Oklahoma Firefighters Pension and Retirement System

Investment Guidelines Sub-Policy
to the
Master Statement of Investment Policy, Objectives and Guidelines for the System

I. Purpose and Objectives

This Investment Guidelines Sub-Policy (the "Sub-Policy") is a part of the Oklahoma Firefighters Pension and Retirement System (the "System") - Master Statement of Investment Policy, Objectives and Guidelines for the System (the "Investment Policy") and is intended only to complement the provisions outlined therein. The Board of Trustees of the System (the "Board") established this Sub-Policy to set forth the specific guidelines and objectives for the management of financial assets of the Oklahoma Firefighters Pension and Retirement Fund (the "Fund"). As such, in addition to compliance with the provisions of the Investment Policy, the Fund's investments must comply with the provisions of this Sub-Policy.

II. Investment Manager Guidelines

A. Pooled Investment Fund Guidelines

The following guidelines shall apply to the System's investment in any pooled investment vehicles ("Pooled Investment Funds"), where the System invests in the Pooled Investment Fund on the advice of the Investment Consultant or as determined by the Board. In such cases, there will typically be an investment manager agreement, or other relationship, between the Pooled Investment Fund and an Investment Manager for the Pooled Investment Fund (a "Fund Manager"). The Fund Manager of a Pooled Investment Fund will not typically enter into an investment manager agreement with the System.

Investment Philosophy

1. For purposes of these guidelines, Pooled Investment Funds may include, but are not limited to, limited partnerships, commingled funds, collective trusts, mutual funds, exchange-traded funds, and structured investment products.

2. The System may invest in Pooled Investment Funds in any asset class for a number of reasons including:

    a. To access passive investment strategies;

    b. To access markets or strategies with limited liquidity, specialized structures, or that represent unique investment opportunities; and

    c. To realize cost savings, or where establishing a separate account is either not feasible or advisable from a risk perspective.

3. Each Pooled Investment Fund is expected to earn the highest possible rate of return

consistent with its stated strategy. Pooled Investment Funds will be evaluated on substantially the same basis as Investment Managers. As such, when feasible, each Pooled Investment Fund will be evaluated against the risk tolerance, guidelines, and performance criteria established by the Board.

Investment Guidelines

1. Pooled Investment Funds are governed by separate documents (prospectus, offering agreement, etc.) ("Documents"), which may include investments not expressly permitted in this Investment Policy but that are consistent with the long-term objectives of the System. In the event of investment by the System into a Pooled Investment Fund, the governing documents of the Pooled Investment Fund shall be treated as an addendum to the Investment Policy. However, the Board will generally select Pooled Investment Funds that are expected to comply within the overall aggregate Investment Policy guidelines.

2. The Board will give special consideration when evaluating investment in a Pooled Investment Fund structure that has limited liquidity and/or a "lock-up" period with no liquidity. It is also recognized these types of structures may have higher fees and demonstrate highly variable returns over short periods of time. As such, the Board shall consider special criteria including, but not limited to, the following in the evaluation of any Pooled Investment Fund in this sub-category:

    a. The tenure, expertise and track record of the underlying Investment Manager;

    b. The diversification potential of the Pooled Investment Fund relative to other portfolio investments;

    c. The risk control provisions of the Pooled Investment Fund;

    d. The liquidity provisions of the Pooled Investment Fund;

    e. The use of leverage or other means of return enhancement by the Pooled Investment Fund; and

    f. The fees and potential conflicts of interest associated with the Pooled Investment Fund.

3. When investing in Pooled Investment Funds that may have issues relating to Unrelated Business Taxable Income (UBTI), the System will invest in the sub-vehicle of the Pooled Investment Fund (if available) that is structured to minimize or eliminate the impact of UBTI.

B. Domestic Equity Investment Manager Guidelines

Investment Philosophy

1. Each Investment Manager is expected to manage a portfolio of U.S. domestic securities ("Domestic Equity Portfolio"). Any significant deviation from the Investment Manager's style of investment, as set forth in its contract with the Board, will require written approval from the Board.

2. Each Investment Manager is expected to earn the highest possible rate of return

consistent with the risk tolerance, guidelines, and performance criteria established by the Board.

3. Passive Portfolio allocations (if any) are expected to match the return and risk profile (as measured by the standard deviation) of their appropriate benchmarks.

Investment Guidelines

1. Each Investment Manager is expected to maintain a fully invested portfolio. Unless specifically stated otherwise in an Investment Manager's addendum, any cash allocation above a frictional amount will be at the Investment Manager's discretion.

2. Equity securities shall mean common stocks or the equivalent (ADRs, issues convertible into common stocks, etc.).

3. Individual securities held by an Investment Manager in any one company shall not exceed the greater of 10% of the market value of the Investment Manager's Domestic Equity Portfolio or the individual security's weight in the manager's assigned benchmark index +3%.

4. The Investment Manager shall immediately notify the Board if the equity investment under management by the Investment Manager on behalf of all of its clients in any company exceeds 5% of the total market capitalization of said company.

5. Notwithstanding the provisions of Section II.H. Cash Investment Guidelines, the investment manager may use exchange-traded funds for the purpose of short-term equitization of unused funds, including cash, in the account due to contribution or pending withdrawal.

6. It is expected that the Domestic Equity Portfolio will be prudently diversified by industry.

7. The Domestic Equity Portfolio Investment Managers are not authorized to utilize leverage.

8. The use of any derivative securities not defined in this section of the Sub-Policy by Domestic Equity Portfolio Investment Managers is covered under Section VII.A. (General Policies – Derivatives) of the Investment Policy.

9. Individual strategies within the Domestic Equity Portfolio may be implemented using a Pooled Investment Fund structure when deemed appropriate.

B. International Equity Investment Manager Guidelines

Investment Philosophy

1 Each Investment Manager is expected to manage a portfolio of non-U.S. securities ("International Equity Portfolio"). Any significant deviation from the Investment Manager's investment style, as set forth in its contract with the Board, will require written approval from the Board.

2 Each Investment Manager is expected to earn the highest rate of return consistent with the risk tolerance, guidelines, and performance criteria established by the Board.

3 Passive Portfolio allocations (if any) are expected to match the return and risk profile

(as measured by the standard deviation) of their appropriate benchmarks.

Investment Guidelines

1 Each Investment Manager is expected to maintain a fully invested portfolio. Unless specifically stated otherwise in an Investment Manager's addendum, any cash allocation above a frictional amount will be at the Investment Manager's discretion.

2 The International Equity Portfolio shall consist of non-U.S. issues, including ADRs, convertible bonds, and U.S. registered securities, whose principal markets are outside the U.S.

3. Individual securities held by an Investment Manager in any one company shall not exceed 10% of the market value of the International Equity Portfolio.

4. The Investment Manager shall immediately notify the Board if the equity investment under management by the Investment Manager on behalf of all of its clients in any company exceeds 5% of the total market capitalization of said company.

5. Notwithstanding the provisions of Section II.H. Cash Investment Guidelines, the investment manager may use exchange-traded funds for the purpose of short-term equitization of unused funds, including cash, in the account due to contribution or pending withdrawal.

6. It is expected that the International Equity Portfolio will be prudently diversified by industry, market capitalization, region, and country. While there are no percentage limits with regard to country weightings, the Investment Manager should use prudent investment judgment under the circumstances.

7. Currency hedging by Investment Managers within the International Equity Portfolio is allowed up to 25%. Hedging positions should be reported quarterly by those Investment Managers employing this strategy.

8. The International Equity Portfolio Investment Managers are not authorized to utilize leverage.

9. The use of any derivative securities not defined in this section of the Sub-Policy by International Equity Portfolio Investment Managers is covered under Section VII.A. (General Policies – Derivatives) of the Investment Policy.

10. Individual strategies within the International Equity Portfolio may be implemented using a Pooled Investment Fund structure when deemed appropriate.

C. Private Equity Portfolio Guidelines

Investment Philosophy

1. Each Investment Manager is expected to manage a portfolio of securities and/or investments that function as an equity equivalent portfolio ("Private Equity Portfolio").

2. The Private Equity Portfolio may be implemented through the direct engagement of an Investment Manager and/or through a fund of funds approach. As such, the Private Equity Portfolio may consist of a diverse set of strategies that are unrelated to one another and may have significantly different functional roles within both the

Public Equity Portfolio and the overall Fund.

3. Each Investment Manager will execute their investment strategy as presented to the Board and consistent with each Investment Manager's agreement. This strategy execution includes, but is not limited to, the breakdown of geography, industry, investment type, and size of investment positions that make up the Investment Manager's portfolio.

4. The primary emphasis of Investment Managers in the Private Equity Portfolio will be to provide additional diversification, return enhancement and/or risk reduction relative to the traditional public equity markets.

Investment Guidelines

1. All individual strategies within the Private Equity Portfolio will be implemented through an appropriate Pooled Investment Fund vehicle as defined in Section II.A.

D. Core Fixed Income Investment Manager Guidelines

Investment Philosophy

1 Each Investment Manager is expected to manage a portfolio of U.S. fixed income securities ("Core Fixed Income Portfolio"). The objective of the Core Fixed Income Portfolio is to provide a positive rate of return and to reduce the overall volatility of the Fund's total investment portfolio. Any significant deviation from the Investment Manager's style of investment, as set forth in its contract with the Board, will require written approval from the Board.

2 Each Investment Manager is expected to earn the highest rate of return consistent with the risk tolerance, guidelines, and performance criteria established by the Board.

3 Passive Portfolio allocations (if any) are expected to match the return and risk profile (as measured by the standard deviation) of the relevant benchmark.

Investment Guidelines

1. Obligations of the U.S. Government or U.S. Government agencies may be held in any amounts.

2. The original issue size of the securities selected by Investment Managers should be such to afford a high degree of marketability.

3. Corporate bonds that are obligations of U.S. corporations shall be diversified by issuer type, such as industry, utility, financial or telephone issues. No more than 5% of the Core Fixed Income Portfolio managed by the Investment Manager shall be invested in the obligations of any one corporate issuer.

4. No more than 5% of an Investment Manager's portfolio shall be invested in convertible securities or preferred stocks.

5. The Core Fixed Income Portfolio Investment Managers are not authorized to purchase or hold securities denominated in a foreign currency.

6. Securities must be rated at least "investment grade," or its equivalent, by at least two Nationally Recognized Statistical Rating Organizations (a "NRSRO") at the time of

purchase.

7. Issues subsequently downgraded to "below investment grade" status after purchase by any of the NRSROs will trigger the following:

   a. Immediate notification of the Executive Director; and

   b. A written recommendation outlining the security's "hold or disposition" strategy within 30 days.

8. The weighted average duration of an Investment Manager's Core Fixed Income Portfolio should not exceed 25% of the designated benchmark's duration.

9. The Core Fixed Income Portfolio Investment Managers are not authorized to utilize leverage.

10. The use of any derivative securities not defined in this section of the Sub-Policy by Core Fixed Income Portfolio Investment Managers is covered under Section VII.A. (General Policies – Derivatives) of the Investment Policy.

11. Individual strategies within the Core Fixed Income Portfolio may be implemented using a Pooled Investment Fund structure when deemed appropriate.

E. High Income, Multi-Asset Credit, and Private Credit Portfolio Guidelines

Investment Philosophy

1. Each Investment Manager is expected to manage a portfolio of securities and/or investments that function as a fixed income equivalent portfolio ("High Income, Multi-Asset Credit, and Private Credit").

2. The High Income, Multi-Asset Credit, and Private Credit segments of the portfolio may be implemented through the direct engagement of an Investment Manager and/or through a fund of funds approach. As such, investments in these three portfolio segments may consist of a diverse set of strategies that are unrelated to one another and may have significantly different functional roles within both the Fixed Income Portfolio and the overall Fund.

3. Each Investment Manager will execute their investment strategy as presented to the Board and consistent with each Investment Manager's agreement. This strategy execution includes, but is not limited to, the breakdown of geography, industry, investment type, and size of investment positions that make up the Investment Manager's portfolio.

4. The primary emphasis of Investment Managers in the High Income, Multi-Asset Credit, and Private Credit segments of the portfolio will be to provide additional diversification, return enhancement and/or risk reduction relative to the traditional investment grade public bond markets.

Investment Guidelines

1. All individual strategies within the High Income, Multi-Asset Credit, and Private Credit segments of the portfolio will be implemented through an appropriate Pooled Investment Fund vehicle as defined in Section II-A.

F. Core & Non-Core Real Estate Portfolio Guidelines

Investment Philosophy

1. Each Investment Manager is expected to manage an equity-based portfolio of Core or Non-Core Real Estate assets (collectively the "Real Estate Portfolio"). Debt-based real estate strategies, if implemented, would be classified within an appropriate Fixed Income Portfolio segment.

2. The Real Estate Portfolio may be implemented through the direct engagement of an Investment Manager and/or through a fund of funds approach. As such, investments in the Real Estate Portfolio may consist of a diverse set of strategies that are unrelated to one another and may have significantly different functional roles within both the Real Estate Portfolio and the overall Fund.

3. Each Investment Manager will execute their investment strategy as presented to the Board and consistent with each Investment Manager's agreement. This strategy execution includes, but is not limited to, the breakdown of geography, industry, investment type, and size of investment positions that make up the Investment Manager's portfolio.

4. The primary emphasis of Investment Managers in the Real Estate Portfolio will be to provide additional diversification, return enhancement and/or risk reduction relative to the Fund's other portfolio segments.

Investment Guidelines

1. All individual strategies within the Real Estate Portfolio will be implemented through an appropriate Pooled Investment Fund vehicle as defined in Section II-A.

2. Notwithstanding anything in this Section, the System may invest directly in real estate, either 100% owned or through joint ventures or other co-investment vehicles, for the purpose of (i) generating return through income and capital appreciation competitive with institutional grade properties within the greater Oklahoma City market; and (ii) providing office space for the System.

G. Infrastructure Portfolio Guidelines

Investment Philosophy

1. Each Investment Manager is expected to manage an equity-based portfolio of Infrastructure assets ("Infrastructure Portfolio"). Debt-based infrastructure strategies, if implemented, would be classified within an appropriate Fixed Income Portfolio segment.

2. The Infrastructure Portfolio may be implemented through the direct engagement of an Investment Manager and/or through a fund of funds approach. As such, investments in the Infrastructure Portfolio may consist of a diverse set of strategies that are unrelated to one another and may have significantly different functional roles within both the Infrastructure Portfolio and the overall Fund.

3. Each Investment Manager will execute their investment strategy as presented to the Board and consistent with each Investment Manager's agreement. This strategy execution includes, but is not limited to, the breakdown of geography, industry,

investment type, and size of investment positions that make up the Investment Manager's portfolio.

4. The primary emphasis of Investment Managers in the Infrastructure Portfolio will be to provide additional diversification, return enhancement and/or risk reduction relative to the Fund's other portfolio segments.

Investment Guidelines

1. All individual strategies within the Infrastructure Portfolio will be implemented through an appropriate Pooled Investment Fund vehicle as defined in Section II-A.

H. Cash Investment Guidelines

Investment Philosophy

1. The assets of the Fund may be held in cash, or U.S. Government Securities ("Cash Portfolio"), as set forth below. The investment of cash by an Investment Manager or the Custodian should be consistent with the cash management guidelines for the Cash Portfolio.

2. The investment in this asset class is expected, through active management, to provide safety of principal, daily liquidity, and a competitive yield by investing in U.S. Government Securities.

Investment Guidelines

1. The Cash Portfolio may consist of the following:

   a. U.S. Treasury bills, notes and bonds;

   b. Other obligations issued by the U.S. Government, its agencies and instrumentalities;

   c. Repurchase agreements;

   d. Money market mutual funds subject to SEC Rule 2a-7; and

   e. Short-term collective investment funds and registered or private investment companies investing principally in fixed income or other debt securities and which have investment guidelines consistent with those contained herein.

   f. All investments are limited to securities and other instruments issued after July 18, 1984.

2. Repurchase Agreements within the Cash Portfolio are subject to the following credit restrictions and concentration limits:

   a. All counterparties must have executed a written repurchase agreement.

   b. The Board shall approve counterparties.

   c. All repurchase transactions shall be collateralized initially at 102%, and counterparties shall be required to deliver additional collateral in the event the market value of the collateral falls below 100%.

d. The Investment Manager or Custodian must take possession of collateral either directly or through a third-party custodian.

e. The Investment Manager or Custodian may invest in repurchase agreements with counterparties approved by the Board.

3. Other Investment Restrictions and Concentration Limits:

a. The maximum expected average time to receipt of principal of any single security will not exceed 397 days.

b. The average effective duration of the Cash Portfolio will not exceed 90 days.

c. The Cash Portfolio shall not be invested in detached derivative transactions such as futures, options, swaps, caps, or floor contracts or agreements. This restriction does not apply to instruments or securities that have detached derivatives embedded in them.

d. The Cash Portfolio will not be invested in inverse floaters, dual index notes, range notes, or any other instrument if the terms of which do not make non-payment of interest in an event of default.

e. The Cash Portfolio will not be utilized for the lending of securities.

III. Investment Manager Performance Evaluation

A. The Investment Consultant shall monitor the Investment Manager's performance on a monthly basis to ensure that the Investment Manager's performance is meeting or exceeding the portfolio objectives described below.

B. The Investment Consultant, along with the Board, shall conduct evaluations of each Investment Manager on a quarterly basis. The quarterly evaluation shall include, but not be limited to, a review of the following:

1. The Investment Manager's organizational structure, process and philosophy and personnel changes to ensure the consistency of these items over time;

2. The Investment Manager's performance relative to the Performance Criteria described below;

3. The Investment Manager's adherence to its specific style of management (i.e. growth, value, etc.); and

4. The Investment Manager's adherence to the System's Policies.

C. An Investment Manager who fails to meet expectations in any of the areas mentioned in paragraphs A and B above may, at the recommendation of the Investment Consultant, be placed on the Watch List. An Investment Manager who meets its objectives can still be placed on the Watch List in the event of any material change including, but not limited to:

1. There is a significant change in the ownership or control of the Investment Management Firm;

2. There is a significant change in the Investment Manager's process or philosophy;

3. The departure from the Investment Management Firm of the portfolio manager for this strategy or other key or responsible personnel;

4. Any pending litigation or SEC or other state or federal regulatory agency investigation or action; and

5. Performance shortfall (return and/or risk) relative to its respective benchmark and/or peer group universe.

IV. Investment Manager Performance Criteria

A. Investment Manager performance shall be monitored using three and five-year moving return averages and should be superior when compared to:

1. A designated benchmark, which will be determined for each Investment Manager's portfolio at the time of engagement either through mutual agreement or an Investment Manager addendum to the Investment Policy.

2. The median manager within a representative peer group universe.

B. Investment Manager performance shall be monitored using absolute and relative performance statistics for a variety of:

1. Trailing and annual periods; and

2. Market cycles including up markets (trough-to-peak) and down markets (peak-to-trough).

C. Unless specifically outlined in an Investment Manager Addendum, the volatility (risk) of an Investment Manager's portfolio is expected to be similar to the Investment Manager's designated benchmark. For non index-based benchmarks, risk should be commensurate with the return profile.