



El Paso Firemen & Policemen's Pension Fund



STATEMENT OF INVESTMENT POLICY

Revision 3.5

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1. PURPOSE AND OBJECTIVES OF THE FUND

- 1.1 The El Paso Firemen and Policemen's Pension Fund (“the Fund”) exists for the purpose of providing income for the retired employees of the Fire Department and the Police Department after they have devoted a substantial portion of their adult life to the cause and betterment of the City of El Paso. In recognition of their service and loyalty, it is our intent that this pension fund shall provide the maximum possible benefits to those retired men and women without whom the City could not have functioned.
- 1.2 To achieve their goal, the Board of Trustees (“the Board”) shall employ at all times only the finest possible investment personnel to supervise these assets. With their talents, skills and knowledge, combined with the overall strength of the United States and other worldwide economies, we are confident that our employees' loyalty to the City will be justified.
- 1.3 The overall goal of each Fund is to optimize investment results in order to generate sufficient funds for present and future beneficiary payments. In order to do so, each Fund is expected to provide a return that exceeds the actuarial rate of return established by the Board. Since the fiduciary nature of this Fund is paramount, such an objective must also necessarily consider capital conservation and the avoidance of excess risk.
- 1.4 **General objectives** of the Fund have been formulated with respect to the following:
 - 1.41 the anticipated financial needs of the Fund in light of its funded status, including short- and long-term cash flow projections and liquidity needs;
 - 1.42 the risk tolerance of the Board of Trustees and the need for diversification;
 - 1.43 observations about historical rates of return on various asset classes;
 - 1.44 assumptions on current and projected capital market and general economic conditions and expected rates of inflation; and
 - 1.45 the need to document investment objectives, guidelines, and performance standards.
- 1.5 **Investment objectives** represent desired results and are long-term in nature covering typical market cycles of three to five years. Any shortfall should be explainable in terms of general economic and capital market conditions.
- 1.6 The objective is to invest the Fund assets in a manner consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent man will be observed. Safety of principal shall be emphasized and the Fund

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will be diversified so as to avoid the risk of large loss. All transactions undertaken on behalf of the Fund will be for the sole benefit of the Fund participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses.

1.7 Financial objectives identified include:

- 1.71 containing total Fund costs to the lowest reasonable level;
- 1.72 providing the greatest flexibility in funding the entire spectrum of benefits for participants;
- 1.73 keeping assets above 100% of accrued vested liabilities; and
- 1.74 growing total Fund assets over time on a real dollar basis at a compound rate of increase which, combined with contributions, will provide for the payment of benefits.

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2. PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

- 2.1 This Statement of Investment Policy represents the Board's conclusion based upon a careful and prudent study of the most suitable combination of investments to satisfy the Fund's ongoing obligations.
- 2.2 The purpose of this Statement of Investment Policy is to:
 - 2.21 set forth the investment objectives, policies and guidelines which the Board judges to be appropriate and prudent, in consideration of the needs of the Fund;
 - 2.22 establish the criteria against which the retained Investment Managers' performance is to be measured;
 - 2.23 communicate the investment objectives, guidelines and performance criteria to the Board, the Custodian Bank, Investment Managers and the State Pension Review Board;
 - 2.24 serve as a review document to guide the oversight of the investment of the Fund over time; and
 - 2.25 establish the range and character of permissible investments.
- 2.3 This Statement of Investment Policy was promulgated by the Board with the advice of investment and legal experts. It is intended to be binding upon all persons with authority over Fund investments, including the Board, Investment Managers, and Custodian Bank.

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3. RESPONSIBLE PARTIES AND FIDUCIARY DUTIES

- 3.1 **Members of the Board of Trustees** - With respect to asset management, the oversight responsibility of the Board encompasses the following:
- 3.11 establishing overall objectives and the setting of investment policy;
 - 3.12 appointing an Investment Committee which considers issues relating to the investment of Fund assets and which makes recommendations to the Board;
 - 3.13 selecting appropriate investment options and ranges; as well as establishing a detailed multi-year forward-looking schedule for each asset class to assess desired commitment goals over the next several fiscal years, or on as needed basis;
 - 3.14 selecting qualified Investment Managers;
 - 3.15 selecting a qualified custodian;
 - 3.16 communicating on an ongoing basis with those responsible for investment results;
 - 3.17 monitoring performance to determine whether or not the rate of return objectives are being met and that policy and guidelines are being followed; and
 - 3.18 taking appropriate action if objectives are not met or if policy and guidelines are not followed.
- 3.2 The Board is authorized to delegate the management of the assets to an Investment Manager(s) who may direct the Custodian with respect to the Fund's investments under provisions of a Custodial Agreement. The Board will attempt to use only Investment Manager(s) that have at least a five-(5) year investment record.
- 3.3 The Board shall not be liable for the acts of appointed Investment Manager(s) to the extent that the Board acts consistent with its fiduciary duties in making or continuing such appointment.
- 3.4 The Board will also monitor the Investment Managers selected. This process will include review of periodic investment performance and periodic meetings with the Investment Managers.
- 3.5 The Custodian and Investment Manager(s) are expected to meet at least annually with the Board to review its portfolio and investment results in consonance with this

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Statement of Investment Policy. Minutes of such meetings will be kept reflecting the investment matters reviewed and actions taken.

- 3.6 The Board shall review this Statement of Investment Policy at least once a year to determine if modifications thereto are necessary or desirable. Modifications shall be promptly communicated to all Investment Managers and other responsible parties.
- 3.7 **Members of the Investment Committee** - The Members of the Investment Committee are charged with investigating investment related issues. Once investigations are completed and conclusions or recommendations have been decided upon, the Investment Committee reports its findings to the Board. Any conclusions or recommendations made by the Members of the Investment Committee should be made in the sole interest of Fund participants and their beneficiaries.
- 3.8 **Executive Director** - The Executive Director acts on behalf of the Board to monitor, coordinate and control the day-to-day activities of the Fund in accordance with Fund documents and policies. Activities of the Pension Administrator are guided by the sole interest of Fund participants and their beneficiaries.
- 3.9 **Investment Manager(s)** - The appointed Investment Manager(s) will have discretion and authority for determining investment strategy and implementation of security selection and timing consistent with the Policy guidelines. Each Investment Manager shall follow an investment approach that reflects the manager's internal policies and guidelines defining the latitude of its individual portfolio managers.
- 3.10 In the event that a manager needs to deviate from these policies or their approach to investing, the Investment Manager(s) shall apply for written approval of the Board in advance of all such actions. Any deviations, as approved by the Board from these policies will be stated in individual manager addendums to the Statement of Investment Policy.
- 3.11 As fiduciaries to the Fund, managers will discharge their duties solely in the interests of Fund participants and beneficiaries and with the care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims.
- 3.12 The emphasis of security trading should be on a best execution basis, i.e., the highest proceeds to the Fund and the lowest costs, net of all transactions expenses such as to maximize investment return. Placement of orders should be based upon the financial viability of the brokerage firm and the expectation of prompt and efficient execution consistent with style. Commission recapture programs (directed commission arrangements) may not be entered into unless the Board has given its specific approval. Investment managers retained by the Board are expected to be

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familiar with, and in compliance with, the Funds' Trading Policy as set forth in Section 6 of this Policy.

- 3.13 Acknowledged in Writing - In accordance with Fund provisions, an Investment Manager entity must be a person, firm, or corporation registered as an investment adviser under the Investment Adviser Act of 1940; a bank as defined in such Act; or an insurance company qualified to do business in more than one state, and must acknowledge its fiduciary responsibility in writing. SEC registered firms will provide a copy of its ADV Form Section II on an annual basis. An Investment Manager shall not at any time employ, utilize, pay a fee, compensate or otherwise confer an economic benefit, directly or indirectly, itself or through a related or unrelated person or entity, to or on behalf of an unaffiliated solicitor, placing or placement agent, third party marketer or other person which is in the nature of a finder's or client referral fee in connection with the manager's services to the Fund, except by prior written consent of the Board in such form and upon such conditions as the Board in its sole discretion may require. Additionally, all managers shall acknowledge in writing their receipt of this Statement of Investment Policy and their agreement to abide by the same. (Amended May 20, 2009)
- 3.14 Bonding - Further, all Investment Managers must be bonded to the extent required by applicable law, and shall provide evidence of the same to the Board. The Board reserves the right to require written evidence of fiduciary liability insurance.
- 3.15 Proxy Voting - In the normal course of activities, with consideration to routine proxy issues, the Board will vote in its sole discretion or as it shall delegate. The execution of proxies for securities held by each fund will be undertaken by the delegated party in accordance with a policy statement that reflects the fiduciary nature of such action and, therefore, the responsible party shall be required to vote such proxies solely in the interest of the Fund participants and beneficiaries. Proxy voting for securities held in commingled funds shall be delegated to the Investment Manager and voted in accordance to the Investment Manager's internal proxy voting policy. All parties so delegated will provide the Board with an internal proxy voting policy and a report of all proxies voted on behalf of the Fund upon request.
- 3.16 Investment Discretion - Subject to the guidelines in this section and the policies set forth in this Statement of Investment Policy, any Investment Manager retained by the Fund will have full discretionary investment authority over the assets for which the Investment Manager has been given responsibility, consistent with the mandate of Board of Trustees.
- 3.17 Conflicts of Interest - An Investment Manager shall not invest any part of the Fund with itself or with any person or entity with which, or in which, it has any economic interest, subject to Section 5.36 of this Policy. This limitation shall be construed so as to avoid any possibility of self-dealing or conflict of interest. In addition, the

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Investment Manager shall not receive compensation as a broker, dealer, underwriter, or principal whether directly or through a related or an affiliated entity as a consequence of business transacted on behalf of the Fund. It will, however, not be construed a conflict of interest for Investment Managers to receive and utilize appropriate research materials supplied pursuant to soft dollar practices.

- 3.18 Meetings & Reports - Meetings between the Investment Managers and the Board of Trustees will take place annually or at other times as the Board shall deem necessary, so that the Board of Trustees will be kept aware of the status of investments, as well as the approach and plan of each Investment Manager. Hardcopy reports will be provided to the Board of Trustees on a quarterly basis.
- 3.181 The periodic investment reports should supply critical information, on a continuing basis, as to the amount of trading activity, investment performance, cash positions, diversification ratios, industry mix, rates of return, and credit ratings of fixed-income assets. The reports should be examined to determine whether investment policy guidelines are followed.
- 3.182 From time-to-time Investment Managers will be asked to supplement their reports with subject matter of an educational nature. The goal of presenting such educational presentations will be to improve the Board's understanding of investment-related issues.
- 3.19 Notification of Significant Events - The Investment Manager should advise the Board promptly of any event that is likely to adversely impact, to a significant degree, the management, professionalism, integrity or financial position of the firm, including events such as:
- 3.191 a loss of one or more key people;
- 3.192 a loss of one or more large accounts that equate to 5% or greater of the strategy assets (not market related) annually;
- 3.193 a significant change in investment philosophy;
- 3.194 the appointment of a new portfolio manager(s) to the Fund's account; or
- 3.195 a change in ownership or control (whether through acquisition, disposition, spin-off, merger, consolidation, or otherwise) of the Investment Manager.
- 3.20 Performance Measurement - The Board will review annually the performance of each Investment Manager portfolio relative to the objectives and guidelines described herein. Such a review may include quarterly performance analysis and comparisons of firms retained. The investment performance review will include comparisons with unmanaged market indices and a broad universe of Investment

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Managers. A time-weighted return formula (which minimizes the effect of contributions and withdrawals) will be utilized in performance calculations. The services of an outside, independent consulting firm providing performance measurement and evaluation may also be retained. For alternatives, time-weighted returns will be used for consolidated reporting, however, internal rates of return and comparison to relevant peer groups and vintages will be used for evaluation of managers.

- 3.21 A notification setting forth all of the particulars of each trade, including the name of the brokerage firm, should be sent by the investment manager immediately to the appointed representative of the Board of Trustees. This item does not apply to mutual fund or commingled fund managers.
- 3.22 Custodian - The assets of the Fund will be held by persons or an institution designated as Custodian, (the "Custodian"), who shall manage, control, collect and use the Fund in accordance with the terms of a separate Agreement, as well as the terms of this instrument.
- 3.23 The Board recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records.

The Board identifies the following basic duties of a Custodian for the Fund:

- 3.231 Provide complete custody and depository services for the designated accounts.
- 3.232 Provide for investment of any cash, to avoid uninvested amounts.
- 3.233 Implement in a timely and effective manner the investment actions as directed by the Investment Manager(s).
- 3.234 Collect all income and principal realizable and properly report on the periodic statements.
- 3.235 Provide monthly and annual accounting statements for the Fund, including all transactions; these should be based on accurate security values both for cost and market value. These reports should be provided on a time frame acceptable to the Board.
- 3.236 Report to the Board situations where security pricing is either not possible or subject to considerable uncertainty.
- 3.237 Distribute to the Board or its designees in a timely manner all proxy materials for voting.

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- 3.238 Provide assistance to the Board, to complete such activities as the annual audit, transaction verification or unique issues.
- 3.24 Meetings & Reports - Personal meetings between the Custodian and the Board of Trustees will take place at times as considered necessary by either party so that the Board of Trustees will be kept aware of the status of account activities as well as trends or developments within the Trust & Custody industry.
- 3.25 Notification of Significant Events - The Board should be advised promptly if any of the following events occur within the Custodian organization:
- 3.251 a loss of one or more key people associated with the account;
- 3.252 a loss of one or more large accounts that equate to 5% or greater of the strategy assets (not market related) annually;
- 3.253 a significant change in systems' capabilities;
- 3.254 the appointment of a new account manager(s) to the Fund's account; or
- 3.255 a change in ownership or control of the organization.
- 3.26 Equity managers' investments are to be measured at market value. Fixed-income investments are to be valued at market value or matrix value, as provided by Custodian. Illiquid assets will be classified/valued in accordance with FAS 157 or other appropriate fair value measurement.
- 3.27 Other Service Provider(s) - Other parties may be appointed by the Board to perform specialized functions required by the Fund. Such service providers will perform their activities as directed by the Board, in the sole interest of Fund participants and their beneficiaries.

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4. FUND ASSET POLICY

- 4.1 **Asset Allocation** - The current needs of the Fund including the investment preferences and risk tolerance of the Board, the rate of return objectives, and the desired degree of diversification suggest the need for an investment allocation including various asset classes.
- 4.2 The Board recognizes that the asset allocation decision will be the single most important factor determining the long-term performance of the Fund. The Board of Trustees, therefore, wishes to retain complete discretion with respect to the asset allocation decision. Individual Investment Managers are not to be concerned with asset allocation decisions, and are expected to manage the funds for which they have discretion within the constraints of their mandates.
- 4.3 The asset allocation which follows contains guideline percentages, at market value, of total Fund assets to be invested in various asset classes. The target allocation may not be attained at any specific point in time since actual asset allocations will be dictated by current and anticipated market conditions, the independent actions of the Board and/or Investment Manager(s), and required cash flows to and from the Fund.
- 4.4 The Board shall review this Statement of Investment Policy annually and will ascertain at least once a year that the Fund conforms to the ranges currently endorsed by the Board. Currently these ranges are:

4.41 Firemen Fund <u>Asset Allocation</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
<i>Domestic Equity</i>		
<i>Large Cap Equity</i>	<i>15.0%-25.0%</i>	<i>19.25%</i>
<i>Small Cap Equity</i>	<i>5.0%-15.0%</i>	<i>8.25%</i>
<i>International Equity</i>	<i>20.0%-30.0%</i>	<i>22.50%</i>
<i>Emerging Markets Equity</i>	<i>4.0%-9.0%</i>	<i>5.00%</i>
<i>Private Equity</i>	<i>0.0%-10.0%</i>	<i>10.00%</i>
<i>Fixed Income*</i>	<i>25.0%-35.0%</i>	<i>25.00%</i>
<i>Real Estate/Assets**</i>	<i>0.0%-15.0%</i>	<i>10.00%</i>
<i>Cash Equivalents</i>	<i>0.0%-5.0%</i>	<i>0%</i>

**Includes Bank Loans*

***Includes commingled funds, LLCs, group annuity contracts, and mutual funds*

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4.42	<u>Policemen Fund Asset Allocation</u>	<u>Allowable Range</u>	<u>Target Percentage</u>
	<i>Domestic Equity</i>		
	<i>Large Cap Equity</i>	15.0%-25.0%	19.25%
	<i>Small Cap Equity</i>	5.0%-15.0%	8.25%
	<i>International Equity</i>	20.0%-30.0%	22.50%
	<i>Emerging Markets Equity</i>	4.0%-9.0%	5.00%
	<i>Private Equity</i>	0.0%-10.0%	10.00%
	<i>Real Estate/Assets*</i>	0.0%-15.0%	10.00%
	<i>Fixed Income**</i>	25.0%-35.0%	25.00%
	<i>Cash Equivalent</i> s	0.0%-5.0%	0%

**Includes commingled funds, LLCs, group annuity contracts, and mutual funds*

***Includes Bank Loans*

4.5 The Total Return Concept

4.51 Rates calculated will be based on compounded and annualized returns over rolling three- to five-year periods and will recognize all cash income plus realized and unrealized capital gains and losses. The Board will employ the total return concept to measure the investment results of the Fund. The adoption of this concept is appropriate for a pension Fund since the total assets of the Fund are expected to grow through capital appreciation, reinvestment of income, and employer-employee contributions. Since the primary requirement of the Fund is to provide sufficient assets for retirement goals, the adding together of capital appreciation and income is a well-accepted method of investment measurement for specific periods.

4.52 Performance will be calculated on a total return, time-weighted basis using a combined quarter computation. In determining "total return" for the portfolio, there will be no distinction between interest, dividends, and realized or unrealized capital gains or losses.

4.6 Return and Risk Objectives - Domestic Equity Portfolio

The Return objective for all Portfolios shall be defined in terms of annualized returns. The Risk objective for all Portfolios shall be defined in terms of standard deviation of returns.

4.61 The Return objective of the Domestic Large Cap Value Equity Portfolio, if actively managed, is to exceed, by 2% per year, the return of the Russell 1000 Value Index.

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- 4.62 The Return objective of the Domestic Large Cap Growth Equity Portfolio, if actively managed, is to exceed, by 2% per year, the return of the Russell 1000 Growth Index.
- 4.63 The Return objective of the Domestic Large Cap Equity Portfolio, if passively managed, is to approximate the return of the S&P 500 Index.
- 4.64 The Return objective of the Domestic Small Cap Equity Portfolio, if actively managed, is to exceed by 3% per year, the return of the Russell 2000 Stock Index.
- 4.65 The Return objective of the Domestic Small Cap Value Equity Portfolio, if actively managed, is to exceed by 3% per year, the return of the Russell 2000 Value Index.
- 4.66 The Return objective of the Domestic Small Cap Growth Equity Portfolio, if actively managed, is to exceed by 3% per year, the return of the Russell 2000 Growth Index.
- 4.67 The annual standard deviation of returns for the Fund's domestic large cap equity portfolio, if actively managed, is not expected to exceed 1.25 times the annual standard deviation of the S&P 500 Index.
- 4.68 The annual standard deviation of returns for the Fund's domestic large cap equity portfolio, if passively managed, is not expected to exceed 1.1 times the annual standard deviation of the S&P 500 Index.
- 4.69 The annual standard deviation of returns for the Fund's domestic small cap equity portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the Russell 2000 Index.
- 4.7 Return and Risk Objectives - International Equity Portfolio
 - 4.71 The Return objective of the International Equity Portfolio, if actively managed, is to exceed by 2.0% per year the return of the International Equity Benchmark Index which shall be the MSCI ACWI ex-US Index.
 - 4.72 The Return objective of the International Value Equity Portfolio, if actively managed, is to exceed by 2.0% per year the return of the International Value Equity Benchmark Index which shall be the MSCI EAFE Value Index.
 - 4.73 The Return objective of the International Growth Equity Portfolio, if actively managed, is to exceed by 2.0% per year the return of the International Growth Equity Benchmark Index which shall be the MSCI EAFE Growth Index.

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- 4.74 The Return objective of the International Small Cap Equity Portfolio, if actively managed, is to exceed by 2.0% per year the return of the International Small Cap Equity Benchmark Index which shall be the MSCI EAFE Small Cap Index.
- 4.75 The Risk objective of the International Equity Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's international equity portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the International Equity Benchmark Index.
- 4.8 Return and Risk Objectives - Emerging Markets Equity Portfolio
- 4.81 The Return objective of the Emerging Markets Equity Portfolio, if actively managed, is to exceed by 3.0% per year the return of the Emerging Markets Equity Benchmark Index which shall be the MSCI Emerging Markets Index.
- 4.82 The Risk objective of the Emerging Markets Equity Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's emerging markets equity portfolio, if actively managed, is not expected to exceed 1.50 times the annual standard deviation of the returns for the Emerging Markets Equity Benchmark Index.
- 4.9 Return and Risk Objectives - Domestic Fixed Income Portfolio
- 4.91 The Return objective for the Domestic Fixed Income Portfolio, if actively managed, is to exceed by 0.75% per year the return of the Barclays Aggregate Bond Index.
- 4.92 The Return objective for the Domestic Fixed Income Portfolio, if passively managed, is to approximate the return of the Barclays Aggregate Bond Index.
- 4.93 The Risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if actively managed, is not expected to exceed 1.3 times the annual standard deviation of the returns for the Barclays Aggregate Bond Index.
- 4.94 The Risk objective of the Domestic Fixed Income Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's domestic fixed income portfolio, if passively managed,

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is not expected to exceed 1.2 times the annual standard deviation of the returns for the Barclays Aggregate Bond Index.

4.10 Return and Risk Objectives - Real Estate/Assets Portfolio

4.101 The Return objective for the Real Estate/Assets Portfolio, if actively managed, is to exceed by 3.0% per year the return of the NCREIF Index.

4.102 The Risk objective of the Real Estate/Assets Portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation of returns for the Fund's Real Estate/Asset portfolio, if actively managed, is not expected to exceed 1.5 times the annual standard deviation of the returns for the NCREIF Index.

4.11 Return and Risk Objectives – Private Equity Portfolio

4.111 The return objective for the private equity portfolio is to exceed by 4.0% per year the 10-year S&P 500 return over rolling 10-year periods.

4.112 The Risk objective of the private equity portfolio shall be defined in terms of standard deviation of returns. The annual standard deviation for the fund's private equity portfolio is not to exceed 1.5 times the annual standard deviation of the S&P 500 returns.

4.12 Return and Risk Objectives - Domestic Cash Equivalent Investments

4.121 The purpose of any short-term cash equivalent reserve component of the Fund is to provide liquidity for the timely payment of benefits and/or fees and expenses while earning a competitive current return.

4.122 The Return objective shall be to achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite which will be the current 91 Day Treasury Bill rate.

4.123 The Risk objective shall be to stay within an acceptable risk level, as measured by standard deviation, which is equal to that of the current 91-Day Treasury Bill rate.

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4.13 Return and Risk Objectives - Total Fund

4.131 The Firemen's Fund and the Policemen's Fund will each be measured against the performance of Fund Composite Benchmark Indices. The Fund Policy Benchmark will be constructed as defined below. Fund returns will be calculated including and excluding alternative investments.

<i>Firemen Fund</i> <u>Asset Allocation</u>	<i>Benchmark</i> <u>Index</u>	<i>Target</i> <u>%</u>
<i>Domestic Equity</i>	<i>Russell 3000 Stock Index</i>	32.5%
<i>International Equity</i>	<i>MSCI EAFE</i>	26.0%
<i>Emerging Markets Equity</i>	<i>MSCI Emerging Markets Index</i>	6.5%
<i>Domestic Fixed Income</i>	<i>Barclays Aggregate</i>	35.0%

<i>Policemen Fund</i> <u>Asset Allocation</u>	<i>Benchmark</i> <u>Index</u>	<i>Target</i> <u>%</u>
<i>Domestic Equity</i>	<i>Russell 3000 Stock Index</i>	32.5%
<i>International Equity</i>	<i>MSCI EAFE</i>	26.0%
<i>Emerging Markets Equity</i>	<i>MSCI Emerging Markets</i>	6.5%
<i>Domestic Fixed Income</i>	<i>Barclays Aggregate</i>	35.0%

4.132 The Firemen's Fund and the Policemen's Fund will each be measured against the performance of Fund Composite Benchmark Indices. The Fund Strategy Benchmark will be constructed as defined below. Fund returns will be calculated including and excluding alternative investments.

<i>Firemen Fund</i> <u>Asset Allocation</u>	<i>Benchmark</i> <u>Index</u>	<i>Target</i> <u>%</u>
<i>Domestic Equity</i>	<i>Russell 3000 Stock Index</i>	27.5%
<i>International Equity</i>	<i>MSCI EAFE</i>	22.5%
<i>Emerging Markets Equity</i>	<i>MSCI Emerging Markets</i>	5.0%
<i>Private Equity</i>	<i>S&P 500 +4%</i>	10.0%
<i>Domestic Fixed Income</i>	<i>Barclays Aggregate</i>	20.0%
<i>Bank Loans</i>	<i>CS Leveraged Loan</i>	5.0%
<i>Real Estate/Assets</i>	<i>NCREIF</i>	10.0%

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<i>Policemen Fund <u>Asset Allocation</u></i>	<i>Benchmark <u>Index</u></i>	<i>Target <u>%</u></i>
<i>Domestic Equity</i>	<i>Russell 3000 Stock Index</i>	<i>27.5%</i>
<i>International Equity</i>	<i>MSCI EAFE</i>	<i>22.5%</i>
<i>Emerging Markets Equity</i>	<i>MSCI Emerging Markets Index</i>	<i>5.0%</i>
<i>Private Equity</i>	<i>S&P 500 +4%</i>	<i>10.0%</i>
<i>Domestic Fixed Income</i>	<i>Barclays Aggregate</i>	<i>20.0%</i>
<i>Bank Loans</i>	<i>CS Leveraged Loan</i>	<i>5.0%</i>
<i>Real Estate/Assets</i>	<i>NCREIF</i>	<i>10.0%</i>

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5. INSTRUCTIONS TO INVESTMENT MANAGERS

If a commingled fund, LLC, group annuity contract, or mutual fund is utilized, it is understood that the portfolio will be governed by the prospectus or similar document outlining the policies for the fund. In those cases, the Board will utilize these guidelines in selecting and evaluating funds initially and in monitoring them on an on-going basis for continued suitability. If the assets of the commingled or mutual fund participate in securities lending, the cash collateral should be prudently invested to avoid risk of loss.

5.1 General Introduction

- 5.11 "Liquidity," in the sense of providing cash for benefit purposes, need not be a concern of the Investment Managers.
- 5.12 Individual Investment Managers are not to be concerned with asset allocation decisions, and are expected to manage the funds under their discretion within the constraints of their respective mandates.
- 5.13 When an Investment Manager wishes to deviate from any of the stated restrictions, he must obtain written approval from the Board of Trustees.
- 5.14 Convertible securities will be considered to be equity securities and will be judged and classified on the basis of the securities into which the issues are convertible.
- 5.15 Managers will have specific mandates as determined by the Board from time-to-time.

5.2 Prohibited Transactions

The following transactions are prohibited and not to be undertaken by Investment Managers retained by the Fund without prior written approval from the Board of Trustees.

- 5.21 Prohibited transactions include those:
 - 5.211 giving rise to unrelated business taxable income;
 - 5.212 that would be a "prohibited transaction" under ERISA or the Internal Revenue Code; and
 - 5.213 where the indicia of ownership is held outside the jurisdiction of the District Courts of the United States. This prohibition shall not apply to international equity managers.

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5.22 Prohibited transactions also include those involving:

5.221 use of put or call options. This restriction will not apply to international managers if such transactions are for the purpose of currency hedging. This restriction will not apply to Index managers if such transactions are for the purpose of investing cash 1) to efficiently obtain market exposure prior to the purchase of actual securities or 2) due to the delay in settlement of accrued dividends which have not yet been received as paid; this restriction will not apply to core plus fixed income managers;

5.222 use of futures contracts (excluding mortgage TBAs), options on futures, and any other type of financial futures transactions. This restriction will not apply to international managers if such transactions are for the purpose of currency hedging. This restriction will not apply to index managers if such transactions are for the purpose of investing cash 1) to efficiently obtain market exposure prior to the purchase of actual securities or 2) due to the delay in settlement of accrued dividends which have not yet been received as paid; this restriction will not apply to core plus fixed income managers;

5.223 precious metals;

5.224 commodities;

5.225 venture capital; and

5.226 arbitrage activities.

5.23 Securities Lending - Securities owned by the Fund, but held in custody by another party, such as a bank custodian, will not be lent to any other party for any purpose, unless such securities lending is pursuant to a separate, written agreement which the Board has approved.

5.3 Unless the Board approves otherwise, the following investments or transactions are prohibited for all appointed domestic equity and international equity managers:

5.31 Stock in non-public corporations;

5.32 Stock in foreign companies, unless through American Depository Receipts. This prohibition shall only apply to domestic equity managers;

5.33 Short sales of any type;

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- 5.34 Letter or restricted stock;
 - 5.35 Stock employing the use of margin; and
 - 5.36 Employer securities. This restriction shall not apply to Index funds when such securities are included in the appropriate Benchmark Index.
- 5.4 Furthermore, for domestic and international equity managers, they shall not:
- 5.41 concentrate more than 25% on a market value basis of his fully managed portfolio in any one industry or group as defined by their respective benchmark index. However, if the benchmark exposure to any one sector is greater than 25%, then the manager may invest up to the benchmark weighting in that particular sector. This restriction does not apply to emerging markets equity managers. Emerging markets equity managers are only required to invest across industries or groups to ensure prudent diversification. Growth style managers shall be restricted to not more than 50% in any one industry or group;
 - 5.42 hold more than 5% of his fully managed portfolio in the securities of any one company at cost, as determined at the time of purchase;
 - 5.43 invest in any foreign securities with the exception that he may hold up to 10% of his fully managed portfolio in such securities if they normally trade on U.S. exchanges. This restriction shall not apply to any Investment Managers specifically charged with the mandate to invest in foreign securities;
 - 5.44 hold in his portfolio more than 5% of the outstanding shares of any one company;
 - 5.45 make direct investment in commodities or real estate;
 - 5.46 make any investment which may be precluded by any special instruction issued orally or in writing from time-to-time by the Board of Trustees or any officer of the Board who may have been specifically delegated authority to take such action.
 - 5.47 Formulaic investment styles that are index based may deviate from the above position limits provided the investment manager is following a pre-established investment process and relative position limitation (i.e. index weight plus 1%) and the manager will monitor the account and promptly inform El Paso Firemen and Policemen's Pension Fund if the diversification restriction noted above in the Policy is exceeded.

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With respect to index funds, the Investment Manager shall review at quarter end the portfolio managed on behalf of the Fund to determine compliance with the restrictions outlined in Sections 5.41 through 5.46 of this Statement of Investment Policy. If the portfolio is not in compliance the Investment Manager must notify the Fund in writing within ten (10) business days from quarter end of the violation. Such notification shall list those sections not in compliance and shall include a detailed explanation of the violation.

5.5 Unless the Board approves otherwise, the following investments are prohibited for all appointed domestic fixed income managers.

5.51 Bonds, notes, or other indebtedness for which there is no public market (private placements).

5.52 Direct placement of mortgages on real property.

5.53 GICs from an insurance company (or BICs from a bank).

5.54 Additionally, in order to insure adequate diversification, fixed income managers shall not concentrate more than 10% of their fully managed portfolio on a market value basis in the securities of any one issuer other than the U.S. Government.

5.6 For the Cash Equivalents portion of the Fund, unless the Board gives its written approval, the following investments are prohibited for all appointed managers:

5.61 Bank obligations rated below A-1 by Standard and Poor's Corporation or below P-1 by Moody's Investors Service;

5.62 Corporate obligations rated below A-1 by Standard and Poor's Corporation or below P-1 by Moody's Investors service; and

5.63 Additionally, in order to insure adequate diversification, cash equivalents managers shall not concentrate more than 10% of their fully managed portfolio on a market value basis in the securities of any one issuer other than the U. S. Government.

5.7 **Permissible Investments**

5.71 Domestic equity managers are expected to be generally fully invested in equity securities. Equities are considered to be common or preferred corporate stocks, or preferred shares which are convertible into corporate stock; and investment trust shares. Only stocks listed on principal United States exchanges or over-the-counter stocks are permissible.

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- 5.72 International equity managers are expected to be generally fully invested in equity securities of entities domiciled or have their primary listing in countries represented in the MSCI EAFE Index. Equities are considered to be common or preferred corporate stocks; debentures or preferred shares which are convertible into corporate stock; and investment trust shares. International equity managers are also allowed to transact in instruments such as forward contracts and other derivative instruments for the purpose of currency hedging.
- 5.73 Emerging markets equity managers are expected to be generally fully invested in equity securities of entities domiciled in countries generally recognized to be an emerging country by the international finance community as well as those countries included in the MSCI Emerging Markets Free Index. Equities are considered to be common or preferred corporate stocks; debentures or preferred shares which are convertible into corporate stock; and investment trust shares. Emerging markets equity managers are also allowed to transact in instruments such as forward contracts, future contracts and other derivative instruments for hedging purposes including currency hedging.
- 5.74 Domestic core/core plus fixed income managers are expected to be generally fully invested in domestic core plus fixed income securities. Domestic core/core plus fixed income securities are considered to be U.S. Treasury or Government agency obligations and investment grade corporate bonds issued by entities domiciled in the United States. Additionally, fixed income Investment Managers may invest in securities known as Yankee bonds. Yankee bonds are permissible if they are U.S. dollar denominated bonds issued by foreign domiciled entities which have registered with the SEC and whose primary trading market is in the United States.
- 5.75 Bank Loans are expected to be generally fully invested in bank loan instruments. Bank loans are floating-rate below investment grade U.S. dollar debt instruments that have minimal sensitivity to changes in the prevailing level of interest rates.
- 5.76 Domestic cash equivalent managers are expected to be generally fully invested in cash equivalent securities. Cash Equivalent securities are considered to include interest bearing or discount instruments including money market funds, corporate issued commercial paper, bank issued Certificates of Deposit, bankers acceptances, and fully collateralized repurchase agreements, generally maturing in less than one year.

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- 5.77 Real Estate/Assets - The Board reserves the right to consider investment of the Fund's assets in real property, or as a participant in a commingled real estate/assets fund managed by a bank, insurance company, or other professional real estate/assets investment manager (This includes Limited Partnerships, group annuity contracts, and LLCs.) Real estate investment will be diversified to the extent possible both by geographic location and property type. Investment in real estate shall not exceed 15% of the total market value of the Fund's assets.
- 5.78 Private Equity - The Board reserves the right to consider investment of the Fund's assets in private equity limited partnerships, or as a participant in fund of funds. This will be diversified by strategy, vintage year, and general partners. Investments (defined as NAV) shall not exceed 10% of the total market value of the funds' assets.

6. TRADING POLICY

- 6.1 The Board of Trustees has determined that trading costs represent a significant expense to the Fund. The Board has therefore established policies in order to control these costs, and to monitor the level and effectiveness of the trading activity of the Fund.
- 6.2 **Best Price and Best Execution** - Notwithstanding anything to the contrary, all trading of securities will be placed by Investment Managers with institutional broker-dealers with the aim of obtaining the best price and best execution, taking into account all factors influencing pricing and execution, as well as the value of all brokerage services received by the Fund, or by the Investment Managers, for the benefit of the Fund and its beneficiaries.
- 6.21 The policy of best price and best execution is intended to mean that Investment Managers shall use professional judgment in the selection of brokers and the commissions paid. Investment Managers should be prepared to provide evidence that they are attempting to deliver investment results at the lowest possible level of transaction costs, including the market impact of their trades, and considering the value of all services provided to the Fund for its commission dollars.
- 6.22 The policy of best price and best execution is intended to provide the most favorable overall results for the Fund.
- 6.23 "Institutional broker-dealers", as referenced herein, means firms which customarily perform larger trades for an institutional clientele. Such broker-dealers may trade on the floor of the various national and regional stock exchanges, or may trade in the third and fourth markets, performing transactions outside of normal market trading.

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- 6.3 **Investment Manager Directed Brokerage** - Investment Managers will place the remaining portion of this discretionary brokerage with institutional broker-dealers with an emphasis on minimizing commission costs directly and will not seek sources of value to the Fund through ancillary brokerage and research services. In selecting these broker-dealers to execute transactions, the Investment Manager will consider all factors relative to pricing and execution. Such factors should include, but are not limited to, the following:
- 6.4 **Board-Directed Brokerage** - The Board will not direct brokerage.
- 6.5 **Monitoring Trading Costs and Turnover** - The Board of Trustees will, from time-to-time, perform, or cause to be performed, an analysis of the trading costs of the Fund with respect to the various classes of trading described herein.
- 6.51 The analysis will summarize and evaluate the cost effectiveness of the various brokers selected by the Investment Managers or by the Board of Trustees, specifically reporting commissions charged per share traded, an estimate of the market impact costs incurred in these transactions, and the percentage annual portfolio turnover, per Investment Manager account.
- 6.52 The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting pricing and execution, and shall consider any other services or research provided directly or indirectly to the Fund.
- 6.6 **Trading Cost Program Compliance** – Each manager shall comply with the CFA Institute Trade Management Guidelines and CFA Institute Trade Management Soft Dollar Standards and annually provide El Paso Firemen and Policemen’s Pension Fund with all required disclosures.

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7. OBJECTIVES FOR INVESTMENT MANAGERS (ACTIVELY MANAGED)

- 7.1 Each Investment Manager is to maintain a fully invested portfolio. Fully invested means that only minimal, transaction-related cash will be held; usually this means that the cash position of a manager will be 5% or less of the manager's account. This requirement is not intended to preclude a manager from establishing a higher cash position as a defensive measure. Should conditions arise where the manager believes that prudence warrants a higher cash position, the manager needs to communicate in writing to the Fund its rationale for the higher cash position and its criteria for removing the higher cash component in the future.

The capitalization of each stock in a manager's portfolio shall be within the cap range of the below identified style benchmark when purchased. If aggregate holdings equal to or higher than 10% of the portfolio value fall outside this range for a period of over 30 days, written notification and justification shall be sent to the System.

- 7.2 Large Cap Value Equity Manager - The Benchmark Index for the Large Cap Value Equity Manager shall be the Russell 1000 Value Index.

- 7.21 Over the course of a fair market cycle of three to five years, the Large Cap Value Equity Manager is expected to:

7.211 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of the return of the Benchmark Index by at least 2.0%;

7.212 rank in the top half of a universe of other actively managed equity funds with similar objectives and risk profiles; and

7.213 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.25 times the annualized standard deviation of its Benchmark Index.

- 7.3 Large Cap Growth Equity Manager - The Benchmark Index for the Large Cap Growth Equity Manager shall be the Russell 1000 Growth Index.

- 7.31 Over the course of a fair market cycle of three to five years, the Large Cap Growth Equity Manager is expected to:

7.311 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index, the Benchmark Index by at least 2.0%;

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- 7.312 rank in the top half of a universe of other actively managed equity funds with similar objectives and risk profiles; and
 - 7.313 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.25 times the annualized standard deviation is of its Benchmark Index.
- 7.4 Small Cap Value Equity Manager - The Benchmark Index for the Small Cap Equity Manager shall be the Russell 2000 Value Stock Index.
- 7.41 Over the course of a fair market cycle of three to five years, the Small Cap Equity Manager is expected to:
 - 7.411 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of the return of the Benchmark Index by at least 3%;
 - 7.412 rank in the top half of a universe of other actively managed equity funds with similar objectives and risk profiles; and
 - 7.413 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.5 times the annualized standard deviation of its Benchmark Index.
- 7.5 Small Cap Growth Equity Manager - The Benchmark Index for the Small Cap Equity Manager shall be the Russell 2000 Growth Stock Index.
- 7.51 Over the course of a fair market cycle of three to five years, the Small Cap Equity Manager is expected to:
 - 7.511 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of the return of the Benchmark Index by at least 3%;
 - 7.512 rank in the top half of a universe of other actively managed equity funds with similar objectives and risk profiles; and
 - 7.513 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.5 times the annualized standard deviation of its Benchmark Index.
- 7.6 International Growth Equity Manager - The Benchmark Index for the International Equity Manager shall be the MSCI EAFE Growth Index.

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- 7.61 Over the course of a fair market cycle of three to five years, the international equity manager is expected to:
 - 7.611 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index which will be the International Equity Benchmark Index by at least 2.0%;
 - 7.612 rank in the top half of a universe of other actively managed international equity funds with similar objectives and risk profiles; and
 - 7.613 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.25 times the annualized standard deviation of its Benchmark Index.

- 7.7 International Value Equity Manager - The Benchmark Index for the International Equity Manager shall be the MSCI EAFE Value Index.
 - 7.71 Over the course of a fair market cycle of three to five years, the international equity manager is expected to:
 - 7.711 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index which will be the International Equity Benchmark Index by at least 2.0%;
 - 7.712 rank in the top half of a universe of other actively managed international equity funds with similar objectives and risk profiles; and
 - 7.713 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.25 times the annualized standard deviation of its Benchmark Index.

- 7.8 International Small Cap Equity Manager - The Benchmark Index for the International Small Cap Equity Manager shall be the MSCI EAFE Small Cap Index.
 - 7.81 Over the course of a fair market cycle of three to five years, the international small cap equity manager is expected to:
 - 7.811 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index which will be the International Small Cap Equity Benchmark Index by at least 2.0%;

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- 7.812 rank in the top half of a universe of other actively managed international small cap equity funds with similar objectives and risk profiles; and
 - 7.813 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.25 times the annualized standard deviation of its Benchmark Index.
- 7.9 Emerging Markets Equity Manager - The Benchmark Index for the Emerging Markets Equity Manager shall be the MSCI Emerging Markets Index.
- 7.91 Over the course of a fair market cycle of three to five years, the emerging markets equity manager is expected to:
 - 7.911 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index which will be the Emerging Markets Equity Benchmark Index by at least 2.0%;
 - 7.912 rank in the top half of a universe of other actively managed emerging markets equity funds with similar objectives and risk profiles; and
 - 7.913 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.5 times the annualized standard deviation of its Benchmark Index.
- 7.10 Domestic Core/Core Plus Fixed Income Manager - The Benchmark index for all domestic core/core plus fixed income managers shall be the Barclays Aggregate Bond Index.
- 7.101 Over the course of a fair market cycle of three to five years, the domestic fixed income manager is expected to:
 - 7.102 achieve an annualized time-weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index which will be the Benchmark Index by 0.75%;
 - 7.103 rank in the top half of a universe of other actively managed domestic fixed income funds with similar objectives and risk profiles; and
 - 7.104 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.2 times the annualized standard deviation of its Benchmark Index.

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- 7.11 Over the course of a fair market cycle of three to five years, the domestic Core Real Estate manager is expected to:
 - 7.111 achieve an annualized time weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index (NCREIF) which will be the Benchmark Index by 1.0%;
 - 7.112 rank in the top half of a universe of other open ended commingled funds with similar objectives and risk profiles; and
 - 7.113 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.5 times the annualized standard deviation of its Benchmark Index.

- 7.12 Over the course of a fair market cycle of three to five years, the bank loan manager is expected to:
 - 7.121 achieve an annualized time weighted rate of return (gross of fees and expenses) in excess of an unmanaged composite index (CSFB Leveraged Loan Index) which will beat Benchmark by 0.50%;
 - 7.122 rank in the top half of a universe of other bank loan funds with similar objectives and risk profiles; and
 - 7.123 maintain an acceptable risk level, as measured by standard deviation, which is not expected to exceed 1.2 times the annualized standard deviation of its Benchmark Index.

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The Board of Trustees has promulgated this document to set forth the Investment Objectives, Policy, and Guidelines for the El Paso Firemen and Policemen's Pension Fund.

This Statement of Investment Policy, as amended, is hereby adopted and approved by the Board of Trustees of the El Paso Firemen and Policemen's Pension Fund by the undersigned, duly appointed, representatives.



Chairman

9-21-16
Date



Secretary

9/21/16
Date

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Appendix I
Rebalancing Guidelines

Rebalancing

The Board has established its strategic asset allocation mix and believes it prudently positions the assets of the System so as to achieve its long-term goal of providing established benefits to the participants and their beneficiaries at a reasonable cost to the employer. Market movements may cause a portfolio to differ from this strategic mix. The desire to maintain this constant strategic mix must be balanced with the very real cost of portfolio rebalancing. Therefore, a range has been set for the actual asset allocation of the System's assets to allow for the fluctuations that are inherent in marketable securities. Once market movement has moved the actual allocation outside these ranges, the Board has authorized the Investment Committee, with advice from Staff and consultant to rebalance the portfolio back to its long-term strategic asset allocation rebalancing trigger. This shall be done within a month of a triggering event caused by market movement. When these broad targets are rebalanced, the Board will also use this opportunity to rebalance among portfolios within asset classes (large cap domestic, small cap and international equities, for example). The target allocations and rebalancing trigger percentages are:

Broad Asset Classes	Low Trigger	Target	High Trigger
Common Stocks	45%	55%	65%
Fixed Income	22%	25%	28%
Real Estate/Assets	0%	10%	15%
Combined Allocation	32%	35%	38%

It is the responsibility of the custodian to calculate market value based asset allocation range and report these to staff and consultant monthly.

Real Estate/Assets and Fixed Income will be jointly considered for rebalancing purposes (as shown above). A broader allowable range is granted to real estate because it is not a liquid investment and cannot easily be rebalanced. Real Estate/Assets and Fixed Income are similar investments in that returns primarily are produced by the income, i.e., rents and interest. Real Estate/Assets diversifies the risk/return exposure of the fixed income component, and complements the overall asset allocation.

The board has approved target allocations to Private Equity with a target of 10%. This asset class does not lend itself to traditional rebalancing programs and, as a result, the above targets remain in place until a meaningful position (invested capital) is established (>3%).

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Appendix II Individual Manager Allocation Targets

The market value of El Paso Firemen and Policemen's Pension Fund will be calculated as the current total market value of all of the investment accounts within El Paso Firemen and Policemen's Pension Fund. This market value will be multiplied by the following percentages to determine the target stock and bond allocations.

For ongoing rebalancing monitoring, the amount held in stocks will be the sum of the market values of all equity accounts. For fixed income, this will be the sum of the market values of all fixed income accounts.

When the rebalancing ranges have been exceeded, the stock and bond portions of the fund will be rebalanced back to their boundary allocation. Within asset classes, the portfolios will be reallocated to achieve the following percentages:

	Asset Class %	Inter-Asset Class %	Manager Target %
<i>Fixed Income</i>	25%		
U.S. Fixed		75%	
Northern Trust			40%
PIMCO Separate Account			60%
<i>Bank Loans</i>		25%	
WAMCO			100%

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<i>Equity</i>	55%		
Large Cap U.S.		35%	
Cooke & Bieler			25%
Brown			25%
Intech			50%
Non-Large Cap U.S.		15%	
Small Cap Value			
Lord Abbett			70%
Small Cap Growth			
William Blair			30%
International		40%	
International Value			
Mondrian			56%
International Growth			
Fidelity			24%
International Small Cap			
DFA			20%
Emerging Markets		10%	
Baillie Gifford			100%
<i>Alternatives</i>	20%		
Private Equity		50%	
Real Estate/Assets		50%	

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Appendix III Specific Manager Mandates

COOKE & BIELER, LP: Pursuant to paragraph 5.15 thereof, the Statement of Investment Policy is amended by the Board of Trustees of the El Paso Firemen & Policemen's Pension Fund as of June 30, 2009, with regards to the Discretionary Advisory Agreement with COOKE & BIELER, LP is as follows:

Guidelines:

- A. The portfolio is to be a small cap value, domestic equity-oriented portfolio. Cooke & Bieler may purchase short-term cash equivalent instruments which, for the purpose of measurement, will be treated as equity reserves, not as fixed income securities. The portfolio is expected to remain fully invested.
- B. The Small Cap Value Equity portfolio will primarily consist of equities of domestic issuers, though it may also hold ADRs. Investee companies will fall within the market cap range of the Russell 2000 Index at the initial time of purchase in the Small Cap Value strategy. The market cap range will be recalculated each summer when Russell reconstitutes the Index. The portfolio will be concentrated, with roughly 40-60 stocks. The INVESTMENT MANAGER will:
1. maintain sector weights +/- 15% of the Russell 2000 Value Index weights
 2. not concentrate more than 25% on a market value basis of his fully managed portfolio in any one industry or group as defined by their respective benchmark index. However, if the benchmark exposure to any one sector is greater than 25%, then the manager may invest up to the benchmark weight in the benchmark +5%
 3. not invest more in a company with a portfolio weight in excess of 5%, and
 4. maintain cash levels below 10%.

If greater than 10% of the portfolio exceeds the market cap range of the Russell 2000 Value Index for a period of greater than 30 days, Cooke & Bieler shall notify the Executive Director, investment consultant, and the Board.

- C. Cooke & Bieler may use exchange-traded funds or futures for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.
- D. Except as specifically limited by the Policy, the portfolio will be adequately diversified according to the internal policies established by Cooke & Bieler

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regarding individual securities and industries to avoid the undue risk inherent in non-diversified holdings.

- E. Cooke & Bieler will be reviewed quarterly based on the following characteristics:
1. Adherence to style risk assignment.
 2. The value-added over the Russell 2000 Value Index.
 3. The trend of value-added over the Russell 2000 Value Index.
 4. The value-added over median similar style investment managers.
- F. The following investment activities are prohibited in the Cooke & Bieler portfolio except as otherwise noted:
1. Short sales, margin purchases or borrowing;
 2. Private placements or restricted securities, except those under Rule 144A;
 3. Commodities, precious metals, venture capital or arbitrage activities;
 4. Puts or calls;
 5. Employer securities;
 6. Foreign securities, unless they are listed on a registered or domestic exchange and are denominated in U.S. dollars. ADRs are permitted investments up to 10% of the portfolio if they are registered on domestic exchanges or traded on the OTC. If greater than 10% of the portfolio, Cooke & Bieler shall notify the Executive Director, investment consultant, and the Board.

If at any time Cooke & Bieler feels that these instructions are unrealistic, or may be a hindrance in pursuing their investment style, the Executive Director, investment consultant, and the Board are to be notified immediately in writing.

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INTECH: Pursuant to paragraph 5.15 thereof, the Statement of Investment Policy is amended by the Board of Trustees of the El Paso Firemen & Policemen's Pension Fund as of May 4, 2006, with regards to the Discretionary Advisory Agreement with INTECH is as follows:

1. Return Objective

The return objective of the Enhanced Plus Strategy is to outperform the S&P 500 Index total return by approximately 1.75% to 2.00% over three to five years with approximately 2.00% to 2.25% tracking error.

2. Investment Style and Philosophy

INTECH uses proprietary optimization technology to construct equity portfolios which seek to capitalize on market volatility to produce consistent value added in a risk controlled environment.

3. Investment and Research Process

Mathematical techniques are used to determine optimal stock proportions to be held. Rebalancing trades are conducted to maintain the optimal proportions. Research is focused on the mathematical techniques which can be used to improve technologies for constructing portfolios, controlling risk and lowering costs.

4. Allowable Investments

Investments are made in securities selected from the universe of the benchmark index, the S&P 500. Stocks deleted by S&P Corporation may be subsequently deleted from the portfolio in an orderly fashion. Stocks added to the index are included in the permitted universe in regularly scheduled updates. These techniques may result in temporary holding of stocks in the process of entering or exiting the index.

5. Portfolio Characteristics

The portfolio is maintained in an essentially fully invested position with only approximately 5.0% in cash equivalents and cash and the remainder in allowable investments. Cash positions may range from 0.25% to 1.00%. Normally 50% to 90% of names in the benchmark index will be held and portfolio characteristics will be similar to the benchmark index.

6. Diversification

INTECH does not employ any sector or industry constraints but rather imposes security position constraints as part of the optimization process. Specifically, the security position constraints for the Enhanced Plus Strategy are that individual security positions are

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limited to 1.0% plus the benchmark weight of the security. This risk control measure essentially prevents the portfolio from being too over-weighted in stocks that represent a very small percentage of the index and from being too under-weighted in stocks that represent a very large percentage of the benchmark index. To some extent these security position constraints will control some sector and industry weights.

7. Trading Practices and Policies

Trading is conducted periodically to maintain optimum proportions through rebalancing. INTECH has established a procedure for the selection, approval and annual review of broker relationships. Broker relationships are constantly monitored and brokers are scored on their total cost performance and future trades are dependent on consistent low cost performance and error-free administration of executions. INTECH gives primary consideration to obtaining most favorable price and efficient execution. INTECH may, however, pay a higher commission than would otherwise be necessary for a particular transaction, when, in INTECH's opinion, to do so will further the goal of obtaining the best available execution.

INTECH does not participate in soft dollar or directed brokerage commission arrangements and will not accept directed brokerage instructions. INTECH has a policy of paying commissions for execution services only and does not purchase research or other services from or through brokers using commissions.

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FIREMEN AND POLICEMEN'S PENSION FUND

PIMCO: Pursuant to paragraph 5.15 thereof, the Statement of Investment Policy is amended by the Board of Trustees of the El Paso Firemen & Policemen's Pension Fund as of June 30, 2009, with regards to the Discretionary Advisory Agreement with PIMCO is as follows:

Section 5.226 shall read; "trades designed to take advantage of temporary price dislocations within the fixed income market are permitted without the use of economic leverage. Hedging, spread and income generating strategies may include the use of short sales."

Section 5.51 shall read; "may purchase up to ten percent of the portfolio's market value in private placements. This limit excludes securities eligible for resale under SEC Rule 144A."

Section 5.61 shall read; "Bank obligations rated below A-2 by Standard and Poor's Corporation or below P-2 by Moody's Investor Service;"

Section 5.62 shall read; "Corporate obligations rated below A-2 by Standard and Poor's Corporation or below P-2 by Moody's Investor Service; and"

Section 5.74 shall read;

PIMCO will have discretion to invest in a broad array of public and private asset classes, instruments and investment vehicles including but not limited to Money Market Instruments, U.S. Treasury and Agency Notes and Bonds, Municipal Bonds, Corporate Securities, Private Placements (144As with registration rights only), Event-linked Bonds, Bank Loans, Yankee and Euro Bonds, Mortgage-Backed Securities (including CMOs and REMICs), Mortgage Derivatives, Asset-Backed Securities, Preferred Stock, Convertible Securities, Non-U.S. Dollar-denominated Securities, Emerging Market Securities, Non-Leveraged Structured Notes, Forwards, Currencies, PIMCO Pooled Funds

PIMCO's duration range will be the benchmark index + two (2) years.

PIMCO will apply quality ratings using the higher of Moody's, S&P or Fitch. If an issue is not rated by one of these rating agencies, then PIMCO will determine a rating.

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

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FIREMEN AND POLICEMEN'S PENSION FUND

PIMCO will limit the concentrations within the portfolio to the following:

Issue or Issuer: 5%

Excludes sovereign debt of OECD governments and U.S. agencies. Specific mortgage pools and trusts are considered separate issuers, and each tranche within a CMO is considered a separate issue.

Below BBB: 20%

Non-U.S. Dollar Denominated: 30%

Excludes money market securities and money market futures.

Emerging Markets: 15%

Manager uses the World Bank's definition for emerging markets, which is based on a GNP per capita calculation.

Private Placements: 10%

Excluding securities eligible for resale under Rule 144A.

Convertible Securities: 5%

Foreign Currency Exposure: 10%

Foreign currency exposure will be based on the absolute value of all positions (long and short) versus the U.S. dollar. Both long and short foreign currency positions may be held without owning securities denominated in such currencies. Any Minimum currency hedging requirements will be met through either hedged cash bond exposure or a combination of forward and derivative positions coupled with a long currency position in the same currency.