



THE EDUCATIONAL EMPLOYEES' SUPPLEMENTARY
RETIREMENT SYSTEM OF FAIRFAX COUNTY
INVESTMENT POLICY STATEMENT
Version 3.7

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Table of Contents

I. PURPOSE	4
II. INVESTMENT OBJECTIVE.....	5
III. RESPONSIBILITIES.....	5
Delegation of Responsibilities	5
Executive Director.....	6
Custodian	6
Investment Managers.....	6
Investment Consultant	7
Private Markets Investment Consultant.....	8
Legal Counsel	9
Fund Actuary.....	9
V. PERFORMANCE STANDARDS	11
TOTAL PLAN STANDARDS	11
POLICY INDEX.....	11
PASSIVE MANAGER STANDARDS	11
ACTIVE EQUITY MANAGER STANDARDS.....	11
ACTIVE FIXED INCOME MANAGER STANDARDS.....	11
ALTERNATIVE INVESTMENT MANAGER STANDARDS.....	11
Private Markets.....	11
VI. INVESTMENT ADMINISTRATION.....	11
CASH LIQUIDITY POLICY	11
ASSET ALLOCATION REBALANCING POLICY.....	12
MANAGER SELECTION	13
DOCUMENTATION	13
WATCH LIST	14
REPLACEMENT / TERMINATION	15
TRANSITION MANAGEMENT	15
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATION	15
Investment Consultant Due Diligence Meeting	16
Soft Dollar Report	16
Ethics Report.....	16
Proxy Voting Report.....	17
Compliance with SEC Regulations 17 C.F.R. §275.206(4)-5	17

VII. ADOPTION.....	18
VIII. INVESTMENT ADMINISTRATION.....	19
Acceptance Agreement	19
Appendix A.....	23
Exceptions to the Investment Policy Statement	23
Equity Holdings – Diversification	23
Equity Holdings – Exclusions.....	23
Loomis Sayles.....	24
Westfield.....	25
J.P. Morgan	26
J.P. Morgan Commingled Real Estate.....	27
DoubleLine	28
Fidelity	29
Appendix B	33
Investment Guidelines.....	33
EQUITY HOLDINGS	33
COMMINGLED REAL ESTATE.....	36
ACTIVE FIXED INCOME HOLDINGS.....	38
CASH EQUIVALENTS.....	41
ALTERNATIVE INVESTMENT MANAGERS.....	43
Appendix C	46
Appendix D.....	76
Investment Manager Universes and Benchmarks.....	76

I. PURPOSE

The purpose of this document is to define the investment policy for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC). It will identify a set of investment objectives, guidelines and performance standards for the assets of the Fund. The objectives are formulated in response to the following:

- The anticipated financial needs of the ERFC
- Consideration of risk tolerance
- The need to document and communicate objectives, guidelines and standards to the investment managers

This *Investment Policy Statement* represents the formal document for the investment of the Fund's assets and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used as the basis for future measurement and evaluation of investment performance by the Board and its investment advisors.

The Board may grant exceptions to this *Investment Policy Statement* for individual investment managers. Any such exceptions shall be in writing, signed by an authorized representative of the Board and listed in Appendix A of this document.

This document will be reviewed at least annually to ensure that it is consistent with the needs of the System.

II. INVESTMENT OBJECTIVE

The investment objective of the Fund is to ensure, over the long-term life of the Fund, an adequate level of assets to fund the benefits for ERFC members and their beneficiaries at the time they are payable. In meeting this objective, the Board seeks to achieve a high level of total investment return consistent with a prudent level of portfolio risk.

The Fund's actuary has the responsibility to prepare periodic evaluations of the Fund's funded status and to determine the contributions which, expressed as a percent of payroll, will remain approximately level over time and be sufficient to pay benefits when due, while providing a reasonable margin for adverse experience. To accomplish this, the actuary uses an investment return assumption of 7.00%, compounded annually (net after administrative expenses). The Fund's investment objective, as expressed above, is to prudently meet or exceed the assumed real rate of return over time, while preserving the Fund's principal. The investment return assumption is a long-term goal and short-term fluctuations are a normal part of the process to achieve this long-term objective.

III. RESPONSIBILITIES

The primary investment responsibilities of the Board are:

- As a primary objective, to ensure that sufficient assets are available to provide the benefits for ERFC members or beneficiaries at the time they are payable
- As a secondary objective, to achieve an optimum level of return within specified risk tolerances;
- To consider the risk tolerance of the Board in making investment related decisions
- To use diversification to minimize exposure to company, industry-specific, asset investment class and other risks in the aggregate investment portfolio, unless it is clearly prudent not to do so
- To do so effectively and prudently, in full compliance with any applicable laws and regulations as presently stated or as they may be amended in the future

Specific oversight responsibilities of the Board in the investment process are to be performed with the advice and assistance of appropriate consultants, professional advisors, and staff, which include:

- Complying with applicable laws, regulations and rulings appropriate thereto
- Developing a sound and consistent investment policy including asset allocation, diversification and quality guidelines
- Communicating clearly the major duties and responsibilities of those accountable for achieving investment results and to whom specific responsibilities have been delegated
- Selecting and maintaining qualified investment managers and consultants
- Monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met
- Acting under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations or to abide by this *Investment Policy Statement*
- Undertaking such work and studies as may be necessary to keep the Board adequately informed as to the status of Fund assets

Delegation of Responsibilities

The Board is authorized to delegate certain responsibilities to qualified agents and staff to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board has selected

an Executive Director/ and appointed a custodian, investment managers, an investment consultant, legal counsel, and actuary to perform various functions.

Executive Director

The Executive Director and his/her staff are charged with the following responsibilities:

- Implement the investment decisions and policies as approved by the Board;
- Brief the Board as appropriate at Board and Investment Committee meetings on relevant investment activities;
- Ensure that there is sufficient cash available to meet cash flow requirements;
- Serve as consultants to the Investment Committee;
- Serve as a liaison between the Board and outside parties;
- In consultation with the investment consultant, maintain the target asset allocation in accordance with this *Investment Policy Statement*;
- Assist in the selection of investment managers in accordance with the direction of the Board;
- Facilitate the evaluation of the investment consultant and other consultants;
- Provide transition oversight and execution consistent with the Transition Management section of these investment guidelines;
- Maintain with the help from the Investment Consultant Appendix D of these investment guidelines up to date with all manager names, benchmarks and universes;
- Provide other services as requested by the Investment Committee or the Board.

Custodian

The custodian has been delegated the following responsibilities:

- Perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except for the voting of proxies, which shall be delegated to Segal Marco Advisors;
- Safe keep all assets including securities, cash and cash equivalents;
- Receive instructions from investment managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures;
- Provide monthly transaction accounting on security holdings with reports provided to the Investment Consultant, Executive Director/staff, and Board in a timely manner;
- Forward proxy materials to investment managers promptly after receiving them;
- Ensure the timely filing of documents in conjunction with recovery of losses pursuant to class action litigation;
- Daily sweep of idle cash to a competitive yielding, high quality money market investment.

Investment Managers

The designated investment managers are charged with the following responsibilities:

- Maintain registration as an investment advisor under the Investment Advisor Act of 1940 as amended from time to time;
- Adhere to the policy guidelines contained in this *Investment Policy Statement*, unless granted an exception in writing;
- Invest only in those asset classes, and adhere to the ranges for allocation among those classes, that the Board has stated to be appropriate for that manager's portfolio;
- Exercise complete investment discretion within the boundaries of the restrictions outlined in this *Investment Policy Statement* or in any written exceptions to this Statement;

- Report monthly, quarterly, and trailing annualized performance of the respective portfolio(s) to the Retirement System and its Investment Consultant. In addition, the investment manager will provide performance attribution statistics (typically on a quarterly basis) that explain the causes of under- or out-performance relative to its benchmark.
- Strictly comply with all of the provisions of appropriate law as they pertain to the firm's dealings, functions and responsibilities as fiduciaries;
- Prudently liquidate assets in the portfolio which cease to be in compliance with this *Investment Policy Statement* or any written exceptions to this Statement. If in the manager's judgment, it is in the Fund's best interest to not liquidate such an asset promptly, the manager will advise the Board of the circumstances and make a recommendation regarding the liquidation of that asset.
- Diversify the portfolio so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent to not so diversify;
- Ensure that brokers will be selected only on a competitive, best execution basis;
- Ensure that all foreign exchange transactions will be executed on a best price and best execution basis;
- Invest the assets of the Fund with care, skill, prudence and diligence under 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 such aims;
- Vote the proxies for securities held in the accounts over which they have accepted responsibility, at all times in such a manner as they deem to be solely in the best interest of plan participants and beneficiaries and avoid consideration of any factors that would subordinate the interests of participants and beneficiaries in their retirement income to any unrelated objectives; and,
- Acknowledge in writing the recognition and acceptance of full responsibility as a fiduciary standard as defined by ERISA even though ERFC is defined as a governmental plan as defined under 3 (32) of ERISA and appropriate federal and state legislation, and the firm's intention to comply with this *Investment Policy Statement* as it currently exists or as is modified by joint agreement in the future.
- Comply with/adhere to the CFA Institute's (CFAI) Code of Ethics and Global Investment Performance Standards (GIPS), or a similar set of standards approved by ERFC.
- Promptly notify the Executive Director and Investment Consultant of any material ownership/organizational events (for example, key staff departures, mergers, and litigation).
- Promptly notify the Executive Director and Investment Consultant of any deviation from or violation of the Investment Guidelines described herein as soon as the manager is aware the policy has not been fully complied with. The timing, duration, and resolution to any policy violation must be disclosed.
- Initiate written communication with the Board when the manager believes that this *Investment Policy Statement* is inhibiting performance and/or should be altered for any valid reason. No deviation from the guidelines and objectives established in the *Investment Policy Statement* is permitted until after such communication has occurred and the Board has approved such deviation in writing.
- During a manager search period or an RFP for a manager(s), no manager(s) or their employees, consultants or agents are allowed to contact members of the Staff or the Board to provide information regarding products that may fall within the search category. This will be known as a quiet period.

Investment Consultant

The Board shall engage an investment consultant who shall serve as primary investment Fiduciary for the Retirement System, and who shall be responsible for guiding the Board as to asset allocation strategy,

performance monitoring, evaluating, hiring, retaining, and terminating managers, rebalancing, investment provider procurements, asset liability modeling, risk assessment, capital markets projections and such other functions as agreed upon with the Board or as may be delegated from time to time to the Executive Director by the Board.

It shall be the responsibility of the designated investment consultant to assist the Board with the following functions:

- Provide comprehensive evaluation of the investment results achieved by the designated investment managers in light of the investment guidelines and performance standards contained in this *Investment Policy Statement*;
- Help the Executive Director maintain Schedule C of this Investment Policy;
- Make recommendations to the Board of appropriate actions to be considered which, in the consultant's opinion, will enhance the probability of achieving overall Fund objectives. Such recommendations may include, but are not limited to:
 - Use of alternate asset strategies or asset classes;
 - Changes in overall investment policy;
 - Changes in designated investment managers:
- Recommend managers to be placed on “watch-list”
- Aid the Board in screening and selecting investment managers, as appropriate.
- During a manager search process the Consultant will provide a short list of appropriate candidates which have been screened through the Consultant’s research group and represent the Consultant’s Best Ideas in that asset class. Screening will include, but are not limited to the following:
 - a. Extensive Due Diligence
 - b. Qualitative and Quantitative analysis
 - c. Site visits by the research group
 - d. Formal write up of each candidate to be considered
- Meet with the Board on a quarterly basis at a minimum.
- Complete an annual fee analysis versus peers.
- Report on the manager’s compliance with this IPS
- Any significant personnel changes at the manager’s business
- Act as a fiduciary to the Pension Fund.

Private Markets Investment Consultant

The Board shall engage a private markets investment consultant who will serve in a fiduciary capacity, conducting financial and legal reviews, selecting investments and conducting due diligence, executing transaction documents under authority granted by ERFC, and handling cash flows (i.e., capital calls and distributions) for ERFC relating to the managed investments. The Board shall, from time to time, approve and amend the annual Strategic Plan as presented by the private markets consultant. In addition, the Board shall oversee the PE Program’s performance and will act in a fiduciary capacity in the exercise of its duties.

Consultant shall:

- Coordinate the development and implementation of the PE Program.
- Be responsible for discretionary management and control of the assets allocated to the PE Program subject to the limitations of this policy and any veto right retained by staff, and direct all decisions to buy, hold, and sell PE Program assets.

- Conduct due diligence on investment opportunities under consideration and negotiate agreements on behalf of ERFC in conformance with contract and side letter templates and provisions established by ERFC's legal counsel.
- Acknowledge and act as a fiduciary to ERFC.
- Monitor individual partnerships, including compliance with established investment mandates and negotiated agreements as part of its process for monitoring the total portfolio.
- Prepare the annual Strategic Plan that includes an annual pacing plan and present such to the Board for approval, as soon as practicable after the first of the year.
- Promptly alert the Board and Staff of any changes or events that would reasonably be expected to have a significant impact on the PE Program.
- Notify investment staff as soon as practicable prior to the required funding of capital calls.
- Provide quarterly performance reports to the Board and investment staff that assess investment performance of partnerships and include, among others, the following items:
 - Market overview and outlook
 - Risk exposures (e.g., by vintage year, strategy, etc.)
 - Performance information
 - Investment commitment activity and key developments during the quarter
- Perform other duties as outlined in the Investment Management Agreement.

Appendix C provides the Private Markets Investment Consultant guidelines.

Legal Counsel

The Board's designated legal counsel will advise and represent the Board in all matters requiring legal insight and advice. The legal counsel will review all contracts.

Fund Actuary

The Board's designated plan actuary shall have the following responsibilities:

- Prepare, on a frequency determined by the Board, a comprehensive evaluation of the Fund's funded status and required contribution levels and attest to the appropriateness of the Fund's assumptions and funding policy; and,
- Conduct special experience and actuarial studies as required by the Board.

IV. ASSET STRUCTURE

The asset structure should reflect a proper balance of the Fund's needs for liquidity, growth of assets and the risk tolerance of the Board. The target asset mix, consistent with the achievement of the long-term objective of the Fund, is as follows:

Asset Class	Target Allocation	Interim Target	Long Term Ranges
U.S. Large Cap	15%	14%	10% - 20%
U.S. Small Cap	6%	6%	2% - 10%
International [Large Cap]	7%	6%	3% - 11%
International Small Cap	3%	3%	1% - 5%
Emerging Markets Equity	3%	3%	1% - 5%
Global Equity	3%	3%	1% - 5%
Core Fixed Income	37%	32%	29% - 45%
Private Equity	7%	9%	4% - 13%
Private Debt	4%	4%	2% - 7%
Hedge Fund	0%	7%	0% - 12%
Real Estate	7%	7%	3% - 12%
Infrastructure	3%	3%	1% - 5%
Natural Resources (Private)	5%	2%	0% - 7%
Cash	0%	1%	0% - 4%

This asset structure represents the Board's assessment of the optimal asset allocation based upon the System's long-term needs and structure, the Board's risk tolerance and the expected long-term return. It should not be regarded as a rigid set of rules regarding asset allocation. The Board will review the structure periodically and make adjustments as may be appropriate in light of changing market conditions. An interim policy target can be utilized as part of rebalancing to recognize the impact of capital calls when constructing and maintaining a private markets program (includes private equity, real estate, private infrastructure, and private debt).

The strategic allocation provides a reasonable expectation that the Fund's investment objective can be achieved based on historic relationships of asset class performance and asset allocation modeling based on modern portfolio theory. Liquidity is required only to meet defined payout needs, unless the investment managers are otherwise advised by the Board.

The Board is charged with the responsibility of monitoring the overall allocation within the parameters described above with the help of the Executive Director and Investment Consultant. They will do so by giving specific instructions as to the range of allowable asset classifications to individual investment managers, as well as by monitoring the asset classifications actually held by managers. It is understood that the tactical ranges are targets and that deviations may occur from time to time as a result of market impact or from short-term decisions implemented by either the Board or, with prior approval, by the investment managers. However, in the absence of a compelling reason to do otherwise, the portfolio will be rebalanced should the allocations to the major asset classes (total equity, total fixed income) fall outside the stated tactical ranges.

V. PERFORMANCE STANDARDS

Standards used to measure investment performance will be set forth in context with the established objectives. Each standard shall apply independently to the portfolio of each investment manager and is expected to be achieved net of investment management fees and expenses.

TOTAL PLAN STANDARDS

The total fund returns net of fees should meet or exceed the Policy Index return, which are described below:

POLICY INDEX

The Policy Index return shall measure the success of the Fund's *target* allocation. It shall be calculated by using index rates of return for each asset class invested in by the Fund multiplied by the percent targeted to each asset class.

PASSIVE MANAGER STANDARDS

Over rolling one-year periods, the net of fee performance of each portfolio should be in line with its appropriate benchmark, as defined by the Board.

ACTIVE EQUITY MANAGER STANDARDS

Over rolling market cycles (usually 3-5 year periods), the performance of the portfolio should exceed the median of a universe of other equity funds, as defined by the Board. Over rolling market cycles (usually 3-5 year periods), the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Board, by 1.0% per year.

ACTIVE FIXED INCOME MANAGER STANDARDS

Over rolling market cycles (usually 3-5 year periods), the performance of the portfolio should exceed the median of a universe of other fixed income funds, as defined by the Board. Over rolling market cycles (usually 3-5 year periods), the performance of the portfolio should exceed the return of an appropriate benchmark, as defined by the Board, by 0.5% per year.

ALTERNATIVE INVESTMENT MANAGER STANDARDS

Private Markets

Private markets (real estate, infrastructure, private equity, private debt, natural resources) performance standards are defined by the Board in the Private Markets Investment Consultant Guidelines in Appendix C.

VI. INVESTMENT ADMINISTRATION

CASH LIQUIDITY POLICY

The following procedures are hereby adopted and will remain in effect until such time as monthly cash flows of the Plan and/or contributions to the Plan support the ongoing benefit and expense payments required by the Plan.

- The Cash Liquidity Policy for the Plan shall be integrated with the management of the Plan's asset allocation rebalancing policy.
- Cash required for monthly benefit payments and operating expenses shall be distributed from a cash account. The balance in that account will be monitored on a frequent basis and replenished as necessary, but not less often than quarterly.

- Cash required for private investment capital calls will be raised from one or more of the investment accounts and transferred into an Index Fund that the external private markets consultant will then have authority to take cash from to fund capital calls. The determination of which accounts will provide funds to the Index Fund account will be made by the ERFC staff in consultation with the investment consultant, with the following objectives:
 - Rebalance toward the target asset allocation of each account
 - Minimize the transaction costs of providing cash.
- When it is determined that there is insufficient cash in the designated cash account to fund upcoming cash withdrawals, transfers will be made from one or more of the investment accounts into the cash account. The determination of which accounts will provide funds to the cash account will be made by the ERFC staff in consultation with the investment consultant, with the following objectives:
 - Rebalance toward the target asset allocation of each account
 - Minimize the transaction costs of providing cash.

ASSET ALLOCATION REBALANCING POLICY

Based on the investment objectives and constraints of the Retirement System, and on the expected behavior of asset classes, the Board will specify a long-term target allocation for each class of assets. These targets will be expressed as a percentage of the Retirement System's overall market value, surrounded by a band of permissible variation.

The long-term target allocations are intended as strategic goals, not short-term imperatives. Thus, it is permissible for the overall Retirement System's asset allocation to deviate from the long-term target, as would likely occur during manager transitions, asset class restructurings, short-term market volatility and other temporary changes in the Retirement System.

The Plan's staff in consultation with the Plan's investment consultant shall make the ongoing rebalancing decisions and determine the timing of such. All rebalancing decisions will be made within the guidelines established by the Board and stated within the Investment Policy document.

The Investment Consultant will monitor the portfolio's asset allocation relative to strategic allocations and ranges on a monthly basis. If the actual allocation for a major or sub asset class group falls outside the range determined by the Board, the Investment Consultant has the authority to recommend the staff to shift assets to return the allocation to the target range, and to determine the time frame for accomplishing the rebalancing. After executing any rebalancing transactions, the Investment Consultant shall report the activity to the Board at its next regularly scheduled public meeting. Nothing in this IPS shall preclude the Board from modifying its rebalancing policy.

When market movements or other factors cause asset class allocations to fall outside approved policy ranges, the Board, or if it so designates, the Investment Consultant or Staff, will rebalance the asset class back within the rebalancing range. The decision of the source or use of capital will be determined at the time of rebalancing based on factors such as:

- Asset class liquidity
- Fund-level cash flows
- Fees and other costs associated with rebalancing

The Board recognizes that certain illiquid private market asset classes (e.g., private equity, real estate) cannot judiciously be rebalanced over short time periods in a cost-effective way. Therefore, those asset classes will not be subject to the rebalancing policy.

MANAGER SELECTION

The Board will not consider the selection of any manager without first setting a target allocation to a particular asset class and determining that a manager is needed to implement that allocation strategy. Once it has been determined that a manager search is warranted, the Fund's Investment Consultant shall coordinate and summarize the findings of the search. The Investment Consultant will establish certain consistently applied minimum criteria for a manager to be considered eligible to participate in the search.

The Board intends that any qualified candidate receive fair consideration. The Board shall strive to hire investment managers that offer the greatest incremental benefit to the Fund, net of fees and expenses, in accordance with, but not limited to, the criteria listed below:

- Length of firm history;
- Length of key professionals' tenure;
- Appropriateness of investment philosophy and process;
- Fit between product and existing plan assets, liabilities and objectives;
- Absolute and relative returns, and variability of returns;
- Stability of the firm's client base and assets under management;
- Ownership structure;
- Compensation structure;
- Fee structure; and
- References and professional qualifications.

DOCUMENTATION

Investment managers shall submit requests for permission to deviate from this Policy Statement whenever their strategy or tactics change significantly as a result of changing market conditions or other factors. In addition, reports are to be supplied quarterly by the investment managers indicating:

- The portfolio composition (i.e., asset mix at book and at market values) for each major class of security, including derivatives and cash equivalents.
- Position, by individually named securities and/or by appropriately described units of collective funds, showing both book and market values of individually invested securities, and the unrealized gain or loss on each position.
- All transactions effected in the account, categorized by purchases, sales, and accrued income, including realized gains or losses on each position.
- A formal quarterly reconciliation letter, verifying that the manager's statement has been reconciled with the custodian bank. Any discrepancies between the manager and the custodian bank must be identified and explained.
- Performance of the portfolio compared to the relevant benchmark defined by the Board.
- A separate report listing each derivative in the portfolio at quarter end, showing book and market values, a total of the market values for all the derivatives in the account, the unrealized gain or loss on each position, and the percentage of derivatives in the manager's portion of funds. Additionally, a brief note must be included describing the market risk, credit risk, and legal risk that each type of derivative in the portfolio bears. For purposes of this report, a derivative is defined to be a contract whose value depends on, or derives from, the value of an underlying asset, reference rate, or index, including but not limited to, any structured notes or mortgage-backed securities.

Investment managers are expected to communicate with the Custodial Bank on a regular basis to reconcile any differences between their reports and the Bank's reports.

WATCH LIST

In order to provide a more specific timeframe around the review and watch list, the Investment Consultant suggest the following procedures.

All managers will be reviewed quarterly on both quarter end time periods (quarter, year to date, and longer periods) and also on a longer-term rolling period basis.

- Active managers will be compared to their respective style benchmarks AND relative to a peer group of like managers.
- Index managers will be compared to broad benchmarks only.
- Fundamental or other unique managers will be compared to customized benchmarks and/or peer universes as applicable.

The Fund's Investment Policy Statement sets forth specific benchmarks for all managers, for example; style group (value, growth etc.) and capitalization (large, mid, small, etc.). The expectation is that each manager will outperform (net of fees) over a market cycle (three to five years or longer if appropriate), and rank above the median of their applicable peer universe.

Underperformance versus the standards established or significant firm, personnel, style drift or other portfolio considerations will result in a manager being placed on watch list with the following actions occurring:

1. The Investment Consultant will provide a written assessment of why the firm should be put on the watch list and review with the Board if the following criteria are no longer being fulfilled:
 - Sufficient resources
 - Effective investment strategy
 - Consistently applied decision making process
 - Strong risk-adjusted historical performance
 - Low operating costs
 - Stability of personnel
 - Regulatory or litigation risk

Managers on the watch list will continue to be reviewed quarterly as follows:

1. If performance improves over the course of the next one-year period, the manager will be removed from the watch list.
2. If performance continues to be below median for the two or three quarters, the Investment Consultant will initiate an additional review. This review will entail detailed review with the managers and written communication with the manager of the status on the watch list.
3. If over the course of the next year performance has not improved relative to either the benchmark and/or the peer universe, the Investment Consultant will provide a recommendation for further action (termination, or reduction of account)

If the manager is placed on the watch list due to firm, personnel or other less quantitative reason, the firm will continue to be reviewed on a quarterly basis. After one year, the Investment Consultant will provide a recommendation for either removal from the watch list of continuation based on further ongoing review.

REPLACEMENT / TERMINATION

The appropriate Consultant shall make recommendations to the Board to hire and terminate investment managers, except for assets, which the Board has delegated such authority to a Specialty Consultant, based on the selection and termination policy adopted by the Board. The Consultant shall report to the Board an analysis of the rationale underlying the recommendations. The Consultant shall consult with staff on activities related to their recommendation on the hiring and termination of investment managers. The Board is responsible for choosing to hire or terminate investment managers, unless it has otherwise delegated such authority to a Specialty Consultant.

TRANSITION MANAGEMENT

The Board may employ a transition manager to facilitate the efficient transfer of plan assets from one investment manager to another or into or out of the System. Transitions are a risk and cost management exercise. The principal risk to manage is being un-invested for a period of time. Total transition costs, both direct and indirect, shall be carefully considered as well.

Each transition is unique and may require research and negotiation to determine the best approach and transition manager. As such, the Board delegates the transition selection, oversight and execution to the Executive Director. Generally, the Executive Director will maintain a list (2 - 4) of qualified transition managers that are vetted and approved for use as a transition manager. In the selection of a transition manager and strategy, the Executive Director will consider the total costs of the transition including direct and indirect costs and the risks of being out of the market. Any transition manager selected will serve in a fiduciary capacity and will sign a contract affirming this fiduciary status, without qualification.

In some cases, a transition may be best executed through derivatives. With express permission, the transition managers may make use of forwards, futures, options and options on futures contracts. Under no circumstances should a transition manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the target portfolio.

With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar-denominated high-quality short-term money market instruments, and such collateral will be marked-to-market daily. Assets used for this purpose may not simultaneously be used as collateral for any other purpose.

All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least \$500 million, that have a ratio of customer receivables to capital of not more than 10:1, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security.

The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATION

The Plan prefers investment managers and funds that integrate ESG responsibility policies and/or criteria in their investment philosophy and security selection process. While considering these criteria in the

management of the Plan, it is understood that the primary goal remains the long-term objective of preserving and growing the assets for the benefit of the beneficiaries of the Plan.

Investment Consultant Due Diligence Meeting

The manager will be expected to meet at least annually in person with the Investment Consultant and with the Board or its designee as requested. Periodic due diligence of all investment managers is performed by the Investment Consultant on at least an annual basis. This includes assessment of qualitative and quantitative factors on an ongoing basis and the reporting out of any concerns at quarterly investment committee meetings or ad hoc meetings of the Board and Staff.

Soft Dollar Report

Each manager shall complete an annual soft dollar report to be delivered to the Executive Director and Investment Consultant within forty-five (45) days of the end of each calendar year [December 31]. The report shall include the following:

- A discussion of the firm's soft dollar policy, including how the investment manager ensures its clients of full disclosure, record keeping, and consistency of soft dollar information.
- A discussion on how the investment manager determines that a service can be paid with soft dollars and how the investment manager allocates mixed-use research (services that are not 100% used in the investment decision-making process). If less than 100% of the research and/or services are used in the investment decision-making process, the investment manager should only pay for the portion attributed to assisting in the investment decision-making process.
- A discussion of the procedures in place to assure that any research and/or services purchased by the firm with soft dollars are used for the benefit of the Educational Employees' Supplementary Retirement System of Fairfax County plan participants or assists the investment manager with its investment decision making responsibilities for its accounts overall.
- A listing of all soft dollar brokers and their payout ratios for third party research.
- A report identifying any third-party research purchased by the manager with soft dollars over the past year. This should include soft dollars generated by agency and principal transactions. This report should provide, at a minimum, the cost and description of the goods and services purchased.
- Verification that the Fund's commission rates are not materially greater than commission rates paid by other clients of the investment manager with similarly managed assets.

Ethics Report

Managers shall annually report to the Board, standing policies with respect to ethics and professional practice, within forty-five (45) days of the end of the calendar year [December 31].

- Managers shall annually report to the Board adherence with the CFA Institute (CFI) Code of Ethics or similar approved standards. Managers shall disclose if they are made aware of any Chartered Financial Analyst (CFA) charter holders employed by their firm that have been publicly censured by the CFI.

Managers shall disclose all pertinent information regarding any and all regulatory findings and/or litigation which are reportable in their ADV.

Proxy Voting

The Board has delegated proxy voting responsibilities for the separate accounts to Segal Marco Advisors. The Board expects that Segal Marco Advisors will execute all proxies in a manner consistent with the Proxy Agreement and included Proxy Voting Guidelines. Proxies are to be voted in a timely fashion and Segal Marco Advisors will provide a full accounting of all proxy votes, and upon request, a written explanation of individual voting decisions. Reports shall be provided to the Board on an annual basis summarizing proxy voting over the previous fiscal year (ending June 30). The report shall detail any changes that have occurred in the Fund's proxy voting policies, and note any instances where proxies were not voted in accordance with the best interest of the Fund's plan participants.

It is understood that the proxy voting practices of the pooled accounts will be in accordance with such fund's controlling documents.

Compliance with SEC Regulations 17 C.F.R. §275.206(4)-5

Each manager shall indicate quarterly its compliance with SEC Regulations 17 C.F.R. §275.206(4)-5 which prohibit any registered investment adviser from providing investment advisory services for compensation to a government entity within two years after making a contribution for the purpose of influencing the election of an official who has appointing authority over those who hire, or can influence the hiring of, investment advisers for the government entity.

VII. ADOPTION

All moneys invested for the Trust by investment managers after the adoption of this Policy shall be invested in accordance with the terms of this Policy.

Revised and adopted October 24, 2025.

For the Board:


Chair



November 10, 2025

Missie O'Neal, CSM
Executive Director
The Educational Employees' Supplementary Retirement System of Fairfax County
3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042

Dear Ms.O'Neal,

Thank you for supplying us with a copy of the Statement of Investment Policy for The Educational Employees' Supplementary Retirement System of Fairfax County approved on October 24th, 2025

As you know, the Plan's assets are invested in the BNYM Mellon DB SL Large Cap Stock Index Fund and BNYM Mellon DB SL International Stock Index Fund (the "Funds"). As a participant in these funds, the Retirement's System's investment is subject solely to the Funds' investment guidelines established by the Bank of New York Mellon Employee Benefit Collective Investment Plan trust document as well as the appropriate Schedule A(s) for the Funds (enclosed for reference). Therefore, the Funds cannot monitor or follow individual client investment policies, guidelines and restrictions.

If you have any questions, please do not hesitate to contact me at (412) 236-4116

Sincerely,

A handwritten signature in black ink, appearing to read "B. Hock", written over a light gray rectangular background.

Brian Hock

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

Commingled Vehicles: If the Board invests in a commingled vehicle ("Commingled Vehicle"), the Board acknowledges that the investment manager must invest all assets in that commingled vehicle in accordance with the trust agreement or offering statement that governs investments in the Commingled Vehicle. The investment manager acknowledges that those governing documents (which have been provided to the Board) are consistent with the attached Statement of Policy, except to the extent that the manager has disclosed any differences between the governing documents and the Statement of Policy in the agreement between the manager and the Board.

All Managers: If at any time the investment manager feels that the performance objectives in this Statement of Policy cannot be met or performed in strict compliance with this Statement of Policy (or, where applicable, in compliance with the documents governing investments in the Commingled Vehicle), the investment manager agrees to promptly notify the Board in writing. In consideration of the investment manager's initial engagement by the Board and the investment manager's ongoing relationship as an investment advisor for the Board, the investment manager hereby acknowledges a complete understanding of the Statement of Policy.

(INVESTMENT MANAGER) Westfield Capital Management Company, L.P.

Kathryn Kearney
Signature

11/5, 2025

Kathryn Kearney
Name (Print or type)

Westfield Capital Management Company, L.P.
Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

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(INVESTMENT MANAGER) Cramer Rosenthal McGlynn, LLC



Signature

November 5, 2025

Christopher Barnett
Name (Print or type)

Cramer Rosenthal McGlynn, LLC
Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

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(INVESTMENT MANAGER) SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA, INC.



Signature

Cathie Mazza



David Marshall

NOVEMBER 10, 2025

Name (Print or type)

SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA, INC.

Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

Commingled Vehicles: If the Board invests in a commingled vehicle ("Commingled Vehicle"), the Board acknowledges that the investment manager must invest all assets in that commingled vehicle in accordance with the trust agreement or offering statement that governs investments in the Commingled Vehicle. The investment manager acknowledges that those governing documents (which have been provided to the Board) are consistent with the attached Statement of Policy, except to the extent that the manager has disclosed any differences between the governing documents and the Statement of Policy in the agreement between the manager and the Board.

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(INVESTMENT MANAGER) Global Alpha Capital Management Ltd.

Sabrina Lacroix
Signature

Nov. 6th, 2025

SABRINA LACROIX
Name (Print or type)

Global Alpha Capital Management Ltd.
Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

Commingled Vehicles: If the Board invests in a commingled vehicle ("Commingled Vehicle"), the Board acknowledges that the investment manager must invest all assets in that commingled vehicle in accordance with the trust agreement or offering statement that governs investments in the Commingled Vehicle. The investment manager acknowledges that those governing documents (which have been provided to the Board) are consistent with the attached Statement of Policy, except to the extent that the manager has disclosed any differences between the governing documents and the Statement of Policy in the agreement between the manager and the Board.

All Managers: If at any time the investment manager feels that the performance objectives in this Statement of Policy cannot be met or performed in strict compliance with this Statement of Policy (or, where applicable, in compliance with the documents governing investments in the Commingled Vehicle), the investment manager agrees to promptly notify the Board in writing. In consideration of the investment manager's initial engagement by the Board and the investment manager's ongoing relationship as an investment advisor for the Board, the investment manager hereby acknowledges a complete understanding of the Statement of Policy.

(INVESTMENT MANAGER) William Blair


Signature

November 4, 2025

DOUG KRYSCIO, CFA, Partner
Name (Print or type)

William Blair Investment Management
Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

Commingled Vehicles: If the Board invests in a commingled vehicle ("Commingled Vehicle"), the Board acknowledges that the investment manager must invest all assets in that commingled vehicle in accordance with the trust agreement or offering statement that governs investments in the Commingled Vehicle. The investment manager acknowledges that those governing documents (which have been provided to the Board) are consistent with the attached Statement of Policy, except to the extent that the manager has disclosed any differences between the governing documents and the Statement of Policy in the agreement between the manager and the Board.

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(INVESTMENT MANAGER) _____



Signature

November 7, 2025

Mark R. Anderson

Name (Print or type)

Lazard Asset Management LLC

Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

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(INVESTMENT MANAGER) LOOMIS, SAYLES & COMPANY, L.P., by its General Partner
LOOMIS, SAYLES & COMPANY, INCORPORATED



Signature

November 5, 2025

Lori A. Sanderson

Name (Print or type)

Loomis, Sayles & Company, L.P.

Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

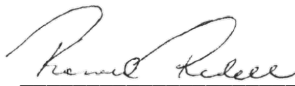
The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

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(INVESTMENT MANAGER) DoubleLine Capital LP



Signature

November 6, 2025

Ronald Redell

Name (Print or type)

DoubleLine Capital LP

Company

VIII. INVESTMENT ADMINISTRATION

Acceptance Agreement

The undersigned investment manager hereby acknowledges its appointment as a fiduciary and agrees to invest assets committed to it in accordance with the attached Statement of Policy ("Statement of Policy"), as specified below.

Advisory Agreements: If the undersigned investment manager is party to an advisory agreement between the investment manager and the Board ("Advisory Agreement"), the manager accepts the attached Statement of Policy pursuant to that Advisory Agreement and agrees that the attached Statement of Policy will substitute for any prior Statement of Policy that existed pursuant to that Advisory Agreement. If the manager and the Board have agreed to any exceptions to the Statement of Policy, those exceptions are described in Appendix A, which is made part of the Statement of Policy and is also included.

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(INVESTMENT MANAGER) J.P. Morgan Investment Management

Katie Hammond

Signature

November 11, 2025

Katie Hammond

Name (Print or type)

J.P. Morgan Asset Management

Company

**FOURTH AMENDMENT TO THE INVESTMENT MANAGEMENT AGREEMENT BY AND
BETWEEN EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM OF
FAIRFAX COUNTY AND FIAM LLC**

This Fourth Amendment to the Investment Manager Agreement ("Fourth Amendment is effective October 24, 2025, by and between the Educational Employees' Supplementary Retirement System of Fairfax County (the "Client") and FIAM LLC, a Delaware limited liability company (the "Adviser").

WHEREAS, the Adviser had previously entered into the Investment Management Agreement dated as of March 9, 2020, as amended from time to time (the "Agreement") with the Client and currently provides investment management services with respect to certain assets of the Client;

WHEREAS, Section 17 of the Agreement provides that the Agreement may not be amended except by a writing signed by the parties; and

WHEREAS, the Client and the Adviser desire to amend the Investment Guidelines in Appendix A of the Agreement, as provided herein.

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Fourth Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Client and the Adviser agree to amend the Agreement as follows:

1. The Investment Guidelines attached as Appendix A to the Agreement together with the Statement of Investment Policy attached thereto shall be deleted in its entirety, and the new Appendix A and the Statement of Investment Policy that is attached to this Fourth Amendment is substituted in lieu thereof and constitutes the new Appendix A and the Statement of Investment Policy to the Agreement.
2. All other terms and conditions of the Agreement remain in full force and effect and are not amended by this Fourth Amendment.


[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, concur with the provisions listed in this Fourth Amendment effective as of the date and year first above written.

Educational Employees' Supplementary
Retirement System of Fairfax County

By: 
Name: Melissa O'Neal
Title: Executive Director

FIAM LLC

Signed by: 
By: _____
Name: Mark Botelho
Title: Vice President

APPENDIX A INVESTMENT GUIDELINES AND ADDITIONAL POWERS

References to “Investment Guidelines” in the Agreement shall mean The Educational Employees' Supplementary Retirement System of Fairfax County Statement of Investment Policy (the “IPS”) attached to this Appendix and the following terms of this Appendix. The investment objectives, guidelines and performance standards to be followed by the Adviser with respect to the assets designated by the Client (the “Portfolio”) are set forth in the IPS (as modified by clause # 3 herein below) and this Agreement.

1. Except with respect to average credit quality, all Portfolio limitations and attributes, including, without limitation, diversification, will be measured at the time of purchase or acquisition of the eligible investment. Eligible investments that fall outside of a stated limitation or attribute after the time of acquisition will not be deemed to have breached the investment guidelines and may continue to be held in the Portfolio, consistent with the Responsibilities of Investment Managers provisions of the IPS. Notwithstanding the foregoing, the Adviser shall nevertheless promptly notify the Executive Director/CIO and Investment Consultant (each as defined and/or used in the IPS) of any such deviation from the investment guidelines upon becoming aware, consistent with the Responsibilities of Investment Managers provisions of the IPS.
2. All Portfolio limitations and attributes set forth in the IPS (as modified by clause # 3 herein below), including, but not limited to, credit quality and diversification, shall not apply until the business day after the expiration of the Compliance Ramp-Up Period. Investments that fall outside of a stated limitation or attribute at any time before the business day after the expiration of the Compliance Ramp-Up Period shall not be deemed to have breached the IPS or this Agreement. For purposes of this provision, the Compliance Ramp-Up Period shall expire on the earlier of: (i) the day that is thirty (30) calendar days after the initial (or subsequent) funding of the Portfolio; or (ii) the day the Portfolio (including any subsequent contribution) is fully invested and compliant with the terms set forth in the IPS and this Agreement.
3. The Board (as defined and/or used in the IPS) has granted the following exceptions to the IPS with respect to the investment objectives, guidelines and performance standards to be followed by the Adviser with respect to the Portfolio:
 - a) The terms of this Agreement shall supersede and replace the terms of the IPS with respect to the Adviser’s responsibilities for the selection of brokers and proxy voting.
 - b) The Adviser acknowledges that it is acting as a fiduciary pursuant to the fiduciary standard as defined by ERISA even though ERFC (as defined and/or used in the IPS) is defined as a governmental plan as defined under 3 (32) of ERISA and appropriate federal and state legislation. The foregoing acknowledgement is solely for the purpose of defining the contractual fiduciary standard of care owed by the Adviser under the IPS and the Adviser is not required to comply with ERISA in any respect, including, without limitation, ERISA’s rules governing prohibited transactions.

- c) The Adviser shall comply with/adhere to the Fidelity Investments Code of Ethics for Personal Investing – Fund Access Version in lieu of the FCA Institute’s (CFAI) Code of Ethics and Global Investment Performance Standards (GIPS).
- d) Over rolling market cycles (usually 3-5 year periods), the performance of the Portfolio should seek to exceed the median of the eVestment Alliance universe of core bond funds, on an annualized basis. Over rolling market cycles (usually 3-5 year periods), the performance of the Portfolio should seek to exceed the return of the Bloomberg Barclays Capital U.S. Aggregate Bond Index by 0.5%, net of fees, on an annualized basis.
- e) The Adviser does not currently have any soft dollar arrangements with broker-dealers for fixed income transactions and therefore the Soft Dollar Report provisions of the IPS do not apply.
- f) Investments in the Portfolio may also include:
 - Debt obligations of non-U.S. corporations, financial institutions, partnerships, trusts and other legal entities or instrumentalities.
 - Mortgage-backed securities, including, without limitation, to-be-announced securities (TBAs), collateralized mortgage obligations (CMOs)(except as specifically prohibited in the IPS) and other debt instruments backed by mortgage-backed securities.
- g) “Investment Grade” shall mean a security that has been issued a long-term credit rating from a nationally recognized rating organization (i.e., Moody’s, Standard & Poor’s or Fitch) (each, a “Rating Agency”) of at least BBB-, or its equivalent.
- h) If a security has not been rated by any Rating Agency, the security may be purchased if the Adviser or any of its affiliates has assigned it an internal rating that satisfies the investment guidelines set forth in the IPS, as modified hereby.
- i) The diversification restrictions set forth in the IPS shall not apply to U.S. Government Securities. For credit quality purposes, U.S. Government Securities shall be deemed to have a long-term credit rating of AAA, or its equivalent. “U.S. Government Securities” is defined as debt obligations issued or guaranteed by the U.S. government, U.S. government agencies, U.S. government-sponsored entities or similar U.S. government entities or instrumentalities thereof.
- j) Rule 144A securities shall be limited to 15% of the total assets of the Portfolio.
- k) The Portfolio’s market exposure may exceed its net asset value. The Portfolio will not borrow for investment purposes.

The signing of this Agreement shall satisfy the IPS requirement that any exceptions to the IPS be signed by an authorized representative of the Board.

History of Document Revisions

Version 1.05 –11/04 – Update manager lineup, replace T. Rowe with Wm. Blair, replace MSDW with Mellon Aggregate Index; Change cash management policy from using PIMCO to being at the discretion of staff, but rebalancing toward target. Eliminate 30% leverage exclusion for commingled real estate.

Version 1.05.1 – Amended 4/05 – Change benchmark for REIT manager to “NAREIT Equity Index”; update REIT guidelines to include Real Estate Operating Companies.

Version 1.05.2 – Amended 5/05 – Exception for Urdang to increase single security limit to 7.5%.

Version 1.06 – Amended 2/06 – Updated manager lineup, added JPMorgan, Prudential, and UBS; Changed strategic target and tactical range to reflect increased allocation to international equity.

Version 1.07 – Amended 02/07 – Updated manager lineup, added Acadian & Alliance Bernstein International Strategic Value; removed Templeton & Mellon International Core Index; clarified equity holdings guidelines.

Version 2.0 – Amended 09/07 –Added staff responsibilities; Additional Investment Manager responsibilities; Investment Consultant required to be fiduciary; Permit investment in 144A securities; Alternative Investment, Global Asset Allocation , Portable Alpha and Better Beta manager guidelines; Established use of and defined the Allocation and Policy Indices; Modified investment manager performance standards to include each portfolio’s total return and added standards for passive, global asset allocation, better beta, alternative asset and portable alpha managers; Updated manager universes and benchmarks, Guidelines for manager selection, Soft Dollar reporting requirement, Ethics reporting requirement, and Proxy Voting requirement. Revised Acceptance Agreement to differentiate between separate accounts and commingled accounts.

Version 2.1 – Amended 09/08 – Modified requirements relative to the selection of futures commission merchants (FCMs) when using derivatives and added Grosvenor and Permal Group to investor lineup.

Version 2.2 – Deleted terminated managers (Dodge & Cox, Alliance Bernstein and Mellon Russell 2000) and added new managers (Turner, Epoch and Wellington). Changed title of Executive Director to Executive Director/CIO. Updated target asset allocation to allow for private equity. Added Transition Management language.

Version 2.3 – Added Private Equity program guidelines, changed REIT guidelines to permit non-U.S. REITs, clarified Absolute Return Strategies return objective.

Version 2.4 – Included the target asset mix adopted by the Board in May 2011. Added additional types of securities as allowable investments under Fixed Income. Changed the Fixed Income quality standard for the percent of the portfolio that may be invested in below investment grade securities from 10 to 20%. Changed the Fixed Income duration band from 25 to 30% of the benchmark. Deleted language relating to Portable Alpha strategies. Deleted language relating to Standard #3. Added the manager and a benchmark for Emerging Markets Fixed Income.

Version 2.5 – Added statement on best execution for foreign exchange transactions; changed NEPC Universe designation; deleted terminated manager (Alliance Bernstein) and added new manager (Causeway); deleted notary requirement.

Version 2.6 – Deleted terminated manager (Turner) and added new manager (Russell).

Version 2.7 – Deleted terminated managers (Russell transition and PIMCO Fixed Income) and added new managers (T. Rowe Price, JP Morgan Fixed Income, GAM Unconstrained and Loomis Strategic Alpha); added compliance requirement with SEC Regulations 17 C.F.R. §275.206(4)-5.

Version 2.8 – Updated the actuarial investment return assumption, inflation rate and assumed real rate of return, clarified that the language on foreign exchange counterparties applied to all foreign exchange contracts.

Version 2.9 – Updated the target asset mix, per the Board’s decision at the April 18 Board meeting; modified the Commingled Real Estate guidelines to allow investments in non-U.S. real estate; deleted Permal Group from the Investment Manager Universe.

Version 3.0 – Updated the asset structure, per the Board’s decision at the May 2019 Board meeting, updated Section II: responsibilities, executive director/CIO, investment managers, and investment consultants. Modified language in the performance standards, asset allocation rebalancing policy, added a watch list, updated replacement/termination language, included a transition management process, added a new section on environmental, social and governance considerations, added investment consultant due diligence meeting language, and updated all appendices.

Version 3.1 – Deleted terminated managers (AJO, T. Rowe Price, Lazard Small-Mid Cap Equity, Epoch, CenterSquare, Causeway, Mellon Aggregate Bond, JP Morgan Fixed Income, and Loomis Strategic Alpha) and added new managers (Mellon Large Cap Growth and Large Cap Value, Cramer Rosenthal & McGlynn, Schroders, Lazard Global Equity, DoubleLine, Fidelity, and Mellon TIPS).

Version 3.2 – Added Private Markets Consultant Responsibilities. Updated equity and fixed income investment guidelines language. Modified the commingled real estate, private equity language in the appendix. Deleted terminated manager (PIMCO) and added new manager (Carlyle).

Version 3.3 – Updated the Asset Structure. Added exceptions to Schroders, Loomis Sayles, and Doubleline. Added private markets consultant investment guidelines.

Version 3.4 – Updated the Proxy Voting language and updated the target asset mix, per the Board’s decision at the June 29 Board meeting.

Version 3.5- Updated the asset structure, per the Board’s decision at the December 16 Board Meeting.

Version 3.6 – Updated asset structure, per the Board’s decision at the June 28, 2024 Board Meeting. Updated Appendix A, adding JPMorgan Core Bond, and updating Loomis and DoubleLine’s manager exceptions. Deleted terminated managers in Appendix D (Acadian, Mellon TIPS, Mondrian, Bridgewater, and TIPS Index) and added new manager (JP Morgan Core Bond).

Version 3.7 – Updated asset structure, per the Board’s decision at the September 26, 2025 Meeting. Removed Multi Asset Class Solution Strategies (MACS) from the performance standards sections.

Updated Appendix A, removing terminated managers (William Blair International Leaders Concentrated). Removed Multi Asset Class Managers from Appendix B. Updated Appendix D, removing terminated managers (William Blair International Leaders Concentrated and Wellington Opportunistic), adding new managers (Mellon DB SL International Stock Index Fund, Global Alpha International Small Cap Equity Fund, Hammes Income & Growth Healthcare Fund, and CBRE U.S. Logistics Partners, LP) and updating benchmarks (NCREIF – ODCE NET for real estate, MSCI All Country World Index (Net) for global equity, MSCI Emerging Markets IMI (Net) for emerging markets equity, 90 Day U.S. Treasury Bill for natural resources, FTSE 10 Year Treasury OTR for infrastructure, ThomsonOne All Regions PE for private equity, and Morningstar LSTA U.S. Leveraged Loan Index for private credit).

Appendix A

Exceptions to the Investment Policy Statement

Equity Holdings – Diversification

- This confirms that “2%” means “2 percentage points.”

Equity Holdings – Exclusions

- Forward currency contracts that are “commodities” or “swaps” are permitted for currency hedging purposes, subject to the restrictions on forward contracts in section V. Investment Guidelines – Equity Holdings – Derivatives.

Loomis Sayles

Manager Exceptions to the Investment Policy Statement

Last Amended November 1, 2024

- Minimum Average Quality of the portfolio is BBB-/Baa3.
- The portfolio may invest up to 35% of the market value of the portfolio in instruments rated below BBB- by S&P, Baa3 by Moody's and BBB- Fitch ("high yield instruments"), as determined at the time of purchase.
- The minimum quality rating for any purchase in the portfolio is B-/B3/B-. The maximum allocation to securities rated below B-/B3/B- (due to downgrades) is 10% of the portfolio at market value.
- If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these rating agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- The portfolio may invest a maximum of 20% of the portfolio at market value in non-US Dollar denominated securities, issued either by U.S. or non-U.S. government, sovereign, supranational and corporate issuers.
- The portfolio may not invest more than 10% at market in preferred securities.
- The Barclays Capital (BC) Govt/Credit Index is the benchmark for purposes of managing the duration constraint on the portfolio and the duration policy band is increased to +/-50% around the BC Govt/Credit Index. Loomis is authorized to use Treasury futures to manage the portfolio's duration.
- The benchmark of Barclays Capital (BC) Gov't/Credit Index is used for performance measurement.
- Counterparties for all OTC derivatives must be rated at least Baa2/ BBB/BBB by at least 2 NRSRO's. If a Counterparty is not rated at least mid BBB by 2 NRSRO's, it must be rated A3/A-A/- by at least 1 NRSRO.
- Notwithstanding the foregoing, the portfolio may receive instruments prohibited or not contemplated herein through the conversion, exchange, reorganization, corporate action or bankruptcy of an otherwise permissible investment. Loomis Sayles may hold or dispose of these investments at its discretion as an Investment Manager and fiduciary.
- The portfolio may invest up to 10% in individual bank loans.
- The portfolio may invest up to 10% in collateralized loan obligations (CLOs).

Westfield

Manager Exceptions to the Investment Policy Statement

Last Amended September 19, 2019

If Westfield's Small Cap Growth strategy's cash & cash equivalent is over the 10% threshold, Westfield compliance will notify ERFC staff and its consultant immediately. Westfield will have up to 12 consecutive business days to rectify the cash allocation unless a written permission to hold cash over 10% is given by the ERFC Executive Director.

J.P. Morgan

Manager Exceptions to the Investment Policy Statement

Last Amended September 19, 2019

- ***Delegation of Responsibilities. Investment Managers***
 - JPMIM requests ERFC's acknowledgment of the JPMAM Code of Ethics, which is described Item 11 A of JPMIM's Form ADV Part 2A, as a substitute for the CFAI Code of Ethics.

- ***Investment Administration. Soft Dollar Report.***
 - JPMIM notes that, in general, its soft dollar arrangements relate to its equity trading. JPMIM does not currently have any soft dollar arrangements with broker-dealers for real estate and/or fixed income transactions.

 - JPMIM requests ERFC's approval of JPMIM's Form ADV Part 2A, Item 12, as a substitute for the reporting requirements of the Soft Dollar Report.

- ***Investment Administration. Ethics Report.***
 - JPMIM requests the following exceptions:
 - JPMIM will report annually regarding material compliance with the JPMAM Code of Ethics
 - JPMIM will report regulatory findings or litigation as reportable in Form ADV by providing ERFC with a copy of Form ADV, Part 1A, as amended.

J.P. Morgan Commingled Real Estate
Manager Exceptions to the Investment Policy Statement
Last Amended September 19, 2019

ERFC acknowledges that it is invested in the Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank, N.A. (“JPMCB SSPF”) pursuant to an Investment Management Agreement dated February 17, 2005, as amended from time to time (the “Agreement”), whereby ERFC directed JPMIM to invest and reinvest assets of the Account in JPMCB SSPF. JPMCB SSPF is managed solely in accordance with the investment objective, guidelines and restrictions set forth in its Declaration of Trust and Fund Summary (the “Fund Documents”). As set forth in Section of 2.b. of the Agreement, any restriction in ERFC’s Investment Policy Statement shall not restrict the power and authority of JPMorgan Chase Bank, N.A. (“JPMCB”) as Trustee and Investment Manager of JPMCB SSPF, and the terms and conditions of JPMCB SSPF’s Fund Documents shall be controlling in all cases.

- JPMIM has provided ERFC with copies of the Fund Documents for JPMCB SSPF.
- ERFC further acknowledges that JPMCB SSPF is excluded from the Commingled Real Estate Investment Guidelines as, pursuant to the Fund Guidelines set forth in JPMCB SSPF’s Fund Summary, 40% of JPMCB SSPF is invested in developmental property – non income producing max.
- With respect to the Diversification and Quality provisions of the Commingled Real Estate Guidelines, ERFC acknowledges that JPMIM has disclosed that:
 - JPMCB SSPF’s investment objective is “to provide a moderate level of current income and high residual property appreciation by investing in a wide variety of value-added real estate opportunities in the United States.”
 - JPMCB SSPF is a balanced portfolio of stabilized and value-added real estate opportunities that focuses primarily on office, industrial/warehouse, residential/multi-family and retail sectors.
 - JPMCB SSPF’s leverage guideline 75% at the property level and 60% at the portfolio level.

DoubleLine

Manager Exceptions to the Investment Policy Statement

Last Amended July 30, 2024

- Rule 144A securities may represent up to 35% of the portfolio.
- Average weighted portfolio quality must be at least Baa/BBB, based on lowest rating assigned by S&P Global, Moody's Investors Service, DBRS, Morningstar, Fitch Ratings, Kroll, and A.M. Best Ratings.
- Per issuer limit set at 5% of portfolio - does NOT apply to US Treasury, Agency (including Agency MBS), and other U.S. Government-related issues, which are not subject to any limit. In the case of any approved fund of DoubleLine Funds, the limit is set at 10% of the portfolio. Securitized investments are measured at the trust level.
- Average duration range is targeted at between 2 and 8 years.
- Mortgage derivatives are approved, including collateralized mortgage obligations (CMOs), interest-only securities, and principal-only securities, except for inverse floaters, inverse interest-only securities, and any instruments that have the effect of leveraging the portfolio.
- Below investment-grade securities are limited to 35% of the portfolio.
- DoubleLine Global Bond Fund (DBLGX) is approved for non-US developed market exposure, subject to the 10% of portfolio limit as set forth in the third bullet point above.
- DoubleLine Emerging Markets Local Currency Bond Fund (DBELX) is approved for emerging markets local currency exposure, subject to the 5% of portfolio limit.
- Invesco Senior Loan ETF (BKLN) is approved for temporary bank loan exposure pending direct investment in bank loans, subject to the 5% of portfolio limit.
- DoubleLine is authorized to use United States Treasury futures to manage the portfolio's duration and its duration exposures across the yield curve. In using United States Treasury futures strictly for this purpose, DoubleLine is not required to adhere to the specific limitations set forth in the "Derivatives" section of "Active Fixed Income Holdings" under Appendix B - "Investment Guidelines".

Fidelity

Manager Exceptions to the Investment Policy Statement Last Amended October 24, 2025

Reference is made to that certain Investment Management Agreement dated March 9, 2020 by and between ERFC and FIAM LLC (the “Advisor”), as amended, restated, replaced or otherwise modified from time to time (the “IMA”). The investment objectives, guidelines and performance standards to be followed by the Adviser with respect to the assets designated by ERFC (the “Portfolio”) are set forth in the Investment Policy Statement (“IPS”), as modified hereby, and the IMA. The Board has granted the following exceptions to the IPS with respect to the investment objectives, guidelines and performance standards to be followed by the Adviser with respect to the Portfolio:

- The terms of the IMA shall supercede and replace the terms of the IPS with respect to the Adviser’s responsibilities for the selection of brokers and proxy voting.
- The Adviser acknowledges that it is acting as a fiduciary pursuant to the fiduciary standard as defined by ERISA even though ERFC (as defined and/or used in the IPS) is defined as a governmental plan as defined under 3 (32) of ERISA and appropriate federal and state legislation. The foregoing acknowledgement is solely for the purpose of defining the contractual fiduciary standard of care owed by the Adviser under the IPS and the Adviser is not required to comply with ERISA in any respect, including, without limitation, ERISA’s rules governing prohibited transactions.
- The Adviser shall comply with/adhere to the Fidelity Investments Code of Ethics for Personal Investing – Fund Access Version in lieu of the FCA Institute’s (CFAI) Code of Ethics and Global Investment Performance Standards (GIPS).
- Over rolling market cycles (usually 3-5 year periods), the performance of the Portfolio should seek to exceed the median of the eVestment Alliance universe of core bond funds, on an annualized basis. Over rolling market cycles (usually 3-5 year periods), the performance of the Portfolio should seek to exceed the return of the Bloomberg Barclays Capital U.S. Aggregate Bond Index by 0.5%, net of fees, on an annualized basis.
- The Adviser does not currently have any soft dollar arrangements with broker-dealers for fixed income transactions and therefore the Soft Dollar Report provisions do not apply.
- Investments in the Portfolio may also include:
 - Debt obligations of non-U.S. corporations, financial institutions, partnerships, trusts and other legal entities or instrumentalities.
 - Mortgage-backed securities, including, without limitation, to-be-announced securities (TBAs), collateralized mortgage obligations (CMOs) (except as specifically prohibited in the IPS) and other debt instruments backed by mortgage-backed securities.
- “Investment Grade” shall mean a security that has been issued a long-term credit rating from a nationally recognized rating organization (i.e., Moody’s, Standard & Poor’s or Fitch) (each, a “Rating Agency”) of at least BBB-, or its equivalent.
- If a security has not been rated by any Rating Agency, the security may be purchased if the Adviser or any of its affiliates has assigned it an internal rating that satisfies the investment guidelines set forth in the IPS, as modified hereby.

- The diversification restrictions set forth in the IPS shall not apply to U.S. Government Securities. For credit quality purposes, U.S. Government Securities shall be deemed to have a long-term credit rating of AAA, or its equivalent. “U.S. Government Securities” is defined as debt obligations issued or guaranteed by the U.S. government, U.S. government agencies, U.S. government-sponsored entities or similar U.S. government entities or instrumentalities thereof.
- Rule 144A securities shall be limited to 15% of the total assets of the Portfolio.
- The Portfolio’s market exposure may exceed its net asset value. The Portfolio will not borrow for investment purposes.

Schroders Investment Management North America Inc.

Manager Exceptions to the Investment Policy Statement Last Amended March 26, 2021

- The terms of the IMA shall supersede and replace the terms of the IPS with respect to the Adviser's responsibilities for the selection of brokers and proxy voting.
- The Adviser acknowledges that it is acting as a fiduciary pursuant to the fiduciary standard as defined by ERISA even though ERFC is defined as a governmental plan as defined under 3 (32) of ERISA and appropriate federal and state legislation. The foregoing acknowledgement is solely for the purpose of defining the contractual fiduciary standard of care owed by the Adviser under the IPS and the Adviser is not required to comply with ERISA in any respect, including, without limitation, ERISA's rules governing prohibited transactions.
- The Adviser shall comply with/adhere to its Code of Ethics in lieu of the FCA Institute's (CFAI) Code of Ethics and Global Investment Performance Standards (GIPS).

JPMorgan Core Bond
Manager Exceptions to the Investment Policy Statement
Last Amended October 25, 2024

- Type of Securities
 - Asset-Backed Securities
 - Increase the 144A allocation constraint from 10% to 20%.
- Diversification
 - Sector concentration within the portfolio will not exceed the weight of that sector in the Benchmark index plus 30%.
 - The securities of any one issuer, except for the U.S. Government securities are limited to 10% at time of purchase.
- Pooled Funds
 - The JPMCB Mortgage-Backed Securities Fund is a permitted pooled fund investment with the understanding that there will be no additional fee for this investment.

Appendix B

Investment Guidelines

EQUITY HOLDINGS

<u>Types of Securities</u>	<p>Equity securities shall mean common and preferred stocks, and issues convertible into common stocks, of both domestic and international corporations, American Depository Receipts (ADRs) and Global Depository Receipts (GDRs).</p> <p>The manager may invest in private investments in public companies “PIPE” securities as long as the following requirements are met:</p> <ul style="list-style-type: none">• Investment will be less than 5% of the portfolio• The PIPE has a time frame to public trading of less than six months<ul style="list-style-type: none">○ The same level of transparency to underlying data on the company is available to provide the manager the ability to undertake the same level of research due diligence as other investments in the <i>portfolio</i>. <i>In addition the manager will undertake due diligence on the sponsor as part of the analysis.</i>
<u>Asset Allocation</u>	<p>Each equity portfolio is to have no more than 5% of its assets allocated to cash or cash equivalent securities. It is understood that the manager may periodically, in the course of trading, exceed this limit. The manager should notify ERFC staff when this temporary situation occurs. If a manager wishes to exceed the 5% cash limit for more than a frictional period of time, the manager must obtain written Board approval.</p>
<u>Diversification</u>	<p>The securities of any one issuer are limited to the greater of 5% or the security’s weight in the benchmark index plus 2 percentage points of each equity portfolio at market value. Broad industry diversification is desirable. For international equities, both industry and country diversification are desirable.</p>
<u>Quality</u>	<p>Except as referenced above, all securities held in the portfolio should be publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances. Stock selection should emphasize quality with due regard to risk. The manager is restricted from investing in any stock with a market capitalization less than \$20 million.</p>
<u>Exclusions</u>	<p>Without the expressed written consent of the Board as detailed in Appendix A of this document, the following investments are prohibited:</p> <ul style="list-style-type: none">• short naked call options,• short put options,• commodities,• swaps, and• other derivatives. <p>Where written consent is given for investment in any of these categories, the Board will require the investment manager to adhere to specific safeguards, described below.</p>
<u>Exchange Traded</u>	<p>Funds managers may invest up to 5% of their portfolio’s assets in Exchange Traded Funds (ETFs) that are designed to match the performance of the manager’s benchmark index. Any</p>

	<p>allocation to ETFs should be considered in lieu of a cash holding and the combined holdings in ETFs and cash should not exceed 5% without notification and approval of the Board. The particular ETF used to equitize cash in this manner should be the most cost-effective ETF available, as determined by the manager, after considering liquidity and the internal management fee of the ETF.</p>
<p><u>Derivatives</u></p>	<p>Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives include, but are not limited to, financial futures, forwards, and options, options on futures, collateralized mortgage obligations and swaps. The Board in Appendix A must expressly authorize any uses of derivatives. Where such authorization has been given, the restrictions and safeguards described below shall apply.</p> <p>Managers shall not purchase securities on margin or sell short unless expressly authorized to do so in writing by the Board. However, with express permission, the managers may make use of futures, options and options on futures contracts as long as they are restricted to (a) the creation of synthetic securities and (b) non-leveraged, hedge strategies, using contracts related to otherwise allowable equity investments of the manager's portfolio.</p> <p>Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the manager's investment style. Additionally, derivatives may not be used for dynamic hedging strategies. Any broader use of derivatives than the strategies and purposes described below will require prior authorization from the Board.</p> <p>Financial futures may be used solely for bona fide hedging purposes within the meaning of 17 CFR 1.3(z)(1), and for long positions (accompanied by the cash set-aside described below) as incidental to ERFC's activities in the underlying cash market.</p> <p>With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar- denominated high quality short-term money market instruments, and such collateral will be marked to-market daily. Assets used for this purpose may not simultaneously be used as collateral for any other purpose.</p> <p>The manager will not enter into financial futures contracts for which the aggregate margin, including both initial margin and daily variation margin, exceeds 5% of the liquidation value of ERFC's portfolio under management by the manager.</p> <p>A synthetic security is one created from a combination of portfolio positions including long futures positions on any of the equity indexes (e.g., S&P 500) and short maturity (short-term) securities the prices of which do not fluctuate materially. The use of such indexes is limited to ones which are specifically appropriate to the manager's portfolio. The market value of the short maturity securities must be equal to the notional value of the futures contracts.</p> <p>For purposes of synthetic securities, the term "short maturity (short-term) securities" shall include short-term U.S. debt obligations, U.S. dollar denominated high quality short-term money market instruments, including the client's custodial bank STIF, or a short-term security that is rated in one of the two highest rating categories by two nationally</p>

	<p>recognized statistical rating organizations ("NRSROs") or by the only NRSRO rating the security.</p> <p>All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. Additionally, the total notional (face) amount of a foreign exchange contract transacted with any single counterparty shall not typically exceed 10% of the total portfolio value for ERFC's portfolio under management of a single manager.</p> <p>The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least \$500 million, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security. Notwithstanding the above, the manager should not rely on these minimum guidelines and must establish and execute internal procedures to independently evaluate all FCMs.</p> <p>The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.</p>
<p><u>Pooled Funds</u></p>	<p>It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Board. The investment manager shall provide the Board with a copy of the prospectus of any pooled funds that it proposes to use and shall specifically identify any guidelines and restrictions that differ from those outlined above.</p> <p>To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.</p>

COMMINGLED REAL ESTATE

<p><u>Types of Securities</u></p>	<p>Permissible asset types are listed below. However, the private markets consultant has discretion as to the exact mix of asset types and the selection of individual assets, subject to the investment guidelines and restrictions.</p> <ol style="list-style-type: none"> 1. Private Real Estate Assets <ul style="list-style-type: none"> • Open-end Real Estate Funds • Closed-End Real Estate Funds • Non-U.S. Real Estate Partnership Interests 2. Co-investments <ul style="list-style-type: none"> • Interests in individual assets held within private real estate funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool. 3. Secondaries <ul style="list-style-type: none"> • Secondary market purchases of the funds described above. 4. Public Equity Assets <ul style="list-style-type: none"> • Shares of publicly traded equity securities distributed by private real estate partnerships, which in general will be liquidated as soon as practicable. 5. Cash Equivalents <ul style="list-style-type: none"> • STIF accounts of the custodian bank • Funds managed by a cash manager specifically designated by the Trustees
<p><u>Diversification</u></p>	<p>Vintage Year Vintage year diversification for the RE Program shall be maintained through commitment pacing and the private markets consultant will commit capital to private real estate partnerships on an ongoing basis at a pace commensurate with achieving and maintaining the Retirement System’s target investment allocation to the private real estate asset classes. A commitment pacing plan and model will be prepared and presented to the Board annually for approval.</p> <p>Geographic The RE Program is expected to remain focused primarily in North America, with additional exposure to non-U.S. investments as reflected in the investment guidelines, which are to be updated and approved by the Board on an annual basis.</p> <p>Manager</p>

	<ul style="list-style-type: none"> • Once the RE Program portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System’s target private real estate allocation shall be committed to a single private real estate manager; no more than 15% of System’s target private real estate allocation shall be committed to a single private real estate partnership, other than open-ended vehicles; and no more than 5% of an RE Program’s target Net Asset Value (“NAV”) shall be committed to a single co-investment. • At the time of investment, co-investments shall not comprise more than 10% of the asset class by NAV. The preceding limitations are not intended to apply to open-end managers or funds. • Once the RE Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 10 private real estate partnerships shall be held. • If any of the above limitations on specific investments is violated due to circumstances beyond the manager’s control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.
<p><u>Risk Factors</u></p>	<p>The RE Program will be exposed to specific risks that are associated with investing in private real estate, including, but not limited to:</p> <ol style="list-style-type: none"> 1. Operating and Business Risk: Investments entail above average operating and business risk. 2. Liquidity Risk: Investments lack liquidity and typically have time horizons of 5 to 10 plus years. Open-end funds provide liquidity to the extent that certain withdrawal parameters are met and the manager has sufficient funds to pay the withdrawal. 3. Structural Risk: Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include specific termination provisions in partnership transactions or the removal of general partners. 4. Valuation Risk: Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline. 5. Leverage Risk: There shall be a limit of 65% Loan to Value limit of the total RE Program. Leverage is an inherent component of real estate investments and the use of leverage can be an effective means to increase overall returns from time to time on a risk-adjusted basis. However, highly leveraged investments carry additional risks that shall be monitored by the Consultant within the context of the overall real estate portfolio. 6. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.
<p><u>Exclusions</u></p>	<ul style="list-style-type: none"> • The manager shall generally be prohibited from investing in any of the assets, types of assets, or transactions not listed above.

ACTIVE FIXED INCOME HOLDINGS

<p><u>Types of Securities</u></p>	<p>Debt instruments of any U.S. entity denominated in U.S. dollars, and not otherwise prohibited, including U.S. dollar denominated sovereign and supranational bonds (Yankee bonds). Also included are non-U.S. denominated (developed and emerging markets) sovereign, supranational and corporate bonds; financial institutions, partnerships, trusts and other legal entities or instrumentalities and U.S. denominated mortgage-backed, CMBS and CMOs except as prohibited below. Mortgage-backed securities, including, without limitation, to-be-announced securities (TBAs), collateralized mortgage obligations (CMOs) (except as specifically prohibited in this IPS), interest only securities, and principal only securities and other debt instruments backed by mortgage-backed securities.</p> <p>144A securities may represent up to 10% of each portfolio.</p>
<p><u>Diversification</u></p>	<p>The securities of any one issuer, with the exception of the U.S. Government securities are limited to 10% at cost and 15% at market of each fixed income portfolio. "U.S. Government securities" is defined as debt obligations issued or guaranteed by the U.S. government, U.S. government agencies, U.S. government-sponsored entities or similar U.S. government entities or instrumentalities thereof.</p>
<p><u>Quality</u></p>	<p>The fixed income portfolio should be, on average, comprised of high-quality issues. The average credit quality of the portfolio must be at least A.</p> <p>Up to 20% of the portfolio may be invested in below investment grade securities (Moody's, Standard & Poor's, Fitch or any other nationally recognized rating organization quality rating below Baa or BBB, respectively). If any security has a split rating, the lower of the ratings shall be considered for the purposes of meeting minimum quality standards.</p> <p>U.S. Government securities shall be deemed to have a long-term credit rating of AAA, or its equivalent.</p> <p>If a security has not been rated by any rating agency, the security may be purchased if the investment manager or any of its affiliates has assigned an internal rating that satisfies the investment guidelines set forth in this IPS.</p>
<p><u>Duration</u></p>	<p>While there are no maturity limits placed on the portfolio, it is expected that the average effective duration of the fixed income portfolio will be within +/- 30% of the portfolio's benchmark duration.</p>
<p><u>Exclusions</u></p>	<p>Without the express written consent of the Board, as documented in Appendix A, the following investments are prohibited:</p> <ul style="list-style-type: none"> • inverse floaters, • capped floaters, • interest-only CMO tranches, • principal-only CMO tranches, • support CMO tranches, • swap contracts, and • other derivatives.

	<p>Where written consent is given for investment in any of these categories, the Board will require the investment manager to adhere to specific restrictions and safeguards, described below.</p>
<p><u>Derivatives</u></p>	<p>Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives include, but are not limited to, financial futures, forwards, and options, options on futures, collateralized mortgage obligations and swaps. Any uses of derivatives must be expressly authorized by the Board and documented in Appendix A. Where such authorization has been given, the restrictions and safeguards described below shall apply.</p> <p>Managers shall not purchase securities on margin or sell short unless expressly authorized to do so in writing by the Board. However, with express permission, the managers may make use of forwards, futures, options and options on futures contracts as long as they are restricted to (a) the creation of synthetic securities and (b) non-leveraged, hedge strategies that use contracts related to otherwise allowable fixed income investments of the manager's portfolio.</p> <p>Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated or implied risk as characterized by the manager's investment style. Additionally, derivatives may not be used for dynamic hedging strategies. Any broader use of derivatives than the strategies and purposes described below will require prior authorization from the Board.</p> <p>Financial futures may be used solely for bona fide hedging purposes within the meaning of 17 CFR 1.3(z)(1), and for long positions (accompanied by the cash set-aside described below) as incidental to ERFC's activities in the underlying cash market.</p> <p>With respect to each long position in a financial futures contract, the total market value of the derivative at all times will be collateralized with cash, cash equivalents, short-term United States dollar-denominated high-quality short-term money market instruments, and such collateral will be marked to-market daily.</p> <p>Assets used for this purpose may not simultaneously be used as collateral for any other purpose.</p> <p>The manager will not enter into financial futures contracts for which the aggregate margin, including both initial margin and daily variation margin, exceeds 5% of the liquidation value of ERFC's portfolio under management by the manager.</p> <p>A synthetic security is one created from a combination of portfolio positions including long futures positions on any of the fixed income indexes (Treasury Bond, Note or Bill) and short maturity (short-term) securities the prices of which do not fluctuate materially. The market value of the short maturity securities must be equal to the notional value of the futures contracts.</p> <p>For purposes of synthetic securities, the term "short maturity (short-term) securities" shall include short-term U.S. debt obligations, U.S. dollar denominated high quality short-term money market instruments, including the client's custodial bank STIF, or a short-term security that is rated in one of the two highest rating categories by two nationally</p>

	<p>recognized statistical rating organizations ("NRSROs") or by the only NRSRO rating the security.</p> <p>All foreign exchange contracts may be transacted only with counterparties that are rated no less than A by two NRSROs, or the only NRSRO rating the company. Additionally, the total notional (face) amount of a foreign exchange contract transacted with any single counterparty shall not typically exceed 10% of the total portfolio value for ERFC's portfolio under management of a single manager.</p> <p>The manager may only execute transactions through futures commission merchants ("FCMs") that have adjusted net capital of at least \$500 million, that have a ratio of customer receivables to capital of not more than 10:1, and that are wholly owned by an entity that is rated no less than A by two nationally recognized statistical rating organizations ("NRSROs"), or by the only NRSRO rating the security.</p> <p>The manager will promptly transfer all excess margin deposits held by an FCM to the custodian of the ERFC's assets.</p>
<p><u>Pooled Funds</u></p>	<p>It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Board. The investment manager shall provide the Board with a copy of the prospectus of any pooled funds that it proposes to use and shall specifically identify any guidelines and restrictions that differ from those outlined above.</p> <p>To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.</p>

CASH EQUIVALENTS

Types of Securities	Debt securities of any U.S. entity not otherwise prohibited, with a maximum average maturity of one year.
Diversification	No more than 10% of the cash portfolio shall be invested in Certificates of Deposit or Banker's Acceptances issued by any single bank. No more than 35% of the cash portfolio shall be invested in commercial paper, with no more than 5% of the portfolio invested with any single issuer of commercial paper. No more than 35% of the cash portfolio may be invested in corporate bonds, with no more than 5% invested with any single issuer of corporate bonds.
Quality	<p>Only cash equivalents with the following minimum quality ratings are eligible for inclusion in the portfolio:</p> <ul style="list-style-type: none"> • Asset Backed Securities: A • Certificates of Deposit and Banker's Acceptances: • Thompson Bankwatch B or better • Commercial Paper: A1/P1. • Corporate Bonds: AA-, Aa3. • Repurchase Agreements: U.S. Government or agency secured.
Exclusions	<p>Without the expressed written consent of the Board, as documented in Appendix A, the following investments are prohibited:</p> <ul style="list-style-type: none"> • floating rate notes with maturities under two years that have any embedded leverage or optionability (e.g., caps, floors, multiple re-set features, etc.) • floating rate notes with maturities over two years • structured notes, including Collateralized Mortgage Obligations (CMOs), • swaps, and • other derivatives. floating rate notes with maturities over two years • structured notes, including Collateralized Mortgage Obligations (CMOs), • swaps, and • other derivatives. <p>Where written consent is given for investment in any of these categories, the Board will require the investment manager to adhere to specific safeguards, described below.</p>
Derivatives	<p>Derivatives generally refer to financial instruments that derive their values from underlying cash market investments. Examples of derivatives include, but are not limited to, financial futures, forwards, and options, options on futures, collateralized mortgage obligations and swaps.</p> <p>Managers shall not enter into a derivatives contract, purchase securities on margin, or sell short unless expressly authorized to do so in the cash equivalents fund by the Board as documented in Appendix A.</p> <p>Under no circumstances should a portfolio manager take positions in derivative securities that leverage the portfolio or materially increase a portfolio's stated and implied risk characterized by the manager's investment style.</p>

Pooled Funds	<p>It is understood that investing through a pooled fund vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which the funds' guidelines differ in a number of ways. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. For that reason, investments in pooled funds may be made only with the prior approval of the Board. The investment manager shall provide the Board with a copy of the prospectus of any pooled funds that it proposes to use and shall specifically identify any guidelines and restrictions that differ from those outlined above.</p> <p>To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.</p>
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ALTERNATIVE INVESTMENT MANAGERS

The Committee recognizes that certain Alternative Investment strategies (such as private equity, private real estate, infrastructure or hedge fund strategies) do in fact make use of derivatives and other instruments which may not be in full compliance with the guidelines set out for separately managed portfolios. Given that virtually all alternative investment strategies will be in a commingled format, it is recognized that commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. The Board is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds, or when a separately managed account is neither available nor appropriate. To the extent that the Committee selects an alternative investment manager offering a separately managed account, the Committee shall use its discretion in terms of granting exceptions to these guidelines to that manager.

Private Equity

Private equity managers may invest in a number of private equity strategies. These strategies may include, but are not limited to, the following: mezzanine debt, growth/expansion, distressed, buyout and venture capital, and secondaries.

- *Venture Capital*: Seed, start up, first stage, expansion and later stage financing of growing companies and innovative business ideas, technologies or service that is proprietary.
- *Buyouts (Management or Third Party)*: Leveraged capital and corporate finance assistance is provided to management teams or third-party buyers to enable the acquisition or restructuring of relatively mature businesses and industries from either a private or public company. Strategies include: “buy and build”; growth oriented; and industry focused.
- *Mezzanine*: Unsecured and subordinated debt (senior to equity but below senior secured debt on a balance sheet) is used to facilitate changes in ownership through leveraged buyouts or recapitalization, financing acquisitions or enabling growth, by leveraging equity capital to a level not possible within the constraints of senior lenders.
- *Secondary Funds*: Involves the purchase of private equity interests of motivated owners who desire to sell their fund position. Interests are purchased at a price and time within a fund’s term, which enhances early distributions and thus helps to mitigate the typical early negative returns experienced in a private equity fund life.
- *Special Situations*: Opportunistic and select investments that could include: Structured Finance (senior or subordinated debt or preferred equity) or Distressed/Stressed Equity and Debt-Oriented Opportunities (taking advantage of security mispricing and company valuation changes through a variety of strategies such as buying and selling of distressed company securities; debt for control through reorganization or the bankruptcy process; or turnaround a troubled business through control of the equity).
- *Co-Investments*: Opportunity to invest directly into portfolio companies alongside qualified general partners.

The nature of such investing calls for a longer-term investment horizon than other investments. It is expected that these investments will be illiquid and that any future return of capital and profits will depend on the success of the manager’s execution and will generally occur between five to ten years after the initial investment.

The managers must agree to provide reporting on the Private Equity Funds vehicle to the ERFC and the Investment Consultant, including but not limited to, fund and client performance on a quarterly basis, fees, capital account status and aggregate strategy exposures on a quarterly basis.

The manager must provide a minimum level of transparency regarding the underlying private equity investments in the Private Equity portfolio. In most cases, this will include a list of underlying manager or company names, investment vehicle names, and strategies. The guidelines contained in the partnership agreement, manager contract, trust agreement or prospectus of the private equity manager will apply.

Detailed investment guidelines for Private Equity can be found in Appendix C.

Private Debt

Managers serve in a specialized role underwriting and issuing debt/loans to private corporations. Private debt managers may invest up and down the capital structure consistent with its stated objectives and risk parameters. Given the nature of private debt, it is expected that these investments will be less liquid than other debt related investments. For private debt partnerships, commingled trusts and mutual funds, the partnership documents, trust guidelines or other guidelines outlined in the prospectus will apply.

Detailed investment guidelines for Private Debt can be found in Appendix C.

Real Estate

This strategy involves investing in properties that may be 'broken' in some form with the goal of converting them to 'core'. Managers can employ a number of different investment activities to add value to a property including releasing, re-tenanting, re-positioning or development. As such, price appreciation comprises a significant portion of an investment's total return. Leverage is typically capped at 70%. While the majority of value-add and opportunistic real estate funds are closed-end there are a small number of open-end vehicles and fund of funds in the market.

Detailed investment guidelines for Real Estate can be found in Appendix C.

Infrastructure Managers

Investments in assets which provide essential services or facilities to a community and can be classified either as social or economic in nature. Social assets are structures such as schools, prisons, or hospitals. Economic assets consist of investments in transportation, distribution, communication, power generation, water and waste treatment management.

Managers serve in a specialist role managing infrastructure assets. For infrastructure partnerships, commingled trusts and mutual funds, the partnership documents, trust guidelines or the guidelines outlined in the prospectus will apply. Unless otherwise authorized in writing by the Board, the following guidelines apply to each infrastructure manager.

Infrastructure investments may be purchased directly or through commingled funds. Selection, evaluation and asset management of physical assets and/or the concessionary rights to those assets shall be assumed by each infrastructure manager utilizing prudent underwriting criteria including, but not limited to asset type, geographical location, greenfield and brownfield exposures, market analysis and yield efficiency.

Detailed investment guidelines for Infrastructure can be found in Appendix C.

Natural Resources

This strategy involves investing in Farmland, Timber, Energy, Metals & Mining, and Sustainability assets. The Farmland/Timberland allocation seeks to establish a portfolio of primarily farmland and timberland investments diversified by tree species, timber maturity, crop type including row crops and permanent crops, geography, and suitability for a variety of end products.

Returns come in the form of biological growth, timber and land price appreciation. The Energy/ Metals & Mining allocations seeks to invest in processes involved in the discovery, production, storage, distribution, and retail of energy resources such as oil, natural gas, coal and renewables, in addition to metals or minerals as a raw product, exploration of these commodities, or process of refining such materials to produce their pure form. The Sustainability allocation seeks to invest in assets aimed at making natural resources usage more sustainable such as recycling, energy efficiency and decarbonizing technologies and processes.

Detailed investment guidelines for Natural Resources can be found in Appendix C.

Appendix C

Educational Employees' Supplementary Retirement System of Fairfax County

Exhibit A to the Investment Management Agreement dated February 25, 2020

Private Markets Investment Guidelines

Amended and Approved: March 26, 2021

Responsibilities and Delegations

The Board shall, from time to time, approve and amend both this Policy and the annual Strategic Plan as presented by the Consultant. In addition, the Board shall oversee the Private Markets Program's ("PM Program's") performance and will act in a fiduciary capacity in the exercise of its duties.

Investment staff shall:

1. Oversee day-to-day investment operations not performed by the Consultant and ensure the availability of cash to fund investment commitments.
2. Assist Consultant in making recommendations to the Board on written guidelines and policies.
3. Assist Consultant in working with ERFC Counsel on legal matters.
4. Coordinate on-going reporting to the Board.

Consultant shall:

- Coordinate the development and implementation of the PM Program.
- Be responsible for discretionary management and control of the assets allocated to the PM Program subject to the limitations of this policy and any veto right retained by staff, and direct all decisions to buy, hold, and sell PM Program assets.
- Conduct due diligence on investment opportunities under consideration and negotiate agreements on behalf of ERFC in conformance with contract and side letter templates and provisions established by ERFC's legal counsel.
- Acknowledge and act as a fiduciary to ERFC.
- Monitor individual partnerships, including compliance with established investment mandates and negotiated agreements as part of its process for monitoring the total portfolio.

- Prepare the annual Strategic Plan that includes an annual pacing plan and present such to the Board for approval, as soon as practicable after the first of the year.
- Promptly alert the Board and Staff of any changes or events that would reasonably be expected to have a significant impact on the PM Program.
- Notify investment staff as soon as practicable prior to the required funding of capital calls.
- Provide quarterly performance reports to the Board and investment staff that assess investment performance of partnerships and include, among others, the following items:
 - Market overview and outlook
 - Risk exposures (e.g., by vintage year, strategy, etc.)
 - Performance information
 - Investment commitment activity and key developments during the quarter
- Perform other duties as outlined in the Investment Management Agreement dated February 25, 2020.

A. Private Equity Portfolio Investment Guidelines

I. Overview

The Private Equity Investment Policy (“Policy”) is designed to ensure that investment managers, consultants, and ERFC Board and investment staff engage in prudence and reasonableness while investing the ERFC Private Equity Program (“PE Program”). Additionally, adherence to this Policy should provide assurance that there is sufficient flexibility in managing the investment risks and returns associated with the PE Program. The Board has engaged a specialist consultant (“Consultant”) to oversee and manage the PE Program. The Consultant shall serve in a discretionary capacity and is responsible for discretionary management and control of the assets allocated to the PE Program. The Consultant is also the investment manager of the PE Program.

The specific objectives and investment constraints for this portfolio are detailed in the following sections.

II. Strategic Objectives

The strategic objective of the PE Program is to develop a diversified Private Equity portfolio capable of achieving investment returns commensurate with PE Program targets. Private Equity investments (“Investments”) are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional public market investments.

They are expected to have a low correlation to other investment classes and therefore contribute to enhancing the risk-return of a total portfolio. Investments shall be considered solely in the interest of the System’s participants and their beneficiaries in accordance with applicable law, and shall be selected to accomplish the following:

1. Enhance the System’s performance result by generating strong long-term results consistent with the characteristics of a diversified portfolio of private equity funds, the investment constraints put forth below, and the System’s tax-exempt status.
2. Provide diversification to ERFC’s overall investment program

III. Performance Objective and Benchmark

The objective of the PE Program is to provide long-term risk-adjusted returns that meet or exceed the PE Program Benchmark. The Consultant will pursue investments expected to provide returns that adequately compensate for assumed investment risks. The PE Program Benchmark is the public market equivalent of MSCI ACWI IMI + 2.5% peer benchmark return. Use of the peer benchmark measures the return of the PE Program versus other similar funds.

Benchmarks are used as a point of reference for investors to assess the risk and performance of their own portfolio. Given the nature of the asset class, including fee drag during the deployment phase of the investments, and the difficulty of benchmarking shorter-term results, there may be

significant deviations between PE Program results and benchmark performance over shorter time periods.

IV. Asset Allocations

The PE Program is expected to be diversified by industry sector, strategy, vintage year, geographic location, and investment managers. The majority of investments will be made through primary partnership vehicles. However, the PE Program may opportunistically invest in Fund-of-Funds, to gain diversified exposure to certain types of private market investments that may otherwise be difficult to access (e.g., venture capital, which is an area where access to top managers is paramount and can be difficult to achieve). Additionally, the PE Program may pursue direct secondary investments or a secondary focused Fund-of-Funds when there is a compelling tactical or strategic rationale for doing so (e.g., during times of market dislocation). The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles' underlying investments.

Industry Sector

The Consultant will monitor industry sector exposure and will adjust future capital commitments if a given industry sector concentration becomes high. Exposure to one industry may be considered high at 25-30% of the PE Program.

Strategy

The manager may utilize only assets drawn from the permissible asset types listed below. However, the manager has discretion as to the exact mix of asset types and the selection of individual assets, subject to the additional guidelines and restrictions set forth below and in Appendix A.

1. Private Equity Assets
 - U.S. Buyout Partnership Interests
 - U.S. Venture Capital Partnership Interests
 - Non-U.S. Private Equity Partnership Interests
 - Private Equity Fund-of-Funds (including Secondary Funds)
2. Co-investments
 - Interests in individual assets held within private equity funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool.
3. Secondaries
 - Secondary market purchases of the funds described above, either on a standalone basis or within a fund structure.

4. Public Equity Assets

- Shares of publicly traded equity securities distributed by private equity partnerships, which in general will be liquidated as soon as practicable.

5. Cash Equivalents

- STIF accounts of the custodian bank
- Funds managed by a cash manager specifically designated by the Trustees

The manager shall generally be prohibited from investing in assets, types of assets, or transactions not listed above.

Vintage Year

Vintage year diversification for the PE Program shall be maintained through annual commitment pacing and the Consultant will commit capital to private market partnerships on an on-going basis at a pace commensurate with achieving and maintaining the Retirement System's target investment allocation to the private market asset classes. A commitment pacing model and plan will be prepared and presented to the Board annually for approval as part of the Strategic Plan.

Geographic Guidelines

The PE Program is expected to remain focused primarily in North America, with additional exposure to Europe, Asia, and Rest of World. Appendix A outlines non-U.S. geographic target exposures for the PE Program.

Manager Relationships

Consultant will continue to exercise due diligence in reviewing the entire private equity market for investment opportunities. In order to ensure proper portfolio diversification, the PE Program will limit exposure to any single partnership or manager.

- Once each Private Market asset class portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System's target private equity allocation shall be committed to a single private equity manager; no more than 15% of the System's target private equity allocation shall be committed to a single private equity partnership; and no more than 5% of an asset class's target Net Asset Value ("NAV") shall be committed to a single co-investment. At the time of investment, co-investments shall not comprise more than 10% of an asset class by NAV.
- Once the PE Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 12 private equity partnerships shall be held. Fund-of-Funds count as only a single partnership for the purposes of this limitation.

If any of the above limitations on specific investments is violated due to circumstances beyond the manager's control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.

V. Specific Risk Parameters

The PE Program will be exposed to specific risks that are associated with investing in private equity, including, but not limited to:

1. Operating and Business Risk: Investments entail above average operating and business risk.
2. Liquidity Risk: Investments lack liquidity and typically have time horizons of 5 to 10 plus years.
3. Structural Risk: Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include specific termination provisions in partnership transactions or the removal of general partners.
4. Valuation Risk: Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline.
5. Leverage Risk: Investments may employ a substantial degree of leverage, which, depending on the specific terms, could result in significant risk.
6. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.

VI. Quality Control Process

The Consultant shall employ a quality control process to track investment performance, manage risk, and monitor PE Program efficiency.

1. Monitoring Portfolio Performance: Actual returns will be compared to the benchmark(s) as appropriate, and to the expected return for the investment.
2. Risk Control: The PE Program's standards are maintained through the following processes:
 - Assessing the level of diversification in the portfolio on a continual basis, including the level of diversification across investment style, geographic distribution, industry concentrations, and across other ranges as appropriate.
 - Assessing manager and investment vehicle business and operational risks.
 - Documenting due diligence activities.
3. Process Monitoring: monitor transaction processing to insure timely decision-making and an effective process.

B. Private Real Estate Portfolio Investment Guidelines

I. Overview

The Private Real Estate Investment Policy (“Policy”) is designed to ensure that investment managers, consultants, and ERFC Board and investment staff engage in prudence and reasonableness while investing the ERFC Private Real Estate Program (“RE Program”). Additionally, adherence to this Policy should provide assurance that there is sufficient flexibility in managing the investment risks and returns associated with the RE Program. The Board has engaged a specialist consultant (“Consultant”) to oversee and manage the RE Program. The Consultant shall serve in a discretionary capacity and is responsible for discretionary management and control of the assets allocated to the RE Program. The Consultant is also the investment manager of the RE Program.

The specific objectives and investment constraints for this portfolio are detailed in the following sections.

II. Strategic Objectives

The strategic objective of the RE Program is to develop a diversified Private Real Estate portfolio capable of achieving investment returns commensurate with RE Program targets. Private Real Estate investments (“Investments”) are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional public market investments. They are expected to have a low correlation to other investment classes and therefore contribute to enhancing the risk-return of a total portfolio. Investments shall be considered solely in the interest of the System’s participants and their beneficiaries in accordance with applicable law, and shall be selected to accomplish the following:

1. Enhance the System’s performance result by generating strong long-term results consistent with the characteristics of a diversified portfolio of private equity funds, the investment constraints put forth below, and the System’s tax-exempt status.
2. Hedge against inflation
3. Provide diversification to ERFC’s overall investment program

III. Performance Objective and Benchmark

The objective of the RE Program is to provide long-term risk-adjusted returns that meet or exceed the RE Program Benchmark. The Consultant will pursue investments expected to provide returns that adequately compensate for assumed investment risks. The RE Program Benchmark is the NCREIF ODCE Net index, reflecting the current core real estate orientation of the portfolio and should be reviewed periodically for appropriateness as the portfolio shifts towards value-added and opportunistic strategies.

Benchmarks are used as a point of reference for investors to assess the risk and performance of their own portfolio. Given the nature of the asset class, including fee drag during the deployment phase of the investments, and the difficulty of benchmarking shorter-term results, there may be significant deviations between RE Program results and benchmark performance over shorter time periods.

IV. Asset Allocations

The RE Program is expected to be diversified by strategy, vintage year, geographic location, property type, and investment managers. Investments will include open-end and closed-end commingled funds with an expectation that, once the RE Program is fully mature, a larger portion of the portfolio will be invested in closed-end commingled funds. Additionally, the RE Program may pursue direct secondary investments or a secondary focused Fund-of-Funds when there is a compelling tactical or strategic rationale for doing so (e.g., during times of market dislocation). The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles' underlying investments.

1. Open-end funds: Open-end funds have liquidity provisions where investors can seek redemption, typically on a quarterly basis, although there may be periods of time when open-end funds have gates erected and liquidity is limited.
2. Closed-end funds: Closed-end funds generally have a set investment period and a defined termination date. Closed-end funds typically have durations of seven to ten years. The vehicles call capital over a typically three to five year investment period and often commence returning capital prior to being fully invested. As a result, the Consultant may from time to time overcommit the portfolio above the target allocation.

To the extent the open-end funds and other liquid investments allow, open-end funds may be used to rebalance the portfolio to target allocations.

Sector

The RE Program is to be diversified across the following sectors: Core, Value-Added and Opportunistic. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the Program.

Strategy

The strategy for the overall RE Program is designed to provide long-term returns that meet or exceed the RE Program Benchmark. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the RE Program.

The manager may utilize only assets drawn from the permissible asset types listed below. However, the manager has discretion as to the exact mix of asset types and the selection of individual assets, subject to the additional guidelines and restrictions set forth below.

1. Private Real Estate Assets

- Open-end Real Estate Funds
- Closed-end Real Estate Funds
- Non-U.S. Real Estate Partnership Interests

2. Co-investments

- Interests in individual assets held within private real estate funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool.

3. Secondaries

- Secondary market purchases of the funds described above.

4. Public Equity Assets

- Shares of publicly traded equity securities distributed by private real estate partnerships, which in general will be liquidated as soon as practicable.

5. Cash Equivalents

- STIF accounts of the custodian bank
- Funds managed by a cash manager specifically designated by the Trustees

The manager shall generally be prohibited from investing in any of the assets, types of assets, or transactions not listed above.

Vintage Year

Vintage year diversification for the RE Program shall be maintained through commitment pacing and the Consultant will commit capital to private real estate partnerships on an on-going basis at a pace commensurate with achieving and maintaining the Retirement System's target investment allocation to the private real estate asset classes. A commitment pacing plan and model will be prepared and presented to the Board annually for approval as part of the Strategic Plan.

Geographic Guidelines

The RE Program is expected to remain focused primarily in North America, with additional exposure to non-U.S. investments. Appendix A outlines non-U.S. geographic target exposures for the RE Program.

Manager Relationships

Consultant will continue to exercise due diligence in reviewing the entire private real estate market for investment opportunities. In order to ensure proper portfolio diversification, the RE Program will limit exposure to any single partnership or manager.

- Once the RE Program portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System's target private real estate allocation shall be committed to a single private real estate manager; no more than 15% of the System's target private real estate allocation shall be committed to a single private real estate partnership, other than open-ended vehicles; and no more than 5% of an RE Program's target Net Asset Value ("NAV") shall be committed to a single co-investment.
- At the time of investment, co-investments shall not comprise more than 10% of the asset class by NAV. The preceding limitations are not intended to apply to open-end managers or funds.
- Once the RE Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 10 private real estate partnerships shall be held.

If any of the above limitations on specific investments is violated due to circumstances beyond the manager's control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.

V. Specific Risk Parameters

The RE Program will be exposed to specific risks that are associated with investing in private real estate, including, but not limited to:

1. Operating and Business Risk: Investments entail above average operating and business risk.
2. Liquidity Risk: Investments lack liquidity and typically have time horizons of 5 to 10 plus years. Open-end funds provide liquidity to the extent that certain withdrawal parameters are met and the manager has sufficient funds to pay the withdrawal.
3. Structural Risk: Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include

specific termination provisions in partnership transactions or the removal of general partners.

4. Valuation Risk: Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline.
5. Leverage Risk: There shall be a limit of 65% Loan to Value limit of the total RE Program. Leverage is an inherent component of real estate investments and the use of leverage can be an effective means to increase overall returns from time to time on a risk-adjusted basis. However, highly leveraged investments carry additional risks that shall be monitored by the Consultant within the context of the overall real estate portfolio.
6. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.

VI. Quality Control Process

The Consultant shall employ a quality control process to track investment performance, manage risk, and monitor RE Program efficiency.

1. Monitoring Portfolio Performance: Actual returns will be compared to the benchmark(s) as appropriate, and to the expected return for the investment.
2. Risk Control: The RE Program's standards are maintained through the following processes:
 - Assessing the level of diversification in the portfolio on a continual basis, including the level of diversification across investment style, geographic distribution, industry concentrations, and across other ranges as appropriate.
 - Assessing manager and investment vehicle business and operational risks.
 - Documenting due diligence activities.
3. Process Monitoring: monitor transaction processing to insure timely decision-making and an effective process.

C. Private Infrastructure Portfolio Investment Guidelines

I. Overview

The Private Infrastructure Investment Policy (“Policy”) is designed to ensure that investment managers, consultants, and ERFC Board and investment staff engage in prudence and reasonableness while investing the ERFC Private Infrastructure Program (“IS Program”). Additionally, adherence to this Policy should provide assurance that there is sufficient flexibility in managing the investment risks and returns associated with the IS Program. The Board has engaged a specialist consultant (“Consultant”) to oversee and manage the IS Program. The Consultant shall serve in a discretionary capacity and is responsible for discretionary management and control of the assets allocated to the IS Program. The Consultant is also the investment manager of the IS Program.

The specific objectives and investment constraints for this portfolio are detailed in the following sections.

II. Strategic Objectives

The strategic objective of the IS Program is to develop a diversified Private Infrastructure portfolio capable of achieving investment returns commensurate with IS Program targets. Private Infrastructure investments (“Investments”) are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional public market investments. They are expected to have a low correlation to other investment classes and therefore contribute to enhancing the risk-return of a total portfolio. Investments shall be considered solely in the interest of the System’s participants and their beneficiaries in accordance with applicable law, and shall be selected to accomplish the following:

1. Preserve investment capital
2. Provide diversification to ERFC’s overall investment program
3. Provide a hedge against inflation
4. Provide cash yield as a component of the overall investment return

III. Performance Objective and Benchmark

The objective of the IS Program is to provide long-term risk-adjusted returns that meet or exceed the IS Program Benchmark. The Consultant will pursue investments expected to provide returns that adequately compensate for assumed investment risks. The IS Program Benchmark is the CPI-U index plus four percent (4%). The use of the CPI-U index reflects the expected stable nature of the infrastructure asset class and inflation protection, with a premium for risk and illiquidity.

Benchmarks are used as a reference for investors to assess the risk and performance of their own portfolio. Given the nature of the asset class, including fee drag during the deployment phase of the investments, and the difficulty of benchmarking shorter-term results, there may be significant deviations between IS Program results and benchmark performance over shorter time periods.

IV. Asset Allocations

The IS Program is expected to be diversified by strategy, vintage year, geographic location, property type, and investment managers. Investments will include open-end and closed-end commingled funds with an expectation that, once the IS Program is fully mature, a larger portion of the portfolio will be invested in open-end funds. Additionally, the IS Program may pursue direct secondary investments or a secondary focused Fund-of-Funds when there is a compelling tactical or strategic rationale for doing so (e.g., during times of market dislocation). The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles' underlying investments.

1. Open-end funds: Open-end funds have liquidity provisions where investors can seek redemption, typically on a quarterly basis, although there may be periods of time when open-end funds have gates erected and liquidity is limited.
2. Closed-end funds: Closed-end funds generally have a set investment period and a defined termination date. Closed-end funds typically have durations of seven to ten years. The vehicles call capital over a typically three to five year investment period and often commence returning capital prior to being fully invested. As a result, the Consultant may from time to time overcommit the portfolio above the target allocation.

To the extent the open-end funds and other liquid investments allow, open-end funds may be used to rebalance the portfolio to target allocations.

Sector

The IS Program is to be diversified across the following sectors: Core, Value-Added and Opportunistic. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the IS Program.

Strategy

The strategy for the overall IS Program is designed to provide long-term returns that meet or exceed the IS Program Benchmark. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the IS Program.

The manager may utilize only assets drawn from the permissible asset types listed below. However, the manager has discretion as to the exact mix of asset types and the selection of individual assets, subject to the additional guidelines and restrictions set forth below.

1. Private Infrastructure Assets

- Open-end Infrastructure Funds
- Closed-end Infrastructure Funds
- Non-U.S. Infrastructure Partnership Interests

2. Co-investments

- Interests in individual assets held within private infrastructure funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool.

3. Secondaries

- Secondary market purchases of the funds described above.

4. Public Equity Assets

- Shares of publicly traded equity securities distributed by Private Infrastructure partnerships, which in general will be liquidated as soon as practicable.

5. Cash Equivalents

- STIF accounts of the custodian bank
- Funds managed by a cash manager specifically designated by the Trustees

The manager shall generally be prohibited from investing in any of the assets, types of assets, or transactions not listed above.

Vintage Year

Vintage year diversification for the IS Program shall be maintained through commitment pacing and the Consultant will commit capital to private infrastructure partnerships on an on-going basis at a pace commensurate with achieving and maintaining the Retirement System's target investment allocation to the private infrastructure asset classes. A commitment pacing plan and model will be prepared and presented to the Board annually for approval as part of the Strategic Plan.

Geographic Guidelines

The IS Program is expected to have geographic exposure that is global in nature. While at least half of assets are expected to be in the U.S., Infrastructure investing often involves assets in other geographies, including Western Europe and Australia, amongst others. Appendix A outlines non-U.S. geographic target exposures for the IS Program.

Manager Relationships

Consultant will continue to exercise due diligence in reviewing the entire infrastructure market for investment opportunities. In order to ensure proper portfolio diversification, the IS Program will limit exposure to any single partnership or manager.

- Once the IS Program portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System's target private infrastructure allocation shall be committed to a single private infrastructure manager; no more than 15% of the System's target private infrastructure allocation shall be committed to a single private infrastructure partnership, other than open-ended vehicles; and no more than 5% of the asset class's target Net Asset Value ("NAV") shall be committed to a single co-investment. At the time of investment, co-investments shall not comprise more than 10% of the asset class by NAV.

- The preceding limitations are not intended to apply to open-end managers or funds.
- Once the IS Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 10 private infrastructure partnerships shall be held.

If any of the above limitations on specific investments is violated due to circumstances beyond the manager's control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.

V. Specific Risk Parameters

The IS Program will be exposed to specific risks that are associated with investing in infrastructure, including, but not limited to:

1. **Operating and Business Risk:** Investments entail above average operating and business risk.
2. **Liquidity Risk:** Investments lack liquidity and typically have time horizons of 5 to 10 plus years. Open-end funds provide liquidity to the extent that certain withdrawal parameters are met and the manager has sufficient funds to pay the withdrawal.
3. **Structural Risk:** Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include specific termination provisions in partnership transactions or the removal of general partners.
4. **Valuation Risk:** Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline.
5. **Leverage Risk:** Investments may employ a substantial degree of leverage, which, depending on specific terms, could result in significant risk.
6. **Political and Public Risk:** Infrastructure investments in particular often require political and/or public support.

7. Environmental Risk: Investments could be impacted by environmental conditions and climate change.
8. Labor Risk: Investments in public-sector infrastructure and other sub-asset classes could be impacted by labor relations as a result of concerns related to public sector outsourcing.
9. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.

VI. Quality Control Process

The Consultant shall employ a quality control process to track investment performance, manage risk, and monitor IS Program efficiency.

1. Monitoring Portfolio Performance: Actual returns will be compared to the benchmark(s) as appropriate, and to the expected return for the investment.
2. Risk Control: The IS Program's standards are maintained through the following processes:
 - Assessing the level of diversification in the portfolio on a continual basis, including the level of diversification across investment style, geographic distribution, industry concentrations, and across other ranges as appropriate.
 - Assessing manager and investment vehicle business and operational risks.
 - Documenting due diligence activities.
3. Process Monitoring: monitor transaction processing to insure timely decision-making and an effective process.

D. Private Natural Resources Portfolio Investment Guidelines

I. Overview

The Private Natural Resources Investment Policy ("Policy") is designed to ensure that investment managers, consultants, and ERFC Board and investment staff engage in prudence and reasonableness while investing the ERFC Private Natural Program ("NR Program"). Additionally, adherence to this Policy should provide assurance that there is sufficient flexibility in managing the investment risks and returns associated with the NR Program. The Board has engaged a specialist consultant ("Consultant") to oversee and manage the NR Program. The Consultant shall serve in a discretionary capacity and is responsible for discretionary management and control of the assets allocated to the NR Program. The Consultant is also the investment manager of the NR Program.

The specific objectives and investment constraints for this portfolio are detailed in the following sections.

II. Strategic Objectives

The strategic objective of the NR Program is to develop a diversified Private Natural Resource portfolio capable of achieving investment returns commensurate with NR Program targets. Private Infrastructure investments (“Investments”) are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional public market investments. They are expected to have a low correlation to other investment classes and therefore contribute to enhancing the risk-return of a total portfolio. Investments shall be considered solely in the interest of the System’s participants and their beneficiaries in accordance with applicable law, and shall be selected to accomplish the following:

1. Provide diversification to ERFC’s overall investment program
2. Provide a hedge against inflation

III. Performance Objective and Benchmark

The objective of the NR Program is to provide long-term risk-adjusted returns that meet or exceed the NR Program Benchmark. The Consultant will pursue investments expected to provide returns that adequately compensate for assumed investment risks. The NR Program Benchmark is the CPI-U index plus four percent (4%). The use of the CPI-U index reflects the expected inflation protection, with a premium for risk and illiquidity.

Benchmarks are used as a reference for investors to assess the risk and performance of their own portfolio. Given the nature of the asset class, including fee drag during the deployment phase of the investments, and the difficulty of benchmarking shorter-term results, there may be significant deviations between NR Program results and benchmark performance over shorter time periods.

IV. Asset Allocations

The NR Program is expected to be diversified by strategy, vintage year, geographic location, property type, and investment managers. Investments will include open-end and closed-end commingled funds with an expectation that, once the NR Program is fully mature, a larger portion of the portfolio will be invested in open-end funds. Additionally, the NR Program may pursue direct secondary investments or a secondary focused Fund-of-Funds when there is a compelling tactical or strategic rationale for doing so (e.g., during times of market dislocation). The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles’ underlying investments.

1. Open-end funds: Open-end funds have liquidity provisions where investors can seek redemption, typically on a quarterly basis, although there may be periods of time when open-end funds have gates erected and liquidity is limited.

2. Closed-end funds: Closed-end funds generally have a set investment period and a defined termination date. Closed-end funds typically have durations of seven to ten years. The vehicles call capital over a typically three to five year investment period and often commence returning capital prior to being fully invested. As a result, the Consultant may from time to time overcommit the portfolio above the target allocation.

To the extent the open-end funds and other liquid investments allow, open-end funds may be used to rebalance the portfolio to target allocations.

Sector

The NR Program is to be diversified across the following sectors: Energy, Agriculture & Timber, Mining and Sustainability. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the NR Program.

Strategy

The strategy for the overall NR Program is designed to provide long-term returns that meet or exceed the NR Program Benchmark. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the NR Program.

The manager may utilize only assets drawn from the permissible asset types listed below. However, the manager has discretion as to the exact mix of asset types and the selection of individual assets, subject to the additional guidelines and restrictions set forth below.

1. Private Natural Resources Assets
 - Open-end Natural Resources Funds
 - Closed-end Natural Resources Funds
 - Non-U.S. Natural Resources Partnership Interests
2. Co-investments
 - Interests in individual assets held within private Natural Resources funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool.
3. Secondaries
 - Secondary market purchases of the funds described above.

4. Public Equity Assets

- Shares of publicly traded equity securities distributed by Private Natural Resources partnerships, which in general will be liquidated as soon as practicable.

5. Cash Equivalents

- STIF accounts of the custodian bank
- Funds managed by a cash manager specifically designated by the Trustees

The manager shall generally be prohibited from investing in any of the assets, types of assets, or transactions not listed above.

Vintage Year

Vintage year diversification for the NR Program shall be maintained through commitment pacing and the Consultant will commit capital to private infrastructure partnerships on an on-going basis at a pace commensurate with achieving and maintaining the Retirement System's target investment allocation to the private Natural Resources asset classes. A commitment pacing plan and model will be prepared and presented to the Board annually for approval as part of the Strategic Plan.

Geographic Guidelines

The NR Program is expected to have geographic exposure that is global in nature. Appendix A outlines non-U.S. geographic target exposures for the NR Program.

Manager Relationships

Consultant will continue to exercise due diligence in reviewing the entire Natural Resources market for investment opportunities. In order to ensure proper portfolio diversification, the NR Program will limit exposure to any single partnership or manager.

- Once the NR Program portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System's target private Natural Resources allocation shall be committed to a single private Natural Resources manager; no more than 15% of the System's target private infrastructure allocation shall be committed to a single private Natural Resources partnership, other than open-ended vehicles; and no more than 5% of the asset class's target Net Asset Value ("NAV") shall be committed to a single co-investment. At the time of investment, co-investments shall not comprise more than 10% of the asset class by NAV.

- The preceding limitations are not intended to apply to open-end managers or funds.
- Once the NR Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 10 private Natural Resources partnerships shall be held.

If any of the above limitations on specific investments is violated due to circumstances beyond the manager's control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.

V. Specific Risk Parameters

The NR Program will be exposed to specific risks that are associated with investing in infrastructure, including, but not limited to:

1. Operating and Business Risk: Investments entail above average operating and business risk.
2. Liquidity Risk: Investments lack liquidity and typically have time horizons of 5 to 10 plus years. Open-end funds provide liquidity to the extent that certain withdrawal parameters are met and the manager has sufficient funds to pay the withdrawal.
3. Structural Risk: Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include specific termination provisions in partnership transactions or the removal of general partners.
4. Valuation Risk: Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline.
5. Leverage Risk: Investments may employ a substantial degree of leverage, which, depending on specific terms, could result in significant risk.
6. Political and Public Risk: Infrastructure investments in particular often require political and/or public support.
7. Environmental Risk: Investments could be impacted by environmental conditions and climate change.
8. Labor Risk: Investments in public-sector infrastructure and other sub-asset classes could be impacted by labor relations as a result of concerns related to public sector outsourcing.

9. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.

VI. Quality Control Process

The Consultant shall employ a quality control process to track investment performance, manage risk, and monitor NR Program efficiency.

1. Monitoring Portfolio Performance: Actual returns will be compared to the benchmark(s) as appropriate, and to the expected return for the investment.
2. Risk Control: The NR Program's standards are maintained through the following processes:
 - Assessing the level of diversification in the portfolio on a continual basis, including the level of diversification across investment style, geographic distribution, industry concentrations, and across other ranges as appropriate.
 - Assessing manager and investment vehicle business and operational risks.
 - Documenting due diligence activities.
3. Process Monitoring: monitor transaction processing to insure timely decision-making and an effective process.

E. Private Debt Portfolio Investment Guidelines

I. Overview

The Private Debt Investment Policy (“Policy”) is designed to ensure that investment managers, consultants, and ERFC Board and investment staff engage in prudence and reasonableness while investing the ERFC Private Debt Program (“PD Program”). Additionally, adherence to this Policy should provide assurance that there is sufficient flexibility in managing the investment risks and returns associated with the PD Program. The Board has engaged a specialist consultant (“Consultant”) to oversee and manage the PD Program. The Consultant shall serve in a discretionary capacity and is responsible for discretionary management and control of the assets allocated to the PD Program. The Consultant is also the investment manager of the PD Program.

The specific objectives and investment constraints for this portfolio are detailed in the following sections.

II. Strategic Objectives

The strategic objective of the PD Program is to develop a diversified Private Debt portfolio capable of achieving investment returns commensurate with PD Program targets. Private Debt investments (“Investments”) are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional public market debt investments. They are expected to have a low correlation to other investment classes and therefore contribute to enhancing the risk-return of a total portfolio. Investments shall be considered solely in the interest of the System’s participants and their beneficiaries in accordance with applicable law, and shall be selected to accomplish the following:

1. Enhance the System’s performance result by generating strong long - term results consistent with the characteristics of a diversified portfolio of private debt funds, the investment constraints put forth below, and the System’s tax-exempt status.
2. Preserve investment capital
3. Provide diversification to ERFC’s overall investment program
4. Provide cash yield as a component of the overall investment return

III. Performance Objective and Benchmark

The objective of the PD Program is to provide long-term risk-adjusted returns that meet or exceed the PD Program Benchmark. The Consultant will pursue investments expected to provide returns that adequately compensate for assumed investment risks. The PD Program Benchmark is the Barclays High Yield index plus one and a half percent (1.5%). Use of the Barclays High Yield index reflects the opportunity cost of investing in alternative investments versus publicly traded corporate debt with a premium added to account for added risk and illiquidity.

Benchmarks are used as a point of reference for investors to assess the risk and performance of their own portfolio. Given the nature of the asset class, including fee drag during the deployment phase of the investments, and the difficulty of benchmarking shorter-term results, there may be significant deviations between PD Program results and benchmark performance over shorter time periods.

IV. Asset Allocations

The PD Program is expected to be diversified by strategy, vintage year, geographic location, and investment managers. The majority of investments will be made through primary partnership vehicles. Additionally, the PD Program may pursue direct secondary investments or a secondary focused Fund-of-Funds when there is a compelling tactical or strategic rationale for doing so (e.g., during times of market dislocation). The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles' underlying investments. The Consultant shall report to the Board prior to making a secondary investment or Fund-of-Funds if it has any relationship, including management of assets or receipt of compensation from such vehicles' underlying investments.

Industry Sector

The Consultant will monitor industry sector exposure and will adjust future capital commitments if a given industry sector concentration becomes high. Exposure to one industry may be considered high at 30% of the PD Program.

Strategy

The strategy for the overall PD Program is designed to provide long-term returns that meet or exceed the PD Program Benchmark. Appendix A outlines Consultant's investment sub-strategy target ranges and exposures for the PD Program.

The manager may utilize only assets drawn from the permissible asset types listed below. However, the manager has complete discretion as to the exact mix of asset types and the selection of individual assets, subject to the additional guidelines and restrictions set forth below.

1. Private Debt Assets

- U.S. Private Debt Partnerships focused on directly originated loans or bonds

- U.S. Private Debt Partners focused on purchasing existing debt, loans, or high yield bonds
- Partnerships focused on asset backed lending or other special situations investments with debt-like cash flow characteristics and risk profile (e.g., aviation leasing or pharmaceutical royalty interests)
- Non-U.S. Private Debt Partnership Interests

2. Co-investments

- Interests in individual assets held within private debt funds as described above. Co-investments are typically made alongside individual funds to which the investor has committed capital and are often made available to investors at significantly reduced or zero fees and carried interest. Co-investments can also be made through vehicles specifically designed to hold co-investments, either single asset or a diversified pool.

3. Secondaries

- Secondary market purchases of the funds described above.

4. Public Equity Assets

- Shares of a broad market equity index fund selected by the Trustees for the purposes of serving as a funding account.
- Shares of publicly traded equity securities distributed by private debt partnerships

5. Cash Equivalents

- STIF accounts of the custodian bank
- Funds managed by a cash manager specifically designated by the Trustees

The manager shall generally be prohibited from investing in any of the assets, types of assets, or transactions not listed above.

Vintage Year

Vintage year diversification for the PD Program will be maintained through commitment pacing and the Consultant will commit capital to private debt partnerships on an on-going basis at a pace commensurate with achieving and maintaining the Retirement System's target investment allocation to the private debt asset classes. A commitment pacing plan and model will be prepared and presented to the Board annually for approval as part of the Strategic Plan.

Geographic Guidelines

The PD Program is expected to remain focused primarily in North America, with additional exposure to non-U.S. investments. Appendix A outlines non-U.S. geographic target exposures for the PD Program.

Manager Relationships

Consultant will continue to exercise due diligence in reviewing the entire private debt market for investment opportunities. In order to ensure proper portfolio diversification, the PD Program will limit exposure to any single partnership or manager.

- Once the PD Program portfolio is fully matured (i.e., it has reached its target allocation level): No more than 30% of the System's target private debt allocation shall be committed to a single private debt manager; no more than 15% of the System's target private market allocation shall be committed to a single private market partnership, other than open-ended vehicles; and no more than 5% of an asset class's target Net Asset Value ("NAV") shall be committed to a single co-investment. At the time of investment, co-investments shall not comprise more than 10% of an asset class by NAV.
- Once the PD Program portfolio is fully matured (i.e., it has reached its target allocation level), at least 10 private debt partnerships shall be held.

If any of the above limitations on specific investments is violated due to circumstances beyond the manager's control, e.g., due to changes in the relative market values of portfolio holdings, the manager must return the portfolio to compliance as soon as is practical, unless the manager determines it would be inconsistent with its fiduciary obligations under this Agreement.

V. Specific Risk Parameters

The PD Program will be exposed to specific risks that are associated with investing in private debt, including, but not limited to:

1. Operating and Business Risk: Investments entail above average operating and business risk.
2. Liquidity Risk: Investments lack liquidity and typically have time horizons of 5 to 10 plus years.
3. Structural Risk: Specific fundamental rights and protections are negotiated, which include mechanisms for taking remedial action. These basic protections may include specific termination provisions in partnership transactions or the removal of general partners.
4. Valuation Risk: Partnerships shall be evaluated to determine if the general partner employs an appropriate valuation discipline.
5. Leverage Risk: Investments may employ a substantial degree of leverage, which, depending on specific terms, could result in significant risk.
6. Legal Jurisdiction Risk: Investment outcomes may be subject to bankruptcy court judgements or other legal actions and creditors' rights may be enforced inconsistently across different legal jurisdictions.
7. Sovereign Risk: Investments outside the U.S., and particularly in developing markets, could face risks associated with political, economic, and currency instability.

VI. Quality Control Process

The Consultant shall employ a quality control process to track investment performance, manage risk, and monitor PD Program efficiency.

1. Monitoring Portfolio Performance: Actual returns will be compared to the benchmark(s) as appropriate, and to the expected return for the investment.
2. Risk Control: The PD Program's standards are maintained through the following processes:
 - Assessing the level of diversification in the portfolio on a continual basis, including the level of diversification across investment style, geographic distribution, industry concentrations, and across other ranges as appropriate.
 - Assessing manager and investment vehicle business and operational risks.
 - Documenting due diligence activities.

3. Process Monitoring: monitor transaction processing to insure timely decision-making and an effective process.

History of document revisions:

Version 1.02 – 03/21 – Changed benchmark for the Private Equity program from Thomson U.S. All Private Equity to Thomson All Regions All Private Equity; Clarified that sub-allocation ranges in the Target Allocations table (Appendix A) are intended to be long-term targets.

Version 3.4 – 06/24 – Changed benchmark for the Private Equity program from Thomson All Regions All Private Equity to public market equivalent of MSCI ACWI IMI + 2.5%.

Appendix A: Target Allocation Framework

For the purpose of risk diversification, the Consultant will seek to diversify the Account's investments generally in accordance with the target allocation schedule provided below; sub-allocation ranges are intended to indicate the long-term tendency of the portfolio structure.

	Target Allocation (%)	Target Allocation Range (%)	Sub-Allocation Range (%)
Private Equity	7.0	4 - 9	
Buyout			60 - 90
Venture & Growth Equity			10 - 40
<i>International*</i>			10 - 40
Private Debt	4.0	0 - 6	
Yield Strategies			30 - 50
Total Return Strategies			50 - 70
<i>International*</i>			0 - 40
Real Estate	7.0	0 - 9	
Core			20 - 65
Value-Added			25 - 40
Opportunistic			15 - 35
<i>International*</i>			0 - 30
Natural Resources	5.0	0 - 7	
Agriculture & Timber			20 - 50
Energy			20 - 50
Mining			0 - 25
Sustainability			5 - 30
<i>International*</i>			0 - 40
Infrastructure	3.0	0 - 5	
Core			50 - 80
Value-Added			15 - 45
Opportunistic			0 - 10
<i>International*</i>			20 - 50

*International ranges are intended to be an overlay covering the broader allocations to each asset class.

Appendix D

Investment Manager Universes and Benchmarks

Manager	Asset Class	Benchmark	Universe
Mellon EB DV Large Cap Stock Index	Large Cap Core Equity	Russell 1000 Index	Large Cap Core Equity Universe
Cramer Rosenthal & McGlynn	Small Cap Value Equity	Russell 2000 Value Index	Small Cap Value Equity Universe
Schroders	Small Cap Equity	Russell 2000 Index	Small Cap Core Equity Universe
Westfield	Small Cap Growth Equity	Russell 2000 Growth Index	Small Cap Growth Equity Universe
Mellon DB SL International Stock Index Fund	International Large Core Equity	MSCI EAFE (Net)	International Equity Enhanced and Indexed Universe
Global Alpha International Small Cap Equity Fund	International Small Cap Equity	MSCI EAFE Small Cap (Net)	International Small Cap Core Equity Universe
Lazard	Global Equity	MSCI All Country World Index (Net)	Global All Cap Equity Universe
William Blair	Emerging Markets Equity	MSCI Emerging Markets IMI (Net)	Emerging Markets Equity Universe
Carlyle Property Investors	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
JPMorgan	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
Prudential	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
IDR Core Property Fund	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
Hammes Income & Growth Healthcare Fund	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
CBRE U.S. Logistics Partners, LP	Real Estate	NCREIF – ODCE NET	NCREIF ODCE
DoubleLine	Fixed Income	Bloomberg U.S. Aggregate Index	All US Fixed Income Manager Universe
Fidelity	Fixed Income	Bloomberg U.S. Aggregate Index	All US Fixed Income Manager Universe

Loomis Sayles	Fixed Income	Bloomberg U.S. Govt/Credit Index	All US Fixed Income Manager Universe
JP Morgan Core Bond	Fixed Income	Bloomberg U.S. Aggregate Index	All US Fixed Income Manager Universe
Various Natural Resources Manager	Private Natural Resources	90 Day U.S. Treasury Bill	Not applicable
Various Infrastructure Managers	Private Infrastructure	FTSE 10 Year Treasury OTR	Not Applicable
Various Private Equity Managers	Private Equity	ThomsonOne All Regions PE	Not Applicable
Various Private Debt Managers	Private Debt	Morningstar LSTA U.S. Leveraged Loan Index	Not Applicable