

b. Portfolio Structure

c. Tactical approaches

d. Ownership; organizational structure and professional staff

e. Financial condition

f. Any legal, SEC and other regulatory agency proceedings

g. Other material developments affecting the firm.

3. Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein. Each separate account Manager shall keep detailed records of said voting proxies and related actions and shall comply with all regulatory obligations related thereto.

   a. Upon request by the Director, each separate account investment manager shall provide a copy of its formal written proxy policy and any subsequent amendments. The manager shall also provide a copy of its written proxy voting procedures and any subsequent amendments.

   b. An annual report showing when and how each proxy was voted and for how many shares is to be submitted to the Director within a reasonable time frame of the subsequent calendar year.

4. Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the statutory requirements specified under GCA Title 4, Chapter 8, Article 1, § 8143 through 8159, as amended, and the entire IPS set forth herein, and as amended or modified in the future.

5. The investment managers shall submit to the Fund and its Consultant, the following reports in the format as required by the Trustees.

   a. Monthly

      - A summary of holdings in the portfolio, withdrawals and contributions, statement of sales, redemptions, purchases, and other changes in securities involving gains or losses or no change.

      - General statement of reason for basis of transaction(s).

   b. Quarterly

- A detailed securities listing summarized by asset and industry classifications. Security and industry information shall include market value, cost value, yield, and percent of total portfolio.

- Listing of brokers used and trading commissions generated per transaction, total commissions generated and average cents per share for the portfolio and each brokerage firm used.

- Fund performance for the quarter, year to date and annualized returns since inception. Comparison to the investment manager's benchmark index as set forth in Appendix C will be included.

c. Annually

- A representative from the investment manager shall be made available on an annual basis to present the current status and activity of the funds under their management to the Trustees.

- On a fiscal year basis, an annual report shall be submitted which shall include a commentary on the general economic environment and future outlook; a full description of portfolio investments; and, comparative performance statistics.

E. Custodian

The Trustees may retain one or more Custodians to assume responsibility for holding the Fund's assets (or evidence of assets), settling purchases and sales of securities, identifying and collecting income which becomes due and payable on assets held, and providing a management information/accounting system if requested. The qualifications, duties and responsibilities of custodians shall be consistent with 4 GCA § 8144.

The Custodian engaged by the Fund will:

1. Accept and execute proper and timely instructions from the investment managers

2. Advise, as requested, investment managers daily of changes in cash equivalent balances

3. As confirmation, verbally/electronically advise managers of additions/withdrawals from account

4. Notify managers of tenders, rights, fractional shares or other dispositions of holdings;

5. Work with the investment managers to resolve any problems that the investment managers may have relating to the custodial account

6. Provide safekeeping of securities

7. Collect interest and dividends

8. Perform daily cash sweep of idle principal and income cash balance (up to 1% of each manager's account value)

9. Provide monthly statements by manager account and a consolidated statement of assets

10. Provide an account representative to assist the Fund in all needs relating to the custody and accountability of the Fund's assets

F. Securities Lending Agent

The Fund may participate in securities lending programs provided by the Fund's custodian bank or other agents as a low-risk investment function to enhance the portfolio return without interfering with the overall investment strategy. The primary goal of the Fund's participation is to generate income for the Fund by lending securities owned by the Fund to qualified borrowers subject to over-collateralization with high quality liquid securities.

The securities lending agent shall be treated as an Investment Manager for the purpose of compliance with GCA Title 4, Chapter 8, § 8143 through 8159, as amended, and the entire IPS set forth herein, and as modified in the future.

A detailed securities lending policy, when deemed applicable, may be attached to this IPS.

G. Actuary

The Director shall engage actuarial or other professional service to assist in the preparation of annual reports, to advise in matters of policy and to make the period actuarial surveys in accordance with 4 GCA § 8141. Liability assumptions regarding number of participants, compensation, benefit levels and actuarial assumptions will be reviewed annually by the Trustees, which shall include analysis of major differences between the Fund's assumptions and actual experience.

PART V. INVESTMENT PHILOSOPHY

The Fund's investment policies are structured to maximize the probability that the investment goals will be fulfilled. All investment policy decisions shall include liquidity and risk considerations that are prudent and reasonable under the circumstances that exist over time. The Fund's investment policies will evolve as the internal conditions of the Fund and the capital markets environments change.

Risk management is an essential consideration when designing the investment portfolio. The Board believes that diversification is the key to achieve total fund risk management goals. Further, the Trustees believe that a prudent active risk budgeting process requires that the Fund takes active management risk selectively in market segments where skillful managers can be identified.

A. Time Horizon

The investment guidelines are based upon an investment horizon of greater than ten years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the Fund's strategic asset allocation is based on this long-term perspective.

B. Risk Tolerances

The Trustees recognize the difficulty of achieving the Fund's investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Trustees also recognize that some risk must be assumed to achieve the Fund's long-term investment objectives.

In establishing the risk tolerances of the IPS, the ability to withstand short and intermediate term variability were considered. These factors include:

1. The Fund currently has a significantly unfunded liability.
2. As a closed pension/benefit plan with no new entrants, the investment horizon will become shorter and shorter as time goes on.
3. Contributory agencies are exposed to varying levels of financial risk, which may impair their ability to contribute funds as specified under agreements made with the Fund.
4. The status of the Government of Guam General Fund affects its agencies' ability to contribute to the Fund the employer and employee share specified by law.
5. Uncertainty of meeting future benefit obligations is increased due to the unpredictability of the Legislature granting additional benefits.

C. Asset Allocation

The Trustees recognize that the Fund's risk and liquidity posture is, in large part, a function of asset class mix. The Trustees have reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards inherent in the marketplace. Based on the Fund's time horizon, risk tolerances, investment objectives, and asset class preferences, the strategic target asset allocation defined herein was identified and detailed in Appendix C.

D. Rebalancing Policy

The percentage allocation to each broad asset class may vary within the upper and lower limits specified herein. On no less than a quarterly basis, Fund Management and Staff will review the actual allocation of Fund assets against target, as well as the next 3 months anticipated pattern of contributions and benefit payments.

Cash inflows (typically, new contributions) will be deployed, and cash required to fund benefit payments raised, so as to tend to rebalance the Fund's asset allocation towards target. I.e., managers whose portfolios are below target weight will in principle be targeted for allocation of new contributions, where such new contributions are not expected to be required in the short term (i.e., within 3 months) to fund benefit payments. Managers whose portfolios have become overweight versus target will in principle be those who are first asked to raise cash when needed to fund benefit payments.

If the Director judges cash flows to be insufficient to keep the Fund within the strategic allocation ranges, Fund Staff will develop a rebalancing plan involving raising cash from overweight managers to fund the portfolios of underweight managers. The Managers will then be instructed by Fund Staff to execute such actions as are deemed required to bring the strategic allocation within the pre-specified ranges and close to target. This plan is to be reviewed and approved by the Board prior to implementation.

The Board and Investment Committee will be kept informed of rebalancing and liquidity maintenance actions by means of a copy of all instruction letters to managers and the custodian issued related to such actions being circulated as part of the materials for the next Board and Investment Committee meetings to be held following initiation of any given action(s).

E. Manager Concentration Limits

Manager specific risk cannot be diversified away. The non-diversifiable manager risk should be thought of as a credit or counterparty risk and controlled by limiting exposure to any particular asset management organization. It is recognized that manager specific risk is in the context of active management where managers take style or securities bets away from market indexes. Passive managers that seek to replicate an index have very low level of manager specific risk. Manager's active risk-taking level (defined by "tracking error") and its contribution to total fund tracking error should be used as the primary measure of manager specific risk and manager concentration limits set by this measure.

On a manager style and historical observed tracking error basis, the following guidelines should be observed:

Manager Category	Expected Tracking Error	Asset Management firm Limit (% of Fund Assets)
Passive Indexation	<0.25%	100%
Enhanced Indexation	<2.0%	50%
Core Bond	<2.0%	30%
High Yield Bond	<5.0%	10%
Specialty Bond	<5.0%	10%
Active Equity	<10%	20%
Aggressive Strategies	>10%	10%
Alternatives	>10%	10%

F. Review of Investment Objectives

Investment performance will be reviewed periodically to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. However, if a change of secular market conditions has been determined, an immediate review of the investment program should be initiated.

PART VI. GENERAL INVESTMENT GUIDELINES

Every Investment Manager selected to manage Fund assets must adhere to the applicable investment limitations set forth in GCA Title 4, Chapter 8, Article 1, § 8143 through 8159, as amended.

In addition to the statutory investment limitations, and consistent with the desire to maintain broad diversification, allocations to any economic or industry sector (or country in the case of international investment managers) shall be consistent with the Performance Benchmarks given to each manager and deviations from benchmark weights shall not be excessive. Performance Benchmarks and additional guidelines for each manager are contained in **Appendix D.**

Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian. However, any manager whose portfolio contains more than 5% at cost in unused cash is responsible for investing a portion of this unused cash in cash equivalent or other securities, so as to maintain the balance swept by the custodian at below 5% of their portfolio.

For avoidance of doubt, the fund which is used as the designated sweep vehicle by the custodian is considered by the Board to be a security, for purposes of this guideline. Thus, any manager whose portfolio contains more than 5% in unused cash is responsible for investing a portion of this unused cash in cash equivalent or other securities, so as to maintain the balance swept into the fund at below 5% of their portfolio.

PART VII. PERFORMANCE REVIEW POLICY

On a timely basis, but not less than four times a year, the Trustees, together with its independent consultant, will meet to focus on:

1. Investment Manager adherence to the IPS guidelines;
2. Changes in the Managers' organization; investment philosophy; and, personnel; and,
3. Comparison of investment manager performance to appropriate benchmarks.

Appropriate Evaluation and Performance Benchmarks for Investment Managers are detailed in **Appendix C** and **Appendix D**.

A. Periodic Performance Review

The measurement period for complete evaluation will be cumulative annual periods and complete market cycles. Market cycles are conventionally defined as 3 to 5 years rolling periods.

An investment manager's performance will be evaluated quarterly to test progress toward the attainment of longer-term targets, following an initial ramp-up period of no more than ninety (90) days. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on reasons behind a manager's underperformance and whether confidence still exists for a manager's long-term ability to add value.

The performance of the Retirement Fund's investment managers will be monitored on an ongoing basis and it is at the Trustees' discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

B. Watch List Policy

This Watch List Policy is a means of ensuring that the Board is monitoring the Investment Managers, and taking appropriate action, on a timely basis, in accordance with the requirements of the IPS.

The Investment Committee will make its recommendation to the Board after reviewing the Investment Consultant's advice to place a Manager on "watch" status.

Reasons for Inclusion on Watch List

A Manager may be placed on the watch list (on "watch" status) by the Board for any of the following reasons:

1. Change in Organizational Structure or Personnel

   a. A significant change in organizational structure through a merger or acquisition etc. that is likely to distort incentives and promote turnover; or

   b. If the investment team or one or more key members of the team leaves the firm.

2. Change in Strategy

   If the Manager departs from the strategy and/or style that it was originally hired to implement.

3. Performance

   Continued performance shortfalls by the Manager versus the specified benchmark and/or market index.

4. Other

    a. Any known gross negligence, willful misconduct, or breach of federal and/or state securities laws.

    b. The Board concludes for any other reason that a heightened review of the Manager is warranted.

Effective Date

A Manager's placement on the watch list becomes effective upon Board approval.

Watch Period

1. Term

    The watch period for a Manager placed on the watch list may be set for one to four quarters, for a maximum watch duration of one year, except as discussed in item 2(a) of the "End of Watch List Period" section below.

2. Manager Notification

    At its discretion, the Board may notify a Manager of its inclusion on the watch list and the reasons which are of concern to the Board.

3. Manager Interview by the Investment Committee

    During the first quarter of the watch period the Investment Committee may interview a representative of the Manager's investment management firm to determine if performance is suitably explainable and may continue to monitor the Manager's performance over the remainder of the watch-period.

4. Termination Option

    The Investment Committee may recommend termination of the Manager's contract at any time while the Manager is on the watch list.

5. Progress Reports

    While a Manager is on the watch list, the Investment Consultant will provide the Investment Committee reports regularly (monthly or quarterly, as necessary), including background information and support, about the Manager's progress.

6. Removal from Watch List

    During the watch-period the Investment Committee may recommend to the Board, to remove the Manager from the watch list. A Manager may be removed from the watch list if the issues which initially placed the Manager on the watch list are resolved. The Investment Consultant will provide the Investment Committee a report, including background information and support, demonstrating that all issues have been resolved.

End of Watch Period

1. Removal from Watch List

   If at the end of the watch period, the Manager's performance has improved to above-benchmark or above-market index, the Investment Committee may recommend to the Board removal of the Manager from the watch list.

2. Extension of the Watch Period or Termination of Manager

   If at the end of the watch period the Manager is under-performing both the benchmark and market index (in effect, four consecutive quarters of non-compliance) the Investment Committee may recommend one of the following to the Board:

   a. Extension of the Watch Period. Extension of the watch period for a specified number of additional quarters and if deemed necessary, an interview of the Manager by the Investment Committee to determine if performance is suitably explainable and if an upward trend in relative performance has developed, or is expected.

   b. Termination of the Manager. Immediate termination of the Manager, and a search for a replacement Manager.

Board Discretion

Nothing in this watch list policy shall limit the Board's ability to terminate a Manager for convenience in accordance with the applicable investment management agreement.

PART VIII. BROKERAGE POLICY

All public market investment managers are required to seek best execution for all trades effected on behalf of the Fund. To the extent best execution is not affected, it is the policy of the Trustees to instruct the investment managers to direct transaction orders to designated institutional brokers. When major portfolio rebalancing is to occur or an investment manager replaced or added, if transition management is deemed necessary, it is the policy of the Fund to solicit transition management pre-trade estimates from at least 5 providers, which may include the institutional brokers employed. The final selection of a transition manager will be based on considerations of the competitive practice in a particular asset class being transitioned, transparency of process, willingness to assume fiduciary duty and other relevant factors.

Government of Guam Retirement Fund - Appendix A
Key Information

Trustees:	Wilfred P. Leon Guerrero, ED.D., Chairman Antolina S. Leon Guerrero, Vice-Chair Artemio R.A. Hernandez, Treasurer • Chairman, Investment Committee Katherine T.E. Taitano, Secretary • Chairperson, Members' & Benefits' Committee Thomas San Agustin David N. Sanford George A. Santos
Fund Staff:	Paula M. Blas, Director Diana T. Bernardo, Controller
Investment Consultant:	Wilshire Associates
Custodian:	The Northern Trust Company
Investment Managers:	Acadian Asset Management LLC Aegon USA Investment Management LLC BlackRock Institutional Trust Co. Boston Partners Dimensional Fund Advisors, Inc Garcia Hamilton & Associates, L.P. Hotchkis & Wiley Capital Management LLC Income Research & Management INTECH Investment Management LLC Invesco Advisors KBI Global Investors Lazard Asset Management Nomura Corporate Research & Asset Management, Inc. PanAgora Asset Management, Inc. Wellington Management Company LLP
Legal Counsel:	Carlsmith Ball LLP
Actuary:	Milliman, Inc.

Government of Guam Retirement Fund - Appendix B

Statutory Investment Limitations

4 GCA §§ 8143 - 8159 at **http://www.guamcourts.org/CompilerofLaws/GCA/04gca/4gc008a1.PDF**

Government of Guam Retirement Fund - Appendix C
Strategic Asset Allocation

	Target Allocation
U.S. Domestic Large Cap Equity	26%
U.S. Domestic Small Cap Equity	4%
Non-U.S. Equity - Developed Markets	14%
Non-U.S. Equity - Small Cap	3%
Non-U.S. Equity - Emerging Markets	3%
Global Equity	7.5%
Global Listed Infrastructure	2%
Core Bonds	22%
High Yield Bonds	8%
Real Estate - Global REITS	2.5%
Risk Parity	8%
TOTAL	100%

Evaluation Benchmark:

Total portfolio return to exceed the performance of a "Policy Index", based upon the strategic asset allocation of the Fund to various broad asset classes. The target Policy Indices were to be a weighted index comprised of:

26%	Russell 1000 Equity Index
4%	Russell 2000 Equity Index
14%	MSCI EAFE IMI Index (net)
3%	MSCI EAFE Small Cap Index (net)
3%	MSCI Emerging Markets Index (net)
7.5%	MSCI Global Equity IMI Index (net)
2%	FTSE Global Core Infrastructure 50/50 Index
19%	Bloomberg Barclays Aggregate Bond Index
3%	Bloomberg Barclays Long Term Treasury Index
8%	B of A Merrill Lynch US High Yield Master Index II
2.5%	S&P Global REITs Index
8%	Wilshire Risk Parity Custom Benchmark

Management Style: U.S. Domestic Large Cap Value Equity
Performance Benchmark: Russell 1000 Value Index
Peer Group Comparison: TUCS U.S. Equity Large Cap Value Universe

Objective:

The objective of the Domestic Large Cap Value Equity Manager (the "Manager") is to manage a portion of the Retirement Fund's (the "Fund") domestic equity assets consistent with the Russell 1000 Value Index and the Large Cap Value Equity peer group.

To ensure appropriate diversification, allocations to any economic or industry sector, and security characteristics such as price/earnings ratios, price/book ratios, market capitalization, and dividend yield, will not be excessive relative to a Large Cap Value Equity Manager Peer Group. In general, price/earnings, price/book, and earnings growth rate ratios will be lower than the market, while dividend yield will tend to be higher than the market.

It is expected that the Manager shall stay as fully invested in equities as possible, giving reasonable allowance in timing of investment and reinvestment of funds. Fully invested shall mean a cash level of no greater than 3% to 5% as a matter of course. Should the Manager perceive an overwhelming case for holding cash in excess of this level, it is required that such a case be made to the Fund prior to implementing such a position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the Russell 1000 Value Equity Index.

2. The risk associated with the Manager's portfolio, as measured by the rolling 3-year tracking error, shall not exceed 5%.

The Board realizes that the restrictions imposed upon the Manager may inhibit their ability to manage the assets under their discretion. Accordingly, the relative performance of the Manager's composite of all discretionary accounts will be considered.

Management Style: U.S. Domestic Large Cap Growth Equity
Performance Benchmark: Russell 1000 Growth Index
Peer Group Comparison: TUCS US Equity Large Cap Growth Universe

Objective:

The objective of the Domestic Large Cap Growth Equity Manager (the "Manager") is to manage a portion of the Retirement Fund's (the "Fund") domestic equity assets consistent with the broadly diversified Russell 1000 Growth Index and the Large Cap Growth Equity peer group.

To ensure appropriate diversification, allocations to any economic or industry sector, and security characteristics such as price/earnings ratios, price/book ratios, market capitalization, and dividend yield, will not be excessive relative to a Large Cap Growth Equity Manager Peer Group.

It is expected that the Manager shall stay as fully invested in equities as possible, giving reasonable allowance in timing of investment and reinvestment of funds. Fully invested shall mean a cash level of no greater than 3% to 5% as a matter of course. Should the Manager perceive an overwhelming case for holding cash in excess of this level, it is required that such a case be made to the Fund prior to implementing such a position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the Russell 1000 Growth Index.

2. The risk associated with the Manager's portfolio, as measured by the rolling 3-year tracking error, shall not exceed 5%.

The Board realizes that the restrictions imposed upon the Manager may inhibit their ability to manage the assets under their discretion. Accordingly, the relative performance of the Manager's composite of all discretionary accounts will be considered.

Management Style:	U.S. Domestic Large Cap Core Equity
Performance Benchmark:	Russell 1000
Peer Group Comparison:	TUCS US Equity Large Cap Core Universe

Objective:

The objective of the Domestic Large Cap Core Equity Manager (the "Manager") is to manage a portion of the Retirement Fund's (the "Fund") domestic equity assets consistent with the broadly diversified Standard and Poor's 500 Total Return Index and the Large Cap Core Equity peer group.

To ensure appropriate diversification, allocations to any economic or industry sector, and security characteristics such as price/earnings ratios, price/book ratios, market capitalization, and dividend yield, will not be excessive relative to a Large Cap Core Equity Manager Peer Group.

It is expected that the Manager shall stay as fully invested in equities as possible, giving reasonable allowance in timing of investment and reinvestment of funds. Fully invested shall mean a cash level of no greater than 3% to 5% as a matter of course. Should the Manager perceive an overwhelming case for holding cash in excess of this level, it is required that such a case be made to the Fund prior to implementing such a position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the Standard & Poor's 500 Total Return Index.

2. The risk associated with the Manager's portfolio, as measured by the rolling 3-year tracking error, shall not exceed 5%.

The Board realizes that the restrictions imposed upon the Manager may inhibit their ability to manage the assets under their discretion. Accordingly, the relative performance of the Manager's composite of all discretionary accounts will be considered.

Management Style:	U.S. Small Cap Equity
Performance Benchmark:	Russell 2000 Index
Peer Group Comparison:	TUCS U.S. Small Cap Universe

Objective:

The objective of the U.S. Small Cap Equity Manager (the "Manager") is to manage a portion of the Retirement Fund's (the "Fund") equity assets consistent with the Russell 2000 Index.
To ensure appropriate diversification, allocations to any economic or industry sector, and security characteristics such as price/earnings ratios, price/book ratios, market capitalization, and dividend yield, will not be excessive relative to a U.S. Small Cap Equity Manager Peer Group.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the Russell 2000 Index.

2. The risk associated with the Manager's portfolio, as measured by the rolling 3-year tracking error, shall not exceed 5%.

The Board realizes that the restrictions imposed upon the Manager may inhibit their ability to manage the assets under their discretion. Accordingly, the relative performance of the Manager's composite of all discretionary accounts will be considered.

Management Style: International Equity – Global Equity
Performance Benchmark: MSCI – All Country World IMI Index ($net)
Peer Group Comparison: TUCS Global Equity Universe

Objective:

The objective is to manage a portion of the Fund's assets in a separate account of individual equity securities consistent with securities in the MSCI All Country World IMI Index.

Performance Expectations and General Guidelines:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the MSCI All Country World IMI Index over a market cycle, generally defined as a rolling 5-year period, net of fees.

2. The risk associated with the manager's portfolio is to be similar to that of the benchmark, as measured by the annual variability of monthly relative returns (standard deviation) vs. those of the benchmark, or annual tracking error, should not exceed 6% on average over a rolling 5-year period.

3. The portfolio is to be fully invested with maximum cash holdings not to exceed 8%.

4. Out of benchmark holdings (excluding cash) shall not exceed 10% of the portfolio's market value at any time.

Management Style: International Equity – Non-US Developed Equity
Performance Benchmark: MSCI - EAFE IMI Index ($net)
Peer Group Comparison: TUCS Developed Equity Universe

Objective:

The objective is to manage a portion of the Fund's assets in a separate account of individual equity securities consistent with securities in the MSCI EAFE IMI Index.

Performance Expectations and General Guidelines:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the MSCI EAFE IMI Index over a market cycle, generally defined as a rolling 5-year period, net of fees.

2. The risk associated with the manager's portfolio is to be similar to that of the benchmark, as measured by the annual variability of monthly relative returns (standard deviation) vs. those of the benchmark, or annual tracking error, should not exceed 6% on average over a rolling 5-year period.

3. The portfolio is to be fully invested with maximum cash holdings not to exceed 8%.

4. Out of benchmark holdings (excluding cash) shall not exceed 10% of the portfolio's market value at any time.

Management Style:	International Equity – Developed Non-US Equity EAFE (II)
Performance Benchmark:	MSCI – EAFE Index ($net)
Peer Group Comparison:	TUCS Developed Equity Markets Universe

Objective:

The objective is to manage a portion of the Fund's assets in a separate account of individual equity securities consistent with securities in the MSCI EAFE Index.

Performance Expectations and General Guidelines:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the MSCI EAFE Index over a market cycle, generally defined as a rolling 5-year period, net of fees.

2. The risk associated with the manager's portfolio is to be similar to that of the benchmark, as measured by the annual variability of monthly relative returns (standard deviation) vs. those of the benchmark, or annual tracking error, should not exceed 6% on average over a rolling 5-year period.

3. The portfolio is to be fully invested with maximum cash holdings not to exceed 8%.

4. Out of benchmark holdings (excluding cash and emerging markets holdings) shall not exceed 10% of the portfolio's market value at any time.

5. Emerging markets exposure shall not exceed 5% of the portfolio's market value at any time.

Management Style:	International Small Cap Equity – Developed Markets
Performance Benchmark:	MSCI EAFE Small Cap Equity Index
Peer Group Comparison:	TUCS International Small Cap Equity Universe

Until such time as the Retirement Fund (the "Fund") provides instructions to the contrary, the International Small Cap Equity Developed Markets Manager (the "Manager") is authorized and directed to invest in the International Small Cap Equity Developed Market. The Fund takes full responsibility for the decision to affect such an investment and acknowledges that (i) the investment shall be managed solely in accordance with the applicable Mutual Fund Documents, including its prospectus, as the same may be amended from time to time, and (ii) any policy or guideline of the Fund shall not apply to such investments. The receipt of the Mutual Fund documents, including its prospectus, is hereby acknowledged by the Fund. The Fund further acknowledges that purchases and sales are subject to certain restrictions as described in the Mutual Fund Document.

Management Style:	International Equity – Non-US Emerging Markets Equity
Performance Benchmark:	MSCI - Emerging Markets Index ($net)
Peer Group Comparison:	TUCS Emerging Markets Equity Universe

Objective:

The objective is to manage a portion of the Fund's assets in a separate account of individual equity securities consistent with securities in the MSCI Emerging Markets Index.

Performance Expectations and General Guidelines:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed MSCI Emerging Markets Index over a market cycle, generally defined as a rolling 5-year period, net of fees.

2. The risk associated with the manager's portfolio is to be similar to that of the benchmark, as measured by the annual variability of monthly relative returns (standard deviation) vs. those of the benchmark, or annual tracking error, should not exceed 6% on average over a rolling 5-year period.

3. The portfolio is to be fully invested with maximum cash holdings not to exceed 8%.

4. Out of benchmark holdings (excluding cash) shall not exceed 15% of the portfolio's market value at any time.

Management Style: U.S. Core Fixed Income
Performance Benchmark: Barclays Capital U.S. Aggregate Bond Index
Peer Group Comparison: TUCS US Fixed Core Universe

Objective:

The objective of the Active Duration Fixed Income Manager (the "Manager") is to manage a portion of the Retirement Fund's (the "Fund") fixed income assets consistent with the broadly diversified Barclays Capital U.S. Aggregate Bond Index and the Core Fixed Income peer group.

To ensure appropriate diversification, allocations to any economic or industry sector will not be excessive relative to an Active Duration Fixed Income Manager Peer Group.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed the B of A Merrill Lynch US High Yield Master II Index.

2. The risk associated with the Manager's portfolio, as measured by the rolling 3-year tracking error, shall not exceed 5%.

Management Style: Active High Yield
Performance Benchmark: B of A Merrill Lynch US High Yield Master II Index
Peer Group Comparison: TUCS High Yield Master Universe

Objective:

The objective of the Active High Yield Manager (the "Manager") is to manage a portion of the Retirement Fund's assets consistent with the B of A Merrill Lynch US High Yield Master II Index. Out-of-benchmark sectors may be held for up to 25% of the portfolio's market value so long as all holdings are consistent with 4 GCA §§ 8148 – 8159.

The Manager shall invest the majority of the mandate in non-investment grade rated debt securities, with reasonable diversification by industry, sector and capital structure position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

Total portfolio performance is to exceed that of the B of A Merrill Lynch US High Yield Master II Index on a rolling three (3) year basis.

The risk associated with the manager’s portfolio, as measured by the variability of monthly returns (standard deviation), must be similar, or with an annualized tracking error of 5% or less, to that of the B of A Merrill Lynch US High Yield Master II Index.

Out-of-benchmark sectors may be held for up to 25% of the portfolio’s market value so long as all holdings are consistent with 4 GCA §§ 8148 – 8159.

The Manager shall invest the majority of the mandate in non-investment grade rated debt securities, with reasonable diversification by industry, sector and capital structure position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

Total portfolio performance is to exceed that of the B of A Merrill Lynch US High Yield Master II Index on a rolling three (3) year basis.

The risk associated with the manager’s portfolio, as measured by the variability of monthly returns (standard deviation), must be similar, or with an annualized tracking error of 5% or less, to that of the B of A Merrill Lynch US High Yield Master II Index.

Management Style:	Global Real Estate Securities
Performance Benchmark:	S&P Global REITs Index
Peer Group Comparison:	TUCS Global REITs Manager Universe

Objective:

The objective of the Global Real Estate Securities Manager (the “Manager”) is to manage a portion of the Retirement Fund’s assets consistent with the S&P Global REITs Index.

The Manager shall invest the majority of the mandate in global publicly traded companies (equity securities) with businesses focusing on developing, managing, maintaining, renting/leasing real estate properties, with reasonable diversification by geographical location and property type.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed that of the S&P Global REITs Index on a rolling three (3) year basis.

2. The risk associated with the manager’s portfolio, as measured by the variability of monthly returns (standard deviation), must be similar, or with an annualized tracking error of 5% or less, to that of the S&P Global REITs Index.

Management Style: Risk Parity
Performance Benchmark: Wilshire Risk Parity Custom Benchmark
Peer Group Comparison: TUCS Balanced Manager Universe

Objective:

The objective of Risk Parity Allocation Manager (the "Manager") is to manage a portion of the Retirement Fund's assets by allocating into multiple asset classes based on a risk balanced philosophy/process. The benchmark is therefore selected as a blended equity/fixed income benchmark to express the long-term return and risk targets. It is acknowledged that the manager's performance may not track the benchmark performance from period to period.

The Manager shall invest the assets using the most efficient investment instruments to gain access to multiple and diversifying asset classes. The end portfolio shall have balanced risk exposures to equity, interest rates and other fundamental risk factors.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed that of the Blended Benchmark during a complete market cycle, generally measured on a rolling Five (5) year basis.

2. The risk associated with the manager's portfolio, as measured by the variability of monthly returns (standard deviation on an annualized basis), shall be tracking the long-term averages of that of the Blended Benchmark in a stable manner. It is acknowledged that the Blended Benchmark may have an unstable shorter term risk profile. The Manager's risk profile is expected to be more stable during shorter term periods.

Management Style: Global Listed Infrastructure
Performance Benchmark: FTSE Global Core Infrastructure 50/50 Index
Peer Group Comparison: TUCS Listed Infrastructure Universe

Objective:

The objective of the Global Listed Infrastructure Manager (the "Manager") is to manage a portion of the Retirement Fund's assets by allocating into the global listed infrastructure sector. The benchmark for performance measurement is FTSE Global Core Infrastructure 50/50 Index.

It is expected that the Manager shall stay as fully invested as possible in the qualified equity securities defined above, giving reasonable allowance in timing of investment and reinvestment of funds. Fully invested shall mean a cash level of no greater than 10% as a matter of course. Should the Manager perceive an overwhelming case for holding cash in excess of this level, it is required that such a case be made to the Fund prior to implementing such a position.

Performance Expectations:

Investment performance will be evaluated both on a before and after fee basis. The Manager is expected to achieve the following objectives:

1. Total portfolio performance is to exceed that of the Performance Benchmark during a complete market cycle, generally measured on a rolling Five (5) year basis.

2. The relative risk of the Manager's portfolio, as measured by tracking error to the Performance Benchmark on a rolling Five (5) year basis, shall not exceed 8%.

* * * * * * * * *

THIS PAGE INTENTIONALLY LEFT BLANK