CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

STATEMENT OF INVESTMENT POLICY, GOALS AND GUIDELINES

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INTRODUCTION & PURPOSE

The City of Jacksonville Employees Retirement System (the "System") consists of two defined benefit pension plans and a disability plan. The defined benefit plans are The City of Jacksonville General Employees Retirement Plan and the City of Jacksonville Corrections Officers Retirement Plan (each the "Plan" or together the "Plans"). While each Plan is distinct, and its assets and liabilities are valued separately, the Plans' assets are combined for investment purposes within a common pension trust Fund (the "Fund"). The System is administered by a Board of Trustees (the "Board") which has fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The System's purpose is to provide long-term benefits to the Plans' participants and their beneficiaries. Acknowledging this responsibility, the Board adopts this Statement of Investment Policy, Goals, and Guidelines (the "Policy").

This document communicates the investment objectives and guidelines established by the Board for the Plans and the Fund. It provides the Board, the City's Treasurer, the System's Administrator and Investment Staff, the System's Investment Consultant, the System's investment managers, and the System's Custodian with a clear and accurate understanding of all investment objectives, guidelines, and performance evaluation criteria. These guidelines and objectives are intended to complement those contained in Chapter 18610, Laws of Florida, Acts of 1937; Sections 112.661(5) and 215.47, Florida Statutes; Sections 120.103 and 120.104, Chapter 2023-28, Laws of Florida, including Sections 112.662 & 215.855, Florida Statutes (Appendix B), Jacksonville Ordinance Code, and any other applicable ordinances or statutes. If at any time this document is found to conflict with such ordinances or statutes, the ordinances, and statutes shall prevail.

Plan assets are held in trust in the Fund exclusively to provide benefits to the Plans' participants and their beneficiaries and to defray the reasonable expenses of the Plans. See Sections 120.101(a), 120.103(a), 120.104(a), and 120.213(a), Jacksonville Ordinance Code, and Sections 112.656 and 112.66(9), Florida Statutes. Board policy prohibits using or diverting any part of the Plans' asset corpus or income for purposes other than providing benefits to Plan participants and their beneficiaries, reimbursing the City of Jacksonville for any advanced payments, or paying reasonable System expenses.

The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), does not directly apply to the System as a governmental retirement plan and that this investment policy describes the prudent and ethical standards the Board will follow in its investment activities with respect to the System's funds. In performing its investment duties, the Board shall comply with the fiduciary standards of ERISA, 29 U.S.C. Section 1104(a)(1)(A)-(C). In case(s) of conflict, the investment and fiduciary standards set forth in Section 112.661 or other applicable Florida Statutes shall apply.

The investment policies herein are established after a thorough review of the Fund's unique needs and circumstances and a careful evaluation of expected risks and returns of various mixes of stocks, bonds, real estate, cash equivalent securities, and other permissible assets. The Board intends these policies to be sufficiently specific to be meaningful yet adequately flexible to be practical. No party shall deviate from these policies without the Board's written permission. However, in emergency situations the

City's Chief Financial Officer (CFO) or Treasurer may deviate from this Policy to preserve Fund assets, subject to statutory limitations.

The System's Investment Consultant develops Investment Manager Instructions (the "Instructions") for each separate account established with an investment manager and approved by the Board. Such instructions shall contain the investment manager's benchmark by which the investment manager's performance is measured, any internal account restrictions or limitations, and any necessary exceptions to the Policy. The Board may periodically approve changes or permit exceptions to maintain flexibility, to adjust to market changes, or to capitalize on opportunities. Such changes or exceptions shall be noted in the Investment Manager Instructions or amendments to this Policy.

Any party in a contractual relationship with the System (e.g. Investment Consultant, investment manager, Custodian, etc.) may request changes to this Policy in writing. As necessary, the Investment Staff will communicate such requests to the Board for approval. The Board shall notify the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy at least 60 days before the meeting at which the changes will be adopted. Upon approval by Board vote, Investment Staff shall communicate all changes as necessary.

GENERAL OBJECTIVES

The investment objective of the System is to preserve the purchasing power of the System's assets and to earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the volatility of returns.

To achieve these objectives, the Board seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market, and other investments as described herein. The Board may invest System assets in any securities, real property, and other assets it deems appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law. The Board may retain outside investment managers to ensure that investments are prudently and professionally managed in compliance with the stated investment guidelines.

BOARD RESPONSIBILITIES

The Board has fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that this investment policy describes the prudent and ethical standards the Board will follow in its investment activities with respect to the System's Funds. However, in performing its investment duties the Board shall comply with the fiduciary standards of ERISA, 29 U.S.C. Section 1104(a)(1)(A)-(C). In case(s) of conflict, the investment and fiduciary standards in Section 112.661 or other applicable sections of Florida Statutes shall apply.

The Board may delegate certain authority, duties, and responsibilities to the City Treasurer, Plan Administrator, Investment Staff, investment managers, Investment Consultant, and Custodian, as listed in the respective sections of this Policy, to assist in the implementation of the Board's directives and management of the investment process.

In addition to the above, specific duties of the Board are outlined in detail throughout this document, but generally encompass the following:

1) Establish the investment objectives and guidelines as they pertain to the Plans and adopt a Statement of Investment Policy to provide responsible parties and Investment Staff a clear and accurate understanding of all investment objectives, investment guidelines, and investment performance evaluation criteria. The responsible parties shall not deviate from this Policy without the written permission of the Board.

2) For each actuarial valuation, determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter for the Plans. This determination must be filed with the Department of Management Services, the plan sponsor, and the consulting actuary.

3) Approve long-term target allocation percentages and permitted ranges for each asset class, based on its determination of the appropriate risk posture for the Plans given the stated investment goals. For such decisions, the Board may leverage the Investment Consultant's most recent asset-liability study or asset allocation review as well as any additional input from the Investment Consultant and/or actuary.

4) Seek to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market, and other investments, as described in this Policy. The Board may invest System assets in any securities, real property, and other assets it deems appropriate after a thorough review of the needs of the Plans and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law.

5) The Board may retain outside investment managers and shall delegate to each investment manager full investment discretion for the management of assets under its control and the responsibility to vote any and all proxies applicable to designated Plan assets under each investment manager's management. Accordingly, the Board is responsible for approving the selection and termination of investment managers, and they may consult with the Investment Consultant and Investment Staff to inform decision-making.

6) Establish allocations containing permissible investments for each asset class to those defined by this Policy, within the limits set forth by statute (Investment Guidelines section of this Policy). These may be modified as set forth in any individual investment manager Instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.

7) Approve Investment Manager Instructions (Appendix A) for each separate account established with an investment manager.

8) Review the investment activities and investment performance of the Fund and each investment manager on a regular basis to ensure compliance with the goals, objectives, and guidelines contained in this Policy.

9) Approve the selection and termination of the Investment Consultant, which may include consultation with the Investment Staff.

10) Retain a bank or trust company to act as Custodian for the System's assets.

11) Periodically review the following:

    a. The Fund's asset allocation considering the Investment Consultant's current capital markets assumptions.

    b. Actual investment results to determine whether the Fund's asset allocation remains reasonable and whether each investment manager's decision-making process remains consistent with the style and methodology for which the investment manager was originally retained.

    c. Investment manager proxy voting procedures and proxy voting records.

    d. Commissions generated, commission rates charged, and firms used by the investment managers to execute trades.

    e. Investment manager fee schedules.

12) Review annually this Policy as well as the Plans' circumstances (e.g., cash flow, liquidity requirements) to ensure this Policy continues to reflect the Board's objectives, goals, and philosophy guidelines; where necessary, seek to periodically revise, consulting with the Investment Consultant as needed.

13) Approve requests for any changes to this Policy from any party in a contractual relationship with the System.

14) Provide notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy at least 60 days before the meeting at which the changes will be adopted. Upon approval by the Board, Investment Staff shall communicate all changes to relevant parties as necessary.

The Board has adopted additional provisions to comply with Section 112.661, Florida Statutes, as outlined in this document.

TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES

The City Treasurer is also the Treasurer of the System. The Treasurer and the Plan Administrator are responsible for implementing decisions made by the Board, administering the System and Plans in accordance with applicable law and policies, and communicating Board directives to investment managers and other related professionals. The Board authorizes the Treasurer and the Plan Administrator to deviate from these directives only when deemed in the best interest of the System, subject to the investment limitations contained in Sections 112.661 and 215.47, Florida Statutes, and with the concurrence of the City's CFO. Any such deviation shall be promptly reported to the Board no later than its next meeting.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions outlined herein, the Board delegates full investment discretion to each investment manager for the assets under their control. This discretion includes decisions to buy, hold, and sell securities in amounts consistent with the investment manager's strategy and compliant with this Policy. The investment manager's acceptance of the responsibility to manage assets for the System constitutes an acceptance of this Policy and an affirmation of their capability to achieve the System's objectives within its stated guidelines and limitations.

The Board delegates to each investment manager the responsibility to vote all proxies applicable to designated Plan assets under their management. Investment managers shall vote solely in the best interest of the Plans' participants and to protect the value of the securities within the Fund. Investment managers shall keep accurate records of proxy voting. Investment managers shall provide the Board with an annual proxy voting report, including a summary of all instances where votes were cast against management or against the investment manager's internal proxy voting policies, along with the rationale for each such vote.

Except as noted below, System investment managers shall discharge their responsibilities in a manner consistent with the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), although ERISA does not directly apply to the System as a governmental retirement plan. In conducting investment activities for the System's assets, each investment manager shall conform to the statutory provisions, rules, regulations, interpretations, and case law of ERISA. Each investment manager shall acknowledge in writing their fiduciary status, as defined by ERISA, with respect to the System and/or the investors in the commingled fund, partnership, or other commingled investment vehicle they manage. Exceptions may be made by the Board on a case-by-case basis if necessary. Each investment manager is responsible only for the assets under their management.

Unless otherwise approved by the Board and fully disclosed in advance, investment managers shall not:

- Take custody of assets under their control;

- Execute trades through brokers affiliated with the investment manager or the System's Investment Consultant or Custodian; or

- Pay any fees, compensation or gratuities to the System's Investment Consultant or Custodian.

Each investment manager shall provide the System Custodian with all reasonable information necessary for the timely and effective management and trade settlement of their account, including information on trades, cash balances, and pricing discrepancies.

Unless otherwise provided by the System's Custodian through a cash sweep vehicle, each investment manager shall invest cash reserves in permissible cash equivalent securities to minimize uninvested cash balances.

All investment transactions shall be completed on a best price, best execution basis. The investment managers, as fiduciaries, are responsible for executing all transactions in the best interest of the Fund.

- The Board may direct any investment manager, on a case-by-case basis, to execute a portion of its trades through one or more commission recapture services selected by the Board.

Each investment manager shall provide all reasonable information requested by the Board and shall promptly inform the Board and Investment Consultant of:

- Significant changes in their investment outlook, strategy, or asset allocation;

- Changes in ownership, organizational structure, financial condition, investment process, or regulatory registration;

- Any regulatory, investigative or legal action affecting the firm or its employees;

- Changes in professional staffing to the investment management firm or investment product utilized, including client service personnel; and

- All other matters affecting their relationship with the System.

If an investment manager believes any guideline should be altered, they shall initiate written communication with the Board and Investment Consultant requesting the change.

At a minimum, each investment manager shall provide a quarterly report including:

- All investment activity (including securities purchases and sales);

- The portfolio's current value;

- Investment performance and attribution;

- An analysis of portfolio characteristics;
- A market and investment outlook;
- Any changes in investment philosophy or strategy;
- Any significant changes in the personnel or ownership of the firm;
- A summary of commission costs, brokers utilized, and all portfolio directed brokerage activities;
- An annual summary report of all proxies voted and any exceptions to the investment manager's stated proxy voting guidelines (applicable to equity managers).

Real estate and diversifying asset managers shall provide reports with similar information, tailored to provide relevant risk exposure, portfolio construction and return information appropriate for their asset class or strategy, consistent with industry standards.

Each investment manager shall meet periodically with the Board or its designated representatives to review investment performance and philosophy.

INVESTMENT CONSULTANT RESPONSIBILITIES

The Investment Consultant's primary duties are to provide investment advice to the Board and to assist the Treasurer, Plan Administrator, and Investment Staff in implementing the Board's directives and managing the investment process. This includes regular meetings with the Board to provide information, market perspective, and evaluations regarding the System's goals, objectives, limitations, investment structure, and investment performance as part of developing, implementing, and monitoring a diversified investment portfolio.

Specific duties of the Investment Consultant include:

1) Recommending actions to the Board to enhance the probability of achieving Fund objectives, such as the use of various asset classes, investment strategy implementation, investment policy changes, and changes in investment managers or other service providers;

2) Assisting the Board in developing appropriate asset mixes through periodic asset-liability studies or asset allocation reviews;

3) Assisting the Board in deploying an appropriate asset mix by developing specific investment strategies and supporting policies, and making rebalancing recommendations;

4) Providing comprehensive evaluations of the Fund's and individual investment managers' investment results in light of this Policy;

5) Assisting the Board in interpreting investment results and assessing investment manager performance;

6) Promptly notifying the Board of changes in the structure, personnel, ownership, or process of investment managers serving the System as well as any performance concerns, and recommending corrective action when necessary;

7) Maintaining a Watch List on behalf of the Board, providing periodic updates at least quarterly. The Watch List assists the Board in its fiduciary oversight by highlighting factors that may warrant heightened surveillance. Investment managers may or may not be placed on the Watch List before a recommendation for termination;

8) Conducting searches for investment managers and other service providers as needed and making recommendations for such positions;

9) Conducting periodic pacing studies for private investments;

10) Disclosing potential conflicts of interest as they arise;

11) Providing ad hoc investment research and other support as needed to address the Board's educational and informational needs;

12) Periodically reviewing this Policy and recommending necessary changes to Investment Staff and the Board; and

13) Advising on investment manager transition management events, including recommending transition management services.

CUSTODIAN RESPONSIBILITIES

The Board shall retain a bank or trust company to act as Custodian for the System's assets. The Custodian is responsible for the safekeeping of all System assets placed in its custody, the regular valuation of System assets, and the settlement of investment managers' trades on behalf of the System.

To maximize investment returns, no funds should remain idle and uninvested. Dividends, interest, sale proceeds, new contributions, and all other monies shall be invested promptly upon receipt. Consistent with these requirements, the Custodian shall perform the following functions:

1) Accept daily trading/cash reconciliation instructions from the investment managers;

2) Advise investment managers daily of changes in cash equivalent balances;

3) Immediately advise investment managers of account contributions and withdrawals;

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

5) Resolve custodial account problems with investment managers;

6) Provide safekeeping of securities;

7) Collect all interest and dividends;

8) Perform a daily sweep of idle cash balances;

9) Process all investment manager security transactions;

10) Collect proceeds from maturing securities and sale transactions;

11) Make cash disbursements as directed;

12) Provide monthly accounting statements based on fair market value for each security in each investment manager account and a consolidated statement of all assets under custody;

13) Provide an account representative and back-up support to assist Investment Staff with all needs related to the custody and accountability of System assets;

14) Manage the securities lending program as securities lending agent and/or assist with the program as directed by the Board;

15) Provide a schedule of commissions paid and brokers used by each investment manager;

16) Provide reports or assistance on corporate actions, class action notice filings, forwarding proxies to appropriate parties, and any other actions or reports mutually agreed upon by the Custodian and the Board; and

17) Perform any other tasks necessary for the effective safekeeping, valuation or administration of System assets.

INVESTMENT OBJECTIVES

The System's broad investment objective is to ensure, to the extent possible, that sufficient assets are available over the System's lifetime to fund the benefits payable to the Plans' participants and beneficiaries when due. To achieve this, the Board seeks a high level of investment return consistent with a prudent level of portfolio risk.

The System aims for a total rate of return, after all expenses, that equals or exceeds the current actuarial investment return assumption. The Board shall use the Fund's asset allocation as the primary tool to achieve this objective, which may be informed by consultations with the Investment Consultant and actuary. Recognizing that this is a long-term objective and investments are subject to short-term volatility, the Board focuses on the Fund's expected return and associated expected volatility over a long-term investment horizon. The performance of each asset class and investment manager, relative to appropriate market indices and style peer comparisons, shall be monitored over both the long and short term. Each investment manager is expected to maintain a consistent philosophy and style, to perform well compared to peers using the same style, and to add incremental value after costs.

Long-term Growth of Capital: The Board recognizes that short-term fluctuations may occasionally result in loss of capital (i.e., negative rates of return). However, absent contributions and withdrawals, the Plans' asset value should grow over the long run and achieve the investment goals outlined below.

Preservation of Purchasing Power: Preserving purchasing power is another long-term System investment objective. Asset growth, excluding contributions and withdrawals, should exceed the rate of inflation (as measured by the annual CPI) over the long term to preserve the purchasing power of future benefits.

The System's specific investment goals are:

- To earn an annualized rate of return, net of fees, over the long term, that exceeds the annual rate of change in the Consumer Price Index (CPI).

- To earn an annualized rate of return, net of fees, over the long term, equal to or exceeding the System's actuarial assumed rate of return.

- To earn a total rate of return, net of fees, over a market cycle (approximately 7 years) that exceeds the return of the Policy Index. The Policy Index is a hypothetical index constructed from the target allocation for each broad asset class, as adopted by the Board and detailed in this Policy, invested in a broad market index representing that asset class. The Policy Index may be adjusted periodically to reflect changes in the System's target allocation, as approved by the Board.

- Over a market cycle (approximately 7 years) the System's rate of return should rank above median compared to a representative universe of similarly managed and sized retirement systems and portfolios.

- It is the goal for each active investment manager to achieve an annualized total rate of return, net of fees, over a market cycle (roughly 7 years) that exceeds a broad market benchmark and ranks above the median in a style peer performance universe. The broad market benchmarks are idenitifed in each investment manager's Investment Instructions. Each passive investment manager should achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark and minimizes tracking error.

ASSET ALLOCATION

The Board recognizes that the Fund's risk level is largely determined by its asset allocation. The proportion of assets allocated for equity investments is a major determinant of volatility of future returns. Long-term historical data indicates that the risk associated with equity ownership has historically been rewarded with a higher rate of return and is necessary in the current market environment to adequately fund future liabilities. The Board's risk tolerance shall be expressed through eligible asset classes and target asset allocation.

The Fund's investments shall be diversified across some or all of the following asset classes: equity securities (both domestic and international), fixed income securities (both domestic and international), core and non-core real estate, diversifying assets (including but not limited to: private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) as permitted by this Policy and any applicable ordinance or statute), and cash equivalent securities. Accordingly, the portfolio shall be structured to provide real growth of market value over time while providing downside protection, to the extent reasonable under prevailing market conditions, during periods of economic or capital market distress or volatility.

Based on its assessment of the Fund's appropriate risk posture and long-term return expectations, the Board shall maintain asset-mix guidelines based on market values, consulting with the Investment Consultant and actuary as needed. The asset allocation is a strategic asset allocation. The long-term target allocation percentage and permitted range for each asset class shall be based on the most recent asset-liability study or Board-adopted asset allocation review conducted by the Investment Consultant, typically every few years. Adherence to both the target allocations and permitted ranges is expected under normal circumstances. However, because these are long-term target allocations, the asset mix may periodically fall outside the target or range. Exceptions are permitted for dollar-cost-averaging, portfolio transitions, or other cases where the Board determines deviation is in the Fund's best interest. This in no way should be considered market timing and is not viewed as such by the Board.

The Board is responsible for broad asset allocation decisions, and they may consult with the Investment Consultant and actuary as needed. To maintain the desired asset allocation, each investment manager's cash holdings should normally be limited to five percent (5%) of their portfolio's market value. Portfolios should be fully invested, although cash may be held briefly after a security sale and before reinvestment. The sole exception is when cash is used as part of a fixed income manager's duration or term-structure strategy. This exception is consistent with the Board's decision to have investment managers avoid market-timing decisions stated above.

Until the Board changes the broad asset class targets, routine rebalancing of the various liquid portfolios back within the permitted allocation range shall be implemented as necessary. Regular cash flows shall primarily be utilized for rebalancing. Subsequently, investment manager cash and portfolio liquidation shall be used.

When market movements cause the portfolio allocation to deviate by more than +/- 5% from the target allocation at month-end, the Treasurer, Plan Administrator, or Investment Staff, using relevant Investment Consultant input, shall consider necessary rebalancing actions to move closer to the target allocation. Rebalancing priority shall be asset class before style or individual investment manager.

Rebalancing less liquid asset classes, such as real estate, private credit, and private equity, should not be as automatic as rebalancing more liquid public market asset classes. Less liquid assets should rarely be sold for the primary purpose of portfolio rebalancing. Market conditions and cash flow will usually facilitate achieving targeted allocation levels over time. For purposes of determining asset allocation percentages for rebalancing, allocations to less liquid assets that are committed but not yet invested, as well as known or expected returns of capital, may be considered. Furthermore, market values for less liquid assets may lag those of liquid assets by up to three months, which must be accommodated.

After a thorough review of the expected risk and return of various asset mixes, the Board of Trustees has established the following target asset allocation for all assets of the City of Jacksonville Retirement System:

Asset Class	Minimum	Target	Maximum
Domestic Equities	20%	30%	40%
International Securities	13%	23%	25%*
Fixed Income	10%	20%	30%
Real Estate	0%	15%	20%
Diversifying Assets**	0%	12%	20%
Cash	0%	0%	10%

*Statutory Maximum
**ex.) Includes private equity, private credit, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources)

INVESTMENT GUIDELINES

Sections 112.661 and 215.47, Florida Statues, describe the permissible investments for the System and limitations on investments. Section 120.103, Jacksonville Ordinance Code, authorizes the Board to establish asset allocations, comprised of permissible investments as defined by this Policy, within statutory limits. The following broad investment guidelines restate these statutory provisions and incorporate additional limitations. These guidelines may be modified as detailed in individual investment manager instructions, subject to Board approval and allowable under applicable ordinances and statues.

EQUITY SECURITIES

Permissible Securities:

- All equity investments shall be limited to readily negotiable equity securities listed on a national exchange.
- Permissible investment vehicles include equity separate accounts and commingled vehicles consisting of those common stocks, preferred stocks, and convertible securities.
- American Depository Receipts are permissible in domestic equity portfolios.
- American Depository Receipts and Global Depository Receipts are permissible in international equity portfolios.
- Other equity securities listed in the Equity Guidelines below.

Equity Guidelines

1) The total equity portfolio may not exceed 80% of the Fund's assets, measured at market value.

2) The combined total of the Fund's international equity holdings and non-U.S. dollar corporate bonds may not exceed 25% of the Fund's assets, measured at market value.

3) No more than 10% of the total equity portfolio's market value may be invested in the combined common stock, preferred stock, or convertible securities of any single company.

4) Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of the total equity portfolio's market value.

5) American Depository Receipts are permissible in domestic equity portfolios and are limited to 15% of an investment manager's portfolio.

6) Exchange Traded Funds or index fund investments are permitted.

7) No individual equity strategy/mandate, measured at market value, shall have an economic sector weighting exceeding the greater of either 30% or twice the sector weight of the underlying benchmark. Exceptions may be made at the Board's discretion if the strategy/mandate requires greater allowance.

8) No more than 75% of the Fund may be in internally managed common stock.

9) The total return goal for the domestic equity composite, net of fees, is to exceed the Russell 3000 Index return over a market cycle (approximately 7 years).

10) The total return goal for the international equity composite, net of fees, is to exceed the MSCI All Country World EX-US Index return over a market cycle (approximately 7 years).

11) Sections 112.661(5) and 215.47 of the Florida Statutes shall govern these Equity Guidelines and supersede any conflicting provisions in this Investment Policy.

FIXED INCOME SECURITIES

Permissible Securities:

- Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
- Florida State bonds pledging the full faith and credit of the state, and revenue bonds additionally secured by the full faith and credit of the state.
- Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
- Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.
- Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.
- Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
- Notes, bonds, and other obligations of agencies of the United States.
- Other bonds as specified in the Fixed Income Guidelines below.

Fixed Income Guidelines

1) At least 80% of the total fixed income portfolio shall be rated "investment grade" or higher. "Investment grade" is defined as a rating of "BBB-", "Baa3", their equivalent or higher, as rated by a Nationally Recognized Statistical Rating Organization (NRSRO). In case of split ratings, the security must be rated "BBB-", "Baa3", or equivalent by at least two NRSROs to be considered investment grade.

2) Permissible securities include fixed income separate accounts and commingled vehicles consisting of those U.S. Treasuries and Agencies, corporate bonds, mortgage-backed securities, asset backed securities, and convertible securities as listed below.

3) Investments in corporate bonds issued by non-U.S. corporations or commercial entities shall not exceed 25% of the total fixed income portfolio's market value. This limitation does not apply to U.S. dollar-denominated securities listed and traded on U.S. exchanges.

4) The total value of the securities of any single non-U.S. Government issuer shall not exceed 5% of the total fixed income portfolio's market value.

5) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the total fixed income portfolio's market value.

6) There is no limit imposed on investments in fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof.

7) Investments in Commercial Mortgage-Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service. However, the total value of all CMBS investments shall not exceed 25% of the total fixed income portfolio's market value.

8) All fixed income investments shall be limited to readily negotiable fixed income securities, unless specifically authorized by the Board.

9) Investments in convertible bonds shall be limited to 10% of the total fixed income portfolio's market value. Convertible bond investments should be liquidated upon conversion to avoid fixed income managers holding equity securities in a fixed income portfolio.

10) Structured notes are prohibited in the fixed income portfolio.

11) The following are limited to 25% or less of the Fund:

    a) Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.

    b) Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

    c) Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

d) Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.

e) Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

f) A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

g) Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.

h) United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

i) Asset-backed securities not otherwise authorized by this section.

12) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entities having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.

13) The total return goal for the fixed income composite, net of fees, should exceed the Bloomberg Barclays US Universal Bond Index return over a market cycle (roughly 7 years).

REAL ESTATE

Permissible Investments:

Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership, and interests in collective investment funds are permissible investments. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

- The title to real property acquired under this paragraph shall be vested in the name of the Fund.
- For purposes of taxation of property owned by the Fund, the provisions of Section 196.199(2)(b), Florida Statutes, do not apply.
- Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Florida Statutes Chapter 253, and the provisions of that chapter do not apply to such real property.

Real Estate Guidelines

1) Core Real Estate funds shall have the following complementary objectives:

   a) Investments are typically comprised of well-leased, high quality, income-producing institutional properties, such as office buildings, retail centers, industrial parks, apartments, and hotels, held until the fund investment manager determines it is appropriate to dispose of such properties at acceptable market rates.

2) Non-Core Real Estate funds, comprised of both Opportunistic and Value-Added investments, shall have the following complementary objectives:

   a) Investments are typically comprised of commercial properties requiring redevelopment or repositioning for alternative use or upgrade. These properties have the potential for increases in tenant occupancy rates and leasing income derived from capital improvements and active property management over the projected holding period.

3) Notwithstanding the restrictions and limitations in paragraphs 1 and 2 of the "Equity Securities" section above or elsewhere in this Policy, and when deemed appropriate by the Board, real estate investments may be made in any legally permissible real estate investment vehicle, including, but not limited to, individual property investments, joint ventures, commingled funds (including insurance company separate accounts), real estate investment trusts (REIT's), master limited partnerships (MLPs), limited partnerships, and limited liability companies, up to 25% of the Fund.

4) The Board shall seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, etc.), property location (geographic region), tenant dominance (avoiding tenants all belonging to the same company or industry) and strategy (core diversified, value-added, opportunistic).

5) Because real estate investments over time are intended to provide, relative to other asset classes, higher income, lower total return volatility, and lower correlation with other asset classes, leverage is generally limited to 35% at the portfolio level for core investments and 75% at the portfolio level for value-added/opportunistic investments. However, leverage within a single fund is variable, fluctuating with the market value of the properties and, in the case of closed-end funds, with the fund's maturity. Early

in a Non-Core closed-end fund's life, leverage utilization should be very little, increasing as properties are acquired.

6) No single property investment or co-investment shall exceed 0.5% of the Plans' total assets unless specifically permitted by the Board.

7) All real estate investments shall be managed by experienced and qualified professional investment managers, as determined by the Board of Trustees, which may consult with the Investment Consultant and Investment Staff, during the evaluation, selection, and monitoring process.

8) The total return goal of the Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index over a market cycle (approximately 7 years). The total return goal of the Non-Core Real Estate composite, net of fees, is to exceed the NCREIF ODCE index plus a 2% premium over a market cycle (approximately 7 years).

CASH EQUIVALENT SECURITIES

Permissible Securities:

- Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Florida Statutes Chapter 280.

- Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.

- Notes, bonds, and other obligations of agencies of the United States.

- Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.

- Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.

- Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.

- Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized Custodian.

Cash Equivalent Guidelines

1) For cash equivalent purposes, investment managers may invest only in the following short-term investment vehicles:

   a) Money market funds or Short-Term Investment Funds (STIFs).

   b) Direct obligations of the U.S. Government or its agencies with a maturity of one year or less.

   c) Repurchase agreements fully collateralized by direct obligations of the U.S. Government.

   d) Commercial Paper issued by U.S. corporations with a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's.

   e) Bankers acceptances issued by prime money center banks.

USE OF FUTURES AND OPTIONS

The System and any of its external investment managers are authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the Board by rule authorizes a different market. Use of futures and options for speculative purposes is prohibited.

COMMINGLED AND MUTUAL FUNDS:

The Board recognizes and accepts that investments in commingled funds, common trust funds, mutual funds, limited partnerships, limited liability companies or similar investment vehicles shall be governed by those fund's investment policies and guidelines. No additional constraints may be imposed on these funds, as they frequently serve as fiduciaries to the investment vehicle itself, in which the Fund holds an interest. The Board's decision to invest Fund assets in any such fund shall be made only after a thorough review of the investment policies in the prospectus, trust document, offering memorandum, or other governing documents of those funds, and after determining that those policies are appropriate and generally consistent with the System's investment objectives.

DIVERSIFYING ASSETS:

Permissible Strategies:

"Diversifying assets" means investments in private equity, private credit, long-short equity or debt, event driven, relative value, or tactical trading strategies, MLPs, real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources), and other generally non-publicly traded investments, or those managed through private investment vehicles.

- These strategies generally involve buying and selling of all types of public and private securities, currencies, options, futures, and private placements. These strategies may also include short selling securities and using leverage and other types of derivatives.
- Private equity investments may include sub-strategies such as venture capital, growth equity, and buyouts. Investments are typically accessed directly, through partnerships, or via a fund-of-funds approach, providing diversification by sub-asset class (e.g., venture capital vs. buyouts), investment style (e.g., early vs. late stage, mid-market vs. large cap market), and vintage year.
- Private credit investments may include sub-strategies such as direct lending, asset-backed debt, specialty finance, special situations, and distressed debt. Investments are typically accessed directly, through partnerships, or through a fund-of-funds approach.
- Real assets generally include buying and selling equity or debt interests in natural resources (e.g., oil and gas development, energy and power infrastructure, agriculture, and metals and mining), commodities (agriculture, energy, industrial metals, livestock, and precious metals), timberland, farmland, and water rights. These investments may be made in publicly traded securities, such as master limited partnerships (MLPs), or in private investment vehicles, such as limited partnerships.

Diversifying Assets Guidelines

1) Diversifying assets aims to improve the overall portfolio's risk-adjusted return by increasing the long-term expected return above that normally available from investing in conventional securities and reducing overall portfolio volatility through diversified strategies and the inherent smoothing of private valuation methods. The

long-term nature of private investments and vintage year diversification shall be emphasized, allowing the System, as a long-term investor, to capitalize on private transaction negotiations and the illiquidity premium associated with such private investments.

2) Before investing in diversifying assets, the Board will evaluate sub-strategy investments based on their unique characteristics and incremental value to the total Fund. Lock-up periods shall be appropriate for the underlying strategy.

3) The Board recognizes the additional risks associated with private investments, such as their long-term nature and illiquidity, the complexity of employed strategies, the higher cost and delayed investment return to the System (e.g., "J-curve effect"), potential lack of full public disclosure of certain financial information, and the labor-intensive nature of private investment programs for plan sponsors to implement and monitor. However, the Board has determined that the potential reward outweighs the potential risks and that the long-term role of diversifying assets aligns with the System's Policy.

4) In private equity, private credit, and real asset investing there is a risk of complete loss on any individual company investments. The Board understands and expects that while specific investments may incur losses, a diversified portfolio should generate a positive rate of return exceeding that of public securities. The System shall prudently diversify its private investment program, consistent with professionally managed institutional private programs (as recommended by its Investment Consultant or Investment Staff), to minimize the likelihood of loss. Private investments, in aggregate, will be prudently diversified across the sub-strategies listed above as well as by industry groups, company, number of transactions, stage of company maturity, form of investment, geography, and time (vintage year). Investment in non-U.S. limited partnerships is permitted.

5) Over commitment: The System's private investment implementation (e.g., private equity and private credit) shall be made over time to increase vintage year diversification. The timing of new commitments shall be spread out to avoid undue concentration in any single year. Over the long term, varying amounts of new funding will be committed annually to increase diversification. The Board recognizes the need to make capital commitments exceeding the private investment target allocation to achieve and maintain the target. The Investment Consultant shall monitor committed, drawn, invested, and distributed capital and recommend new commitment amounts to the Board to be made each year.

6) Each fund shall be invested and diversified according to its legal documentation. No limitations shall be imposed on any single partnership, strategy, or investment at the composite level.

7) Public Records Request: The Board recognizes that Public Record Requests may be periodically requested concerning the System's private investments. The Board believes that public disclosure of certain private investment information, especially underlying company financial information, may materially harm the System's investments. Therefore the Board has adopted the following procedure in the event

such a request is made: Public disclosure of the System's private investment shall be limited to: the identity of each fund; the amount of capital committed, invested, and returned for each fund; the internal rate of return (IRR) for each fund; information disclosed by the fund to the Board in open meetings; and information otherwise required by law.

8) The total return goal for privately traded diversifying assets investments is a dollar-weighted return (IRR) exceeding a public market equivalent (PME) dollar-weighted return of an appropriate market index over a full market cycle. Where possible, peer comparisons shall be made using statistically valid performance universes, with the expectation of above-median performance in vintage year periods.

9) The total return goal for publicly traded diversifying assets investments, with a valid investable index or peer universe, is to exceed the return of a blended index using appropriate indices weighted to reflect Policy weights of the respective strategies, net of fees.

COMPLIANCE PROCEDURES

In the event a security falls out of compliance with the investment manager's specific investment guidelines after purchase, the investment manager may continue to hold the security to avoid a "fire sale," subject to the following:

- The securities must be permissible under Sections 112.661(5) and 215.47, Florida Statutes.
- The investment must represent no more than 2% of the investment manager's portfolio and the overall investment in the security across all investment managers' portfolios must not exceed 2% of the Fund's aggregate investment portfolio.
- The City's Treasurer and CFO must be immediately notified, with a summary of the type, magnitude, and risk of the variance from the investment manager's guidelines.
- If both the Treasurer and CFO approve the assessment, the request shall be referred to the Chairman of the Board for approval. If at any point during this process, retaining the security is not approved, Investment Staff and the Investment Consultant shall collaborate with the investment manager to determine the best liquidation method.
- Unless approved by the Chairman of the Board, a non-compliant security may not be retained beyond 30 days following the end of the quarter in which the non-compliance was discovered.
- If retention of the security is approved, the CFO shall provide written acknowledgement to the investment manager granting the Policy exception and defining enhanced reporting requirements for the non-compliant security. This report shall address impact on the security's and portfolio's liquidity as well as impact on portfolio return under expected and worst-case scenarios.

- The investment manager shall provide monthly status updates on each security subject to a Policy exception to the City's Treasurer.
- Exceptions to investment manager guidelines shall be reported to the Board and included in the Investment Consultant's quarterly investment report. The Board has ultimate authority over whether the exception is approved.

SECTION 112.661, FLORIDA STATUTES

The Board has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

EXPECTED ANNUAL RATE OF RETURN: For each actuarial valuation the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination is to be filed with the Department of Management Services, the plan sponsor, and the consulting actuary.

MATURITY AND LIQUIDITY REQUIREMENTS: The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the degree reasonable, an attempt shall be made to match investment maturities with anticipated cash flow requirements.

THIRD-PARTY CUSTODIAL AGREEMENTS: Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, to the extent possible, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

MASTER REPURCHASE AGREEMENT: All approved institutions and dealers transacting repurchase agreements shall perform as stated in the Master Repurchase Agreement.

BID REQUIREMENT: To the extent reasonable, the Board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.

INTERNAL CONTROLS: The Board shall establish a system of internal controls which shall be in writing and be a part of the Board's operational procedures. These internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.

CONTINUING EDUCATION: The Board encourages continuing education of its members in the areas of investments and Board responsibilities.

REPORTING: The Custodian's valuation report is to be filed annually with the plan sponsor. This report is also available to the public.

FILING OF INVESTMENT POLICY: Once adopted by the Board, this Policy shall be promptly filed with the Department of Management Services, plan sponsor, and consulting actuary. The effective date of this Policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

VALUATION OF ILLIQUID INVESTMENTS: The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

PERFORMANCE EVALUATION

The Board shall regularly review the System's and each investment manager's investment activities and performance to ensure compliance with this Policy's goals, objectives, and guidelines. The System's outside Investment Consultant shall assist the Board in interpreting investment results and assessing investment manager performance.

Investment performance shall be measured at least quarterly. Performance benchmarks shall include those stated in the Investment Objectives section above as well as comparisons to similar funds with similar market values and asset allocations.

Investment performance shall be compared using a statistically valid universe provided by the Investment Consultant, as authorized by the Board. The Board shall consider the consistency of investment results with the investment objectives, goals, and guidelines in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except for payment of current charges, for any reason deemed sufficient in its discretion, including, but not limited to:

1) Change of the Board's investment philosophy;

2) Poor results, including, but not limited to, an investment manager's full-market-cycle (approximately 7 years) returns underperforming relative to the appropriate benchmark for three or more consecutive quarters;

3) Failure to meet stated performance goals as described in the investment manager's specific guidelines or this Policy, and/or as measured against the appropriate benchmark or relevant investment manager universe;

4) Failure to meet the Board's communication and reporting requirements;

5) Deviation from the stated investment philosophy or style for which the investment management firm was hired; or

6) Change in the investment management firm's decision-making personnel or ownership.

Investment managers shall communicate with the Board and Investment Consultant as follows:

1) Provide portfolio valuations and transaction listings at least quarterly, as stated above.

2) Meet at least annually with the Board, its Investment Staff or Investment Consultant, or as requested by the Board.

3) Communicate as outlined in this Policy regarding all other issues.

The Board shall communicate with investment managers to promptly notify them of any changes to this Policy and, as needed, to review and discuss any modifications or changes to the Plans' investment objectives, goals, and guidelines; identify any significant anticipated changes in the Plans' cash flow, liquidity requirements, or circumstances; and address any other matter that may affect the Plans' assets managed by a particular investment manager.

The Investment Consultant shall annually review this Policy and the Plans' circumstances with the Board and may periodically revise the Policy to ensure it reflects the Board's objectives, goals, philosophy, etc.

The Board shall periodically review:

1) The Fund's asset allocation in light of the Investment Consultant's current capital markets assumptions.

2) Actual investment results to determine whether the Fund's asset allocation remains reasonable and each investment manager's decision-making process and style remain consistent with their original retention.

3) The investment manager's proxy voting procedures and records.

4) Commissions generated, commission rates charged, and firms used by the investment managers to execute trades.

5) Investment manager fee schedules.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Policy periodically and to amend it to reflect any changes in philosophy or objectives. If at any time any investment manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, then such investment manager shall notify the Board in writing of the specific objection so that the Board may consider revising this Policy subject to applicable ordinances and statutes.

Amended this 24 day of July, 2025.

DAVID KILCREASE
SECRETARY - BOARD OF TRUSTEES
CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

APPENDIX A

SAMPLE INVESTMENT MANAGER INSTRUCTIONS

Policy:

The portfolio under sample manager's supervision is a domestic equity portfolio.

Sample manager has been hired to manage a large-cap value, domestic equity portfolio. The Board selected this investment style for its diversification benefits and complementarity to other employed domestic equity managers. Sample manager is expected to achieve annualized investment returns of 100 basis points above the Russell 1000 Value Index over rolling three-to-five-year periods, net of fees, and rank above median compared to style peers over the same period. It is understood that investment returns are not guaranteed.

Guidelines:

1) The portfolio shall be a large-cap value, domestic equity portfolio. Sample manager may purchase short-term cash equivalent instruments, which shall be treated as equity reserves, not as fixed income securities, for measurement purposes. Convertibles securities are also permissible but shall be treated as equities. The portfolio is expected to remain fully invested.

2) Sample manager shall determine whether to use the Custodian's Short-Term Investment Fund (STIF) or another cash equivalent vehicle, and is responsible for assessing the creditworthiness and relative return of any STIF alternative.

3) Sample manager may use exchange-traded funds such as S&P Depository Receipts ("Spyders") for short-term equitization of unused funds, including cash from contributions or pending withdrawal.

4) The portfolio shall be adequately diversified according to the sample manager's internal policies regarding individual securities and industries to avoid risks inherent in non-diversified holdings.

5) In addition to the limitations in these Guidelines, the following limitations shall apply:

   a) Exposure to any single economic sector is limited to the greater of: 30% or twice the sector weight in the underlying benchmark (listed below) based on market value.

   b) American Depository Receipts are permissible but are limited to a maximum of 15% of the portfolio, based on market value.

6) The portfolio performance shall be measured on a total return basis, including income and market value changes.

7) Sample manager shall be reviewed quarterly based on:

   a) Adherence to style risk assignment, including portfolio characteristics relative to the benchmark.

   b) Value added over the Russell 1000 Value Index.

   c) The trend of value added over the Russell 1000 Value Index.

   d) Value added over median similar style investment managers.

These guidelines should not restrict sample manager's ability to pursue strategies deemed most appropriate given the Board's directives in the Investment Policy and these Instructions, but rather serve as an exercise of the Board's fiduciary responsibility. If sample manager believes the Policy or these Instructions are unrealistic or hinder their investment style, the Board and the Investment Consultant must be immediately notified in writing.

APPENDIX B

The Board and its investment managers shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Sections 112.662 & 215.855, Florida Statutes, along with regulations adopted by the Department of Management Services.

1. Definition of pecuniary factor: The term "pecuniary factor" is defined as a factor that an investment fiduciary "prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests." [112.662(1)]

2. Exclusive consideration of pecuniary factors: Only pecuniary factors may be considered and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]

3. Proxy voting: Only pecuniary factors may be considered when voting proxies. [112.662(3)]

4. Filing requirements: The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. Investment managers and the Board's Investment Consultant shall assist in the preparation of required reports and shall annually confirm to the Board their compliance with Chapter 2023-28.

5. Contracting and external communication requirements: Investment manager contracts shall comply with Section 215.855 as follows:

"Any written communication made by an Investment Manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:

The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida."

6. The Investment Consultant will provide Investment managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes §112.662.

7. If a Request for Proposals document is issued for Investment manager services, pursuant to Section 287.05701, Florida Statutes, the solicitation document must include the following:

"The Board of Trustees may not request documentation of or consider a vendor's social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor's social, political, or ideological interests."