

WEST PALM BEACH POLICE PENSION FUND

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April 14, 2021

sent via e-mail

State of Florida, Department of Management Services
Division of Retirement
Municipal Police Officers' & Firefighters' Trust Funds Office
Keith E. Brinkman
Bureau Chief, Local Retirement Systems
3189 S. Blair Stone Rd.
Tallahassee, FL 32301-6812

Re: Investment Guidelines

Dear Mr. Brinkman:

I would like to take this opportunity to present you with the Investment Policy/Guidelines for the City of West Palm Beach Police Pension Fund. This is being provided in accordance with Section 112.661, Florida Statutes. The Board of Trustees unanimously approved these amendments on April 09, 2021.

Should you have any questions or concerns, kindly contact me at the phone number cited above. Thank you in advance for your time and attention in this matter.

Respectfully,



David M. Williams, Plan Administrator

FOR THE BOARD

c: Board of Trustees
State of Florida (*file*)
City of West Palm Beach, City Clerk's Office (via e-mail: cityclerk@wpb.org)

**CITY OF WEST PALM BEACH POLICE PENSION FUND
AMENDMENT TO THE INVESTMENT POLICY
MAY 2021**

Name of Plan: City of West Palm Beach Police Pension Fund

Plan Sponsor: City of West Palm Beach, Florida

Current Board of Trustees: Jonathan Frost, Chairman
Troy Marchese, Secretary
Joe Ahern
Craig Kahle
Dana Fragakis

Administrator: Dave Williams

Custodian: Fiduciary Trust International

Money Managers: Anchor Capital
Garcia, Hamilton & Associates
Wellington
Intercontinental
Eagle Asset Management
Invesco
JP Morgan
Vanguard
Rhumbleline Advisers
AberdeenStandard Investments
Champlain Investment Partners
Taurus Private Markets, LP
EnTrust Global
Affiliated Housing
Barrow Hanley

Investment Consultant: AndCo Consulting

Actuary: Jeffrey Amrose, Gabriel Roeder Smith & Co.

Accountant: Saltmarsh, Cleaveland & Gund

Legal Counsel: Klausner, Kaufman, Jensen & Levinson

(1) SCOPE

The investment Policy shall apply to all funds under control of the Board. Detailed guidelines are attached to and made a part of this Investment Policy Statement.

(2) INVESTMENT OBJECTIVES

1. To obtain a reasonable total rate of return – defined as income plus realized and unrealized capital gains and losses – commensurate with the Prudent Person Rule.
2. To obtain reasonable consistency of returns on a year-to-year basis, with concern for loss of capital being paramount.
3. To have the ability to pay all benefit and expense obligations when due.
4. To maintain sufficient funding for (a) unexpected developments, (b) possible future increases in benefits and/or (c) reduction in expected returns on investment or interest rate assumptions.

(3) PERFORMANCE MEASUREMENT

The Board has specified performance measures as are appropriate for the nature and size of the assets within the Board's custody. Those performance measures are set forth in the Internal Controls section of this Investment Policy.

(4) INVESTMENT AND FIDUCIARY STANDARDS

In performing its investment duties, the Board shall comply with the fiduciary standards set forth in the Employees Retirement Income Security Act of 1974, 29 U.S.C. §1104(a)(1)(A) – (C), meaning that Board members must discharge their duties with respect to the Plan solely in the interest of participants and beneficiaries and for the exclusive purpose of: (a) providing benefits to participants and their beneficiaries and (b) defraying reasonable expenses of administering the Plan; with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; by diversifying investments of the plan so as to minimize risk of large losses, unless under the circumstances it is clearly prudent not to do so. In the event of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

(5) AUTHORIZED INVESTMENTS

The attached Investment Guidelines list investments authorized by the Board. Investments not so listed are prohibited. If on October 1, 2000 investments exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investment may be continued until it is economically feasible to dispose of such investment, but no additional investment may be made.

(6) MATURITY AND LIQUIDITY REQUIREMENTS

The investment portfolio is structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the Board has attempted to match investment maturities with known cash needs and anticipated cash-flow requirements.

(7) PORTFOLIO COMPOSITION

The Investment Guidelines establish parameters for investments and limits on security issues, issuers and maturities. Said Guidelines are commensurate with the nature and size of the funds within control of the Board. The Board believes that the Plan's risk and liquidity posture are, in large part, a function of asset class mix. The Board has reviewed long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior.

(8) RISK AND DIVERSIFICATION

The Investment Guidelines provide for appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. The Board recognizes the difficulty of achieving the Plan's investment objectives in light of uncertainties and complexities of contemporary investment markets. The Board also recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's strong financial condition enables the Board to adopt a long-term investment perspective.

(9) EXPECTED ANNUAL RATE OF RETURN

The desired investment objective is a long-term rate of return on assets, net of investment expenses, that is at least equal to the actuarial assumption and which is five percent greater than the anticipated rate of inflation as measured by the Consumer Price Index (CPI). The target rate of return is for the current year, for each of the next several years and for the long-term thereafter. The target rate of return has been based on the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the

Investment Guidelines. Because market performance varies and a fixed percent return may not be meaningful during some periods, the Board has established performance benchmarks for Managers, as set forth in the Internal Controls section of this Investment Policy. Over a complete business cycle, the Plan's overall annualized total return, after deducting investment and transaction costs, should perform above the median of an appropriate universe and above a customized index composed of various market indices weighted by the strategic asset allocation of the Plan's assets.

(10) THIRD-PARTY CUSTODIAL AGREEMENTS

All assets shall be held by a third party, and all securities purchased by, and all collateral obtained by, the Board shall be properly designated as an asset of the Plan. No withdrawal of assets, in whole or in part, shall be made except upon authorization by the Board. 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 ensure that the Custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

(11) MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to requirements of the Master Repurchase Agreement. This provision does not restrict or limit the terms of any such Master Repurchase Agreement.

(12) BID REQUIREMENT

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 must be selected.

(13) INTERNAL CONTROLS

The attached system of internal controls and operational procedures has been adopted by the Board and shall be reviewed by its independent certified public accountants as part of any financial audit of the Plan.

In addition, the Board has adopted the following internal controls with reference to selection and review of Money Managers:

- A. Selection of Money Managers. The Board, with assistance from the Investment Consultant, has selected, and will select, appropriate Money Managers to manage Plan assets. Managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company or investment adviser, as defined by the Investment Advisers Act of 1940.
 2. Provide historical quarterly performance numbers, calculated on a time-weighted basis, based on a composite of fully discretionary accounts of similar investment style, reported net and gross of fees.
 3. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
 4. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- B. Duties and Responsibilities of Money Managers. The duties and responsibilities of each Money Manager retained by the Board include:
1. Managing Plan assets under its care, custody and/or control in accordance with this Investment Policy or in accordance with separate written agreements when modification is deemed prudent and desirable by the Board.
 2. Exercising investment discretion (including holding cash equivalents as an alternative) within the objectives and guidelines set forth in this Investment Policy.
 3. Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of Plan assets, including, but not limited to:
 - a. Investment Strategy
 - b. Portfolio Structure
 - c. Tactical Approaches
 - d. Ownership
 - e. Organizational Structure
 - f. Financial Condition
 - g. Professional Staff
 - h. Recommendations for Guidelines Changes
 - i. All legal, SEC and other proceedings affecting the firm
 4. Timely voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan as set forth herein. Each Manager shall keep a detailed record of said proxy voting and related actions and will comply with all regulatory obligations related thereto. Reports of such voting and actions shall be delivered to the Board no less frequently than quarterly.
 5. Utilizing the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use like activities for like retirement plans with like aims in accordance with all applicable laws, rules and regulations from local, state, federal and

international political entities as they may pertain to fiduciary duties and responsibilities.

6. Acknowledging and agreeing in writing to their fiduciary responsibility fully to comply with this entire Investment Policy, as same may be modified from time to time.

- C. **Monitoring of Money Managers.** Quarterly performance will be evaluated to test progress toward the attainment of long-term targets. The Board understands that there may be short-term periods during which performance deviates from market indices. During such periods, greater emphasis shall be placed on peer performance comparison with managers employing similar styles.

From time to time, but no less than quarterly, the Board will meet to focus on:

1. Manager's adherence to this Investment Policy.
2. Material changes in the Manager's organization, investment philosophy and/or personnel.
3. Comparisons of Manager's results to appropriate indices.
4. The risk associated with each Manager's portfolio, as measured by variability of quarterly returns (standard deviation), which should not exceed that of the benchmark index without a corresponding increase in performance above the benchmark index.

In addition, the Board will focus on:

1. The Manager's performance relative to managers of like investment style or strategy. Each manager is expected to perform in the upper half of its respective style universe.
2. The Plan's investment performance results compared to the Manager's overall composite performance figures to determine unaccounted for dispersion between the Manager's reported results and the Plan's results. The Manager shall provide composite data if requested.

The Board is aware that ongoing review and analysis of Money Managers is as important as the due diligence utilized during the manager selection process. Accordingly, a thorough review and analysis of the Money Manager will be conducted if:

1. A Manager performs in the bottom quartile of its peer group over two consecutive quarters or over an annual period.
2. A Manager falls in the "southeast quadrant" of the risk/return scattergram for a three or five-year period.

3. A Manager underperforms its index for four consecutive quarters.

Further, a Manager may be replaced at any time and for any reason, including but not limited to the following:

1. A Manager consistently performs below the median of its peer group over rolling three-year periods.
2. A Manager has a consistently negative alpha over rolling three-year periods.

The following events also warrant immediate review of the Manager:

1. Changes in professional staff.
2. Significant loss of business.
3. Significant increase in business.
4. Change in ownership and/or control.

(14) CONTINUING EDUCATION

All Board members are encouraged and expected to attend continuing education seminars concerning matters related to investments and responsibilities of Board members. Without limiting the foregoing, Board members are pre-authorized to attend certain conferences held within the state of Florida.

(15) REPORTING

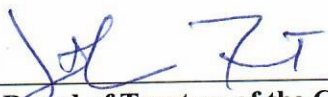
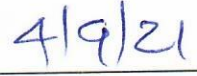
The Board shall submit an annual report to the City of West Palm Beach. The report shall include investments in the portfolio by class or type, income earned and market value. The annual report shall be available to the public.

(16) FILING OF INVESTMENT POLICY

Upon adoption by the Board, this Investment Policy shall be promptly filed with the Florida Department of Management Services, the City of West Palm Beach and the Actuary. The effective date of this Investment Policy, and any amendment hereto, shall be 31st calendar day following the filing date with the City.

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

For the Board of Trustees of the City of West Palm Beach **Date**
Police Pension Fund

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Barrow Hanley

Date

West Palm Beach Police Pension Fund

Investment Policy Guidelines

Amended April 2021

I. FOR ALL INVESTMENT MANAGERS

Purpose of Investment Policy Statement

The Pension Board Trustees maintain that an important determinant of future investment returns is the expression and periodic review of the Fund's Investment objectives. To that end, the Trustees have adopted this statement of Investment Policy.

In fulfilling their fiduciary responsibility, the Trustees recognize that the retirement system is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Fund are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable statute.

A reasonably consistent and adequate return, protection of the assets against the inroads of inflation and safety of the assets are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years or less. Performance will be measured quarterly.

II. INVESTMENT PERFORMANCE OBJECTIVES - QUARTERLY EVALUATION

A. The Total Fund

Beginning October 1, 2014, the performance of the portfolio will be compared to the return of a portfolio comprised of 26% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 8% Russell MidCap Index, 8% Russell 2500, 10% MSCI EAFE Index (EAFE), 10% NCREIF Real Estate Index, 3% of the MSCI Emerging Market Index and 25% of the Barclays Capital Intermediate Aggregate Bond Index (BCIAB).

Beginning October 1, 2016, the performance of the portfolio will be compared to the return of a portfolio comprised of 26% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 8% Russell MidCap Index, 8% Russell 2500, 10% MSCI EAFE Index (EAFE), 13% NCREIF Real Estate Index, 3% of the MSCI Emerging Market Index and 22% of the Barclays Capital Intermediate Aggregate Bond Index (BCIAB).

Beginning January 1, 2019, the performance of the portfolio will be compared to the return of a portfolio comprised of 14-20% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 10% Russell MidCap

Index, 10% Russell 2500, 10% MSCI EAFE Index (EAFE), 14% NCREIF Real Estate Index, 4% of the MSCI Emerging Market Index, 0-6% the LPX MM Private Equity Index ETF and 22% of the Barclays Capital Intermediate Aggregate Bond Index (BCIAB).

Beginning July 1, 2019, the performance of the portfolio will be compared to the return of a portfolio comprised of 14-20% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 15% Russell MidCap Index, 5% Russell 2500, 10% MSCI EAFE Index (EAFE), 14% NCREIF Real Estate Index, 4% of the MSCI Emerging Market Index, 0-6% the LPX MM Private Equity Index ETF and 22% of the Barclays Capital Intermediate Aggregate Bond Index (BCIAB).

Beginning July 1, 2020, the performance of the portfolio will be compared to the return of a portfolio comprised of 9-20% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 15% Russell MidCap Index, 5% Russell 2500, 10% MSCI EAFE Index (EAFE), 14% NCREIF Real Estate Index, 4% of the MSCI Emerging Market Index, 0-6% the LPX MM Private Equity Index ETF, 0-5% of the HRFI Fund of Funds Composite Index and 22% of the Barclays Capital Intermediate Aggregate Bond Index (BCIAB).

The Consultant will adjust the asset allocation to the S&P500, the Private Equity Indices and the HRFI Fund of Funds Composite Index as the Capital Calls are raised.

B. Total Equity Portfolio

Beginning October 1, 2007, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 44.6% S&P500, 15.4% R2000, 24.6% S&P400 & 15.4% EAFE.

Beginning July 1, 2010, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 40% S&P500, 15.4% R2000, 24.6% Russell MidCap, 4.6% NCREIF & 15.4% EAFE.

Beginning October 1, 2011, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 45% S&P500, 15% R2000, 25% Russell MidCap, & 15% EAFE.

Beginning January 1, 2013, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 40% S&P500, 15% R2000, 25% Russell MidCap, 15% EAFE & 5% MSCI Emerging Markets Index.

Beginning October 1, 2014, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 40% S&P500, 15% R2000, 12.5% Russell MidCap, 12.5% Russell 2500, 15% EAFE & 5% MSCI Emerging Markets Index.

Beginning January 1, 2019, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 22-30% S&P500, 16% R2000, 16% Russell MidCap, 16% Russell 2500, 16% EAFE, 6% MSCI Emerging Markets & 0-8% LPX MM Private Equity Index.

Beginning July 1, 2019, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 22-30% S&P500, 16% R2000, 24% Russell MidCap, 8% Russell 2500, 16% EAFE, 6% MSCI Emerging Markets & 0-8% LPX MM Private Equity Index.

C. Total Fixed Income Portfolio

Beginning October 1, 2007, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 100% BCAB Index. Beginning April 1, 2011, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 100% BCIAB Index.

D. Total Alternative Asset Portfolio

Beginning October 1, 2011, the performance of the Real Estate portfolio will be compared to the return of a portfolio comprised of 100% NCREIF Index.

The EnTrustPermal WPB Special Opportunities Fund portion of the portfolio is expected to perform at a rate at least equal to the HRFI Fund of Funds Index.

E. Total Private Equity Portfolio

Beginning January 1, 2019, the performance of the Private Equity portfolio will be compared to the return of a portfolio comprised of 100% the LPX MM Private Equity Index ETF.

Subsequently, this will be further broken down as follows:

Aberdeen Standard Investments will be compared to the S&P500+5%;

JP Morgan PEG Global Private Equity VII L.P. will be compared to the MSCI World Equity Index.

Taurus Private Markets will be compared to the Russell 3000 plus 3% (R3000+3%) with a 1 quarter lag time, beginning April 1, 2020.

C. Real Estate Investments

Investments in direct real estate investment partnerships may be used to diversify the Pension Fund's Total Portfolio and to enhance total return. These investments may be in open end limited partnership funds or closed end limited partnership funds. It is understood that open end funds offer more liquidity than illiquid closed end funds, but both types of investments are long-term, private partnerships with high variability of returns.

D. Limitations

1. No limitations are placed on percentage commitments to fixed income or money market investments.
2. Not more than twenty-five percent (25%) of the Fund's total assets, at market value, shall be invested in foreign securities.
3. In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any companies, identified by the State Board of Administration (SBA) on its website each quarter, as a scrutinized company. The investment Consultant and each investment manager shall review its investments each quarter to determine whether it is required to sell, redeem, divest or withdraw any publicly traded security of a company identified by the SBA as a scrutinized company and shall notify the Board each quarter, in writing, of the results of its review. Beginning no later than January 1, 2010, the Board shall sell, redeem, divest or withdraw all publicly traded securities it holds in any scrutinized company by no later than September 30, 2010 for Chapter 185 plans.

IV. COMMUNICATIONS

- A. It shall be incumbent upon the investment managers and the custodian to apprise the Trustees of all transactions. On a monthly basis each manager shall supply an accounting statement which will include a summary of all receipts and disbursements, the cost and the market value of all assets and the percentage of the fund invested in equities, fixed income and money market at cost. On a quarterly basis each manager shall provide an analysis of the quality of the assets, including the quality rating of each security held, a summary of common stock diversification and attendant schedules. In addition, each manager shall deliver each quarter a report detailing the fund's performance, adherence to the investment policy, forecast of the market and economy, portfolio analysis and current assets of the Trust. Written reports shall be provided to the Trustees at the quarterly meetings. Each manager will provide immediate written and telephone notice to the Trustees and the performance monitor of any significant market related or non-market related event. The Trustees have retained a monitoring service to evaluate and report on a quarterly basis the rate of return and relative performance of the fund.

- B. Meetings: The Trustees will meet quarterly with the monitoring service's representative to review the performance report. At least annually, the Trustees will meet with each investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Fund.
- C. The Managers will immediately disclose any securities owned in the past or presently held securities which are not in compliance with Section III.
- D. The Manager's quarterly report will list separately any security whose value has diminished twenty-five percent (25%) or more from the purchase price.
- E. The Managers shall report to the Trustees on an annual basis how each proxy was voted, the issue as to each, and the date the proxy was voted. If a proxy was not voted, the Manager shall provide a written statement indicating the reason that particular proxy was not voted.
- F. The Trustees may wish to recapture as many of their commission dollars as possible consistent with obtaining the "best execution" as defined in ERISA Technical Release 96-1 which is made part of this agreement by reference.
- G. When there is any change in ownership of the investment management firm, the new firm will provide the Trustees with an audited balance sheet and will keep the Trustees fully informed of all material events. This is to include, but not be limited to, the loss of any clients, deterioration of the financial health of the firm and all employment contracts.

V. CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments on the ongoing performance of a portfolio manager may be made. In this regard, the following will be closely monitored:

1. Four consecutive quarters of total fund performance below the fiftieth (50th) percentile in manager rankings.
2. Loss by the Manager of any senior investment personnel.
3. Any change in basic investment philosophy by the Manager.
4. Failure to attain a 60% vote of confidence by the Board members.


The above criteria shall in no way limit or diminish the Trustee's right to terminate a Manager at any time for any reason.

VI. FLORIDA STATUTES AND APPLICABLE CITY SPECIAL ACT OF WEST PALM BEACH

If at any time this document is found to be in conflict with Florida Statutes, or the applicable City of West Palm Beach Special Act, the Statute and Special Act shall prevail.

VII. REVIEW AND AMENDMENTS

It is intended that the Investment Manager and Trustees review this document periodically. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If at any time any Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Trustees should be so notified in writing. By initial and continuing acceptance of this Investment Policy Statement, the Investment Manager concurs with the provisions of this document.



For the Board of Trustees of the City of West Palm Beach
Police Pension Fund



Date

Barrow Hanley Global Investors Small Cap Value

VII. REVIEW AND AMENDMENTS

It is intended the Investment Manager and Trustees review this document periodically. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If at any time any Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Trustees should be so notified in writing. By initial and continuing acceptance of this Investment Policy Statement, the Investment Manager concurs with the provisions of this document.

Barrow Hanley will be compared to the Russell 2000 Value Index and in the top 40% on the Broad Small Cap Value Universe. The evaluation period for Barrow Hanley, will date from May 1, 2021.

A. AUTHORIZED INVESTMENTS

For All Equity Investment Managers

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Money Market obligations, issued by the U.S. Government, or in obligations guaranteed as to principal and interest by the United States Government or in obligations guaranteed as to principal and interest by the United States Government agency. All money market issues must rank as either Standard & Poor's A1, or Moody's P1.
3. Domestic and International Equities: equities defined as common stocks and issues convertible to equities, provided:
 - a. Each holding shall be listed on a major U.S. exchange (except for the International Equity manager who may also purchase over-the-counter (OTC) securities and securities listed on foreign exchanges).
 - b. Not more than five percent (5%) of the Fund's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding capital stock of the company.
 - c. Not more than ten percent (10%) of any manager's Total Fund portfolio, at market value, shall be invested in foreign securities. The manager must immediately notify the Board and the Consultant when the international exposure reaches ten percent (10%). An explanation will be needed as to why the manager is changing their discipline.

4. The use of unhedged and/or leveraged derivatives will not be allowed in any form.

**For the Board of Trustees of the City of West Palm Beach
Police Pension Fund**

Date

Barrow Hanley

Date