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CITY *of* EL PASO
EMPLOYEES RETIREMENT TRUST

Statement of Investment Policy
City of El Paso Employees Retirement
Trust

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Purpose of this Investment Policy

The City of El Paso Employees Retirement Trust (Fund) was created by an action of the El Paso City Council when it adopted Section 2.64 of the El Paso Municipal Code (see Appendix). The city council of El Paso also created a City Employees' Pension Board of Trustees (aka Board or Board of Trustees) whose duties include the development of rules and regulations concerning the investment of pension fund assets. It is an objective of this policy to provide retirement benefits to City employees in conformance with the city ordinances as well as state and federal laws. The Board of Trustees (Board) consists of individuals whose role is to oversee all aspects of the operation of the fund. The Board members are fiduciaries of the Fund; their responsibilities with respect to the assets of the Fund include completing each of the duties below with the exercise of judgment, care, skill, prudence, discretion and intelligence, as a person acting in a like capacity and familiar with such matters would use in the conduct of the Fund's activities:

1. Establish rules and regulations, policies and guidelines for the investment of the assets of the Fund in compliance with local ordinances as well as state and federal laws.
2. Study thoroughly each issue affecting the investments of the Fund so as to make an educated and prudent decision.
3. Select qualified professionals to assist in the implementation of the investment policies.
4. Evaluate the Fund, its performance, its compliance with this Statement of Investment Policy, its compliance with local and state laws, the performance of staff personnel, and other professionals retained by the fund in the various capacities in which there are employed.

To achieve its objectives, the Board is authorized to employ at all times qualified professional investment personnel to supervise the investment of these assets.

The overall goal of this policy will seek to optimize investment results in order to generate sufficient funds for present and future beneficiary payments. Since the

fiduciary nature of the Fund is paramount, such an objective must also necessarily consider capital conservation and the avoidance of unnecessary risk.

General objectives of this policy have been formulated with respect to the following:

1. The anticipated financial needs of the Fund in light of its funded status, including short and long-term cash flow projections and liquidity needs;
2. The risk tolerance of the Board and the need for diversification;
3. Observations about historical rates of return on various asset classes;
4. Assumptions on current and projected capital markets, general economic conditions and expected rates of inflation; and
5. The need to document investment objectives, guidelines, and performance standards and effectively communicate these guidelines to interested parties.

Investment objectives represent desired results and are long-term in nature covering typical market cycles of three to five years. Any short-fall should be explainable in terms of general economic and capital market conditions.

The objective of this policy is to invest the Fund assets in accordance with the “prudent person” standard of fiduciary responsibilities. Investments shall be diversified so as to minimize the risk of large losses, unless in light of such circumstances, it is clearly prudent not to do so. The Board shall adhere to the “prudent investor rule” standard by evaluating individual assets not in isolation but in the context of the Fund’s portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund.

All transactions undertaken on behalf of the Fund will be for the sole benefit of the Fund’s participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses.

Financial objectives identified include:

1. Containing total fund costs to the lowest reasonable level; and
2. Providing the greatest flexibility in funding retirement benefits for participants; and
3. Keeping assets above 100% of accrued vested liabilities; and
4. Growing total fund assets over time on a real dollar basis at a compound rate of increase which, combined with contributions, will provide for the payment of current and future benefits.

This Investment Policy statement represents the Board's conclusion based upon a careful and prudent study of the most suitable combination of investments to satisfy the Fund’s ongoing obligations.

The purpose of this Investment Policy Statement is to:

1. Set forth the investment objectives, policies and guidelines which the Board judges to be appropriate and prudent, in consideration of the needs of the Fund in compliance with applicable local state and federal laws; and
2. Establish the criteria against which the retained investment managers' performance is to be measured; and
3. Communicate the investment objectives, guidelines and performance criteria to investment managers, consultants and interested parties; and
4. Serve as a review document to guide the oversight of the investment of the Fund's assets over time and a yardstick for compliance with local and state laws regarding investments where applicable; and
5. Establish the range and character of permissible investments in compliance with local and state laws as they may apply.

This Statement of Investment Policy was promulgated by the Board with the advice of investment and legal consultants. It is intended to be binding upon all persons with an interest in the Fund's investments, including the Board, its employees, Investment Managers, Custodian Bank and other interested parties.

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Statement of Investment Objectives

The investment objective of the City of El Paso Employees Retirement Trust (Fund) is to ensure, over the long-term life of the Fund, an adequate pool of assets to support the benefit obligations to participants, retirees and beneficiaries. In meeting this objective, the Fund seeks the opportunity to achieve an adequate return to fund the obligations in a manner consistent with a prudent level of diversification. Specifically, these objectives include the desire to:

- Invest assets in a manner such that future assets are available to fund liabilities;
- Maintain liquidity sufficient to pay current benefits when due;
- Diversify, over time, among asset classes so assets achieve the actuarial rate of return net of fees with an acceptable risk of capital loss; and
- To comply with Performance standards as outlined in section 6.

Roles and Responsibilities

Responsibilities of the Board of Trustees

The specific responsibilities of the Board in managing the investment process include, but are not limited to, the following:

1. Establishing overall objectives and the setting of investment policy, so long as the objectives do not contradict the objectives found in 2.64 of the El Paso Municipal code.
2. Appointing an Investment Committee which considers issues related to the investment of Fund assets and which makes recommendations to the Board.
3. Determining the Fund's projected financial needs and communicating such needs to the Fund's actuary, investment consultant, investment managers and other service providers as necessary.
4. Establishing realistic investment goals and objectives, as well reasonable investment policies and limitations.
5. Establishing the Fund's asset allocation (defined as determining an appropriate mix of the Fund's assets between various asset classes and investment styles) in a manner to achieve the Fund's goals and objectives without undue risk.
6. Selecting qualified actuaries, investment consultants, investment managers, custodians and other service providers. Also communicating the duties and responsibilities to those accountable for achieving investment results and to whom specific responsibilities have been delegated.
7. Monitoring and evaluating performance results to assure compliance with investment guidelines and objectives are being met.
8. Periodically comparing the total portfolio and the investment managers' risk adjusted returns to both peers and the benchmark index.
9. Taking appropriate action to add or replace investment managers or other service providers as necessary.
10. Maintaining all records dealing with the Fund and its assets, and the investment of those assets.

11. Undertaking such work, studies, or education as may be necessary to keep the Board adequately informed and educated so as to properly fulfill its fiduciary duties.
12. The Board is authorized to delegate certain responsibilities to qualified agents to assist the Board in fulfilling its fiduciary duties and responsibilities noted above.

Responsibilities of the Investment Committee

Members of the Investment Committee are selected by the Chairperson of the Board. The Members of the Investment Committee are charged with investigating investment related issues. Once investigations are completed and conclusions or recommendations have been formulated, the Investment Committee reports its findings and recommendations to the Board. Any conclusions or recommendations made by the Members of the Investment Committee should be made in the sole interest of fund participants and their beneficiaries.

The Investment Committee, in concert with the prior written recommendation of the Investment Consultant, is authorized to direct an investment manager to suspend, and/ or resume trading in any investment portfolio. The Investment Committee can utilize this authority when it believes that the performance of an investment portfolio may be diminished due to the continued trading in a given investment portfolio. The Investment Committee may use this authority to suspend trading when personnel changes at the investment management firm may cause the portfolio to be invested in a style which is different than the style for which the investment manager was hired. The Investment Committee may also use this authority to suspend trading when it has reasonable cause to believe that the investment manager is investing in a manner not prescribed in these guidelines or as authorized in their investment manager agreement. The Investment Committee will notify the Manager of such action when taken. Actions taken to suspend/ resume trading will be reported to the Fund's Board at its next Board meeting.

In accordance with the IPS general objective of meeting the financial needs of the Fund in light of its funded status, including short and long-term cash flow projections and liquidity needs, the Investment Committee may request tactical investment authority from the Board. This tactical investment authority shall be limited to reducing the duration of the Fund's Core Fixed Income portfolio through the purchase of U.S. Treasury Bills and Notes funded from the Fund's Core Fixed Income portfolio. Further the maximum reallocation from the Fund's Core Fixed Income portfolio to U.S. Treasury securities shall not exceed 20% of the Core Fixed Income strategic asset allocation target. All such authorized trades shall be executed through the Fund's custodian or other authorized agent as directed by the Fund's Pension Administrator or their staff and held at the Fund's custodian bank. Each time a U.S. Treasury security matures, the Investment Committee and staff will provide the Board with a recommendation as to how to reinvest the proceeds if not used to rebalance the fund back to its strategic target asset

allocation or to service investment capital calls, fund benefit payments and/or pay for administrative expenses.

Responsibilities of Pension Fund Administrator and Staff

The Pension Fund Administrator and fund staff act on behalf of the Board to monitor, coordinate and control the day-to-day activities of the Fund in accordance with the El Paso Municipal Code, State law, contracts approved by the Board and any rules or regulations adopted by the Board pursuant the provision of Section 2.64 of the Municipal Code which specifically authorized the Board to make said rules and regulations. Activities of the Pension Fund Administrator and staff are guided by the sole interest of fund participants and their beneficiaries.

Responsibilities of Investment Consultant

- A. The primary duty of the investment consultant is to work with the Board, supporting the Board's management of the investment process. This includes meeting regularly with the Board to provide information, perspective, and evaluation as to the Fund's goals, objectives, investment structure, and investment managers, which encompass the development, implementation, and monitoring of a properly diversified investment portfolio.
- B. Specific duties of the investment consultant include, but are not limited to, the following:
 - 1. Making recommendations to the Board of appropriate actions, which will enhance the probability of achieving overall objectives such as use of various asset classes, implementation of investment strategy, changes in investment policy and changes in investment managers or other service providers.
 - 2. Assist the Board in developing an appropriate asset mix through the use of regular asset-liability studies, which employ analysis of both the assets and liabilities of the Fund. An asset-liability study shall be conducted every 3-5 years, or more frequently if there is a significant change in the Fund's liabilities.
 - 3. Assist the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies.
 - 4. Provide comprehensive evaluation of the investment results of the total fund and individual asset managers, in light of the investment guidelines and performance standards contained in this Policy.

5. Notify the Board of changes in the structure, personnel, ownership, investment philosophy or process of investment managers serving the Fund and present a course of corrective action when necessary.
6. Providing ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs.

Responsibilities of Investment Managers

A. Adherence to Statement of Investment Policy:

1. The investment managers shall respect and observe the specific limitations, guidelines, and philosophies expressed herein, or as expressed in any written amendments, addendums or attachments to this Policy.
2. The investment managers' acceptance of the responsibility to manage assets of the Fund will constitute an acceptance of this Policy, affirming the belief that they are realistically capable of achieving the Fund's objectives within the guidelines and limitations stated herein.

B. Discretionary Authority:

1. The investment managers will be responsible for making all investment decisions on a fully discretionary basis regarding all assets placed under its control and will be held accountable for achieving the investment objectives indicated. Such discretion shall include decisions to buy, hold, and sell securities in amounts and proportions that are reflective of the investment manager's current investment strategy and compatible with the Fund's investment guidelines.
2. As fiduciaries to the Fund, managers will discharge their duties solely in the interests of fund participants and beneficiaries and with the care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims.
3. The investment managers will construct and manage investment portfolios consistent with the investment philosophy, style and discipline for which they were retained. They will also execute trades and allocate brokerage commissions according to this Policy.

C. Communication:

1. The Investment Manager should advise the Board promptly of any event that is likely to adversely impact, to a significant

degree, the management, professionalism, integrity or financial position of the firm, including events such as:

- A loss of one or more key people;
- A loss of 10% of managed assets within any 12 month period,
- A significant change in investment philosophy;
- The appointment of a new portfolio manager(s) to the sponsor's account; or
- A change in ownership or control (whether through acquisition, disposition, spin-off, merger, consolidation or otherwise) of the Investment Manager, and
- Any other event(s) which the manager has not disclosed to the Board which may render a change in the manner or performance of the manager.

2. Meetings with the Fund's investment managers will take place annually with the Investment Committee and Board or at other times as deemed necessary. If an Investment Manager is on the Watch List, the Manager will meet semi-annually with the Investment Committee.

D. Reporting:

1. The Board and investment consultant shall receive timely notices of transaction activities (upon request) as well as performance reports and reports on proxy voting. For managers with separate accounts, an annual trading cost analysis report shall be provided.
2. In addition, any information needed to assist the Board in conducting their evaluation of the investment manager's performance as it relates to Fund assets will be presented on a timely basis.

E. Proxy Voting:

1. The Board shall delegate to the investment manager the responsibility to vote any and all proxies. The investment managers have the responsibility to vote solely in the interest of the Fund's participants and to protect the value of the securities within the Fund. The investment managers shall keep accurate records with respect to their voting of proxies. Investment managers with separate accounts shall forward to the Board annually a summarization of all proxy voting and the rationale for each vote.

F. Compliance with Appropriate Local, State and Federal Laws:

1. The investment managers are responsible for strict compliance with the provisions of Section 2.64 of the El Paso

Municipal Code (see Appendix) Texas statutes and all other applicable state and federal laws, rules and regulations as they pertain to investment manager's duties and responsibilities as a fiduciary.

2. The investment managers are to acknowledge in writing their recognition and acceptance of full responsibility for management of Fund assets as a fiduciary under applicable federal or state law with regard to Fund assets.

G. Investment Transactions:

1. Notwithstanding anything to the contrary, all trading of securities will be placed by investment managers with the aim of obtaining the best price and best execution, taking into account all factors influencing pricing and execution, as well as the value of all brokerage services received by the Fund, or by the investment managers, for the benefit of the Fund and its beneficiaries. The policy of best price and best execution is intended to provide the most favorable overall results for the Fund.
2. Understanding that the investment managers, as fiduciaries, have the responsibility to execute every transaction in the best interest of the Fund, the Board reserves the right to set specific brokerage policies as follows:

Subject to best execution and applicable opportunity, managers shall strive to direct a minimum of 25% of all trades for the Fund to broker-dealers selected by the Board. Such broker-dealers will provide research and/or professional services directly to the Fund, or through third parties to the Fund. Investment managers are required to report their trading activities for the Fund quarterly. This report will provide data regarding the total commissions generated, commissions directed to the Board's designated broker-dealer(s), and commission costs per trade. Each manager will provide this report to the Board at the time they report for their annual meeting.

The Board shall apply brokerage credits, accrued in the Fund's accounts, exclusively for the benefit of the fund. In order to apply such credits economically, the Board herein delegates discretion on the application of credits, as follows:

- Recognizing that brokerage credits accrue to the Fund in lieu of broker-generated securities research, the Board herein authorizes the primary application of such credits, by the Investment Committee of the Board, at

its discretion, toward the purchase of investment-related materials, services and seminars as the Investment Committee shall reasonably require to fulfill its advisory charge with respect to the Board.

- In the absence of the prior application of such credits by the Investment Committee, or in the absence of specific Board direction to the contrary, the Board authorizes the Pension Administrator, as Operating Officer of the Fund, to expend these credits to offset any budgeted or board-approved expenses of the Fund.
- In no instance may brokerage credits be applied toward the purchase of any goods or services for the Fund not specifically authorized by the Board.
- In no case shall a trade be completed solely for the purpose of underwriting research or services provided to the Fund.

The Board will, from time-to-time, perform, or cause to be performed, an analysis of the trading costs of the Fund with respect to the various classes of trading described herein.

- The analysis will summarize and evaluate the cost effectiveness of the various brokers selected by the investment managers or by the Board, specifically reporting commissions charged per share traded, the market impact costs incurred in these transactions, and the percentage annual portfolio turnover, per Adviser account.
- The analysis will evaluate instances of higher commissions per share with respect to the many factors affecting pricing and execution, and shall consider any other services or research provided directly or indirectly to the Fund.

H. In Person Meetings:

Each manager will meet annually with the Board and Investment Committee. Board presentations should be no longer than 20 minutes in length allowing for questions and answers. In addition, each presentation should include at least the following:

1. Review of firm developments, including those affecting ownership, products
2. Review of professional turnover and new hires for product used and firm as a whole
3. Brief review of investment process for products used
4. Performance review

5. Performance attribution (including what worked and what did not work)
6. Portfolio structure
7. Strategy review
8. Economic outlook
9. Review of cash position in the portfolio
10. Review of proxy voting, if applicable
11. Review of commission costs
12. A current listing of portfolio holdings (provide both a cost basis and market value)

The portfolio manager responsible for the account should attend if possible.

Responsibilities of Other Service Providers

A. **Custodian:** The Board shall retain a trust company or bank to act as custodian for the Fund's assets. The duties and responsibilities of such custodian shall include, but not be limited to the following:

1. The safekeeping of all assets under trust or custodial arrangement;
2. Provide the Pension Fund Administrator and staff with a regular valuation and accounting of Fund assets. Such valuation and accounting shall occur at least on a monthly basis.
3. Settle all purchases and sales of securities and other related transactions by the investment managers employed by the Fund.
4. Sweep all accounts daily into a cash management account to ensure no Fund assets are left uninvested.
5. Make available and return all securities eligible to participate and loaned through the securities lending agent employed by the Fund.
6. Manage uninvested cash and cash awaiting disbursement to the Fund's investment managers in liquid, safe, interest-bearing instruments.
7. Provide all other custodial services not mentioned above necessary for the efficient investment, custody and administration of assets.

B. **Actuary:** The Board shall retain a qualified actuary who shall have, among others, the following duties and responsibilities:

1. Prepare an annual valuation of all the Fund's assets and liabilities. Such valuation shall be provided to the

Board to determine the financial condition of the Fund and determine the contribution rates necessary to fully fund the Fund.

2. Recommend to the Board certain assumptions including those concerning contribution rates, death, disability, withdrawal, retirement, and investment returns.
3. Compare forecasted assumptions against actual Fund experience.
4. Assist the investment consultant in the preparation of all asset-liability studies and specifically the analysis of the Fund's liabilities and Fund provisions.
5. Provide guidance and perspective regarding special actuarial studies, experience studies, benefit changes and all things of an actuarial nature as may be required by the Board.

- C. **Legal Counsel:** The Board shall retain a qualified attorney to represent the Fund in all legal matters and to provide such legal advice and insight as may be necessary.

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Asset Allocation Strategy

The Board of Trustees conducted an asset-liability study in 2023 and adopted the following asset allocation policy in June 2023. Assets included in the Fund should be invested according to the following asset allocation guidelines, established to reflect the growth expectations and risk tolerance of the Board.

Any permanent changes to these guidelines must be approved by the Board. Until the Private Equity allocation is fully funded, the assets earmarked for Private Equity will be invested on an interim basis in Domestic Equity.

Asset-liability studies shall be conducted by the Fund's investment consultant every 3-5 years, or more frequently if there is a significant change in the Fund's liabilities.

Asset Class	Strategic Target	Range	
		Min	Max
Domestic Equity	31.0%	27.0%	35.0%
International Equity	21.0%	18.0%	24.0%
Core Fixed Income	24.0%	21.0%	27.0%
Real Estate	10.0%	7.0%	13.0%
Private Equity	13.0%	10.0%	16.0%
Cash	1.0%	0.0%	5.0%
Total	100.0%		

Asset Class Structure

To ensure prudent diversification, the Board may employ a multiple manager structure within asset classes. Each manager category below should be at least 3% of the total fund, with the exception of Cash, in order to provide a meaningful contribution to the overall portfolio. Pursuant to the Asset Allocation, the targets for asset classes with multiple managers are as follows:

Asset Class	Asset Class Target	Total Trust Target	Investment Weights
Domestic Equity	100.0%	31.0%	
Large Cap	75.0%		
Index	75.0%		23.25%
Small/Mid Cap	25.0%		
Core	25.0%		7.75%
International Equity	100.0%	21.0%	
MSCI ACWI ex-U.S. IMI Index	40.0%		8.40%
ACWI ex-U.S. IMI Core	60.0%		12.60%
Fixed Income¹	100.0%	24.0%	
Core Index	50.0%		12.00%
Core Plus ²	50.0%		12.00%
Real Estate	100.0%	10.0%	
Core Private ²	100.0%		10.00%
Private Equity	100.0%	13.0%	
Private Equity ³	100.0%		13.00%
Cash	100.0%	1.0%	
Cash	100.0%		1.00%

¹ As described in Responsibilities of the Investment Committee, the Board may grant staff the authority to allocate 20% of the Core Fixed Income strategic allocation to U.S. Treasury securities for the purposes of shortening the duration of the Core Fixed Income composite.

² Target structure is equally weighted among two managers.

³ Target structure utilizes two fund-of-fund private equity managers.

Rebalancing Policy

Periodic rebalancing is necessary to prevent the actual asset allocation from deviating too far from the strategic targets and to meet the high level of benefit payments. An asset allocation that is permitted to drift with market returns over extended periods of time could cause the Fund to be over-weighted in an asset class at market peaks and under-weighted at market lows. When market activity has been significant enough to extend beyond tactical ranges, a rebalancing policy generally results in the sale of those investments that have outperformed and the purchase of those assets that have underperformed.

In undertaking the implementation of its rebalancing policy, the Board will take into account the relationship between the actual asset allocation and the strategic targets, any transaction costs, and the Fund's liquidity needs. Rebalancing activities may be combined with management of the Fund's liquidity (for example, by funding benefits from an asset class whose balance exceeds its strategic target). Rebalancing may be undertaken by reallocation to the strategic targets or by partial reallocation towards the strategic targets.

Staff, in consultation with the Fund's consultant, is authorized to make rebalancing transactions consistent with the Fund's strategic asset allocation that may arise from cash inflows, investment capital calls, and/or fund administrative expenses and retirement benefits. Staff will inform the Investment Committee and Board of these transactions at the next scheduled meeting.

Rebalancing of illiquid assets, (i.e., asset classes for which cash in-flows and outflows are at the investment manager's discretion), will be accomplished on a best efforts basis. In situations where liquidity is not available to rebalance within illiquid asset class target ranges, rebalancing will be affected through the closest liquid public market proxy to maintain the desired long-term economic exposure. Secondary markets sales will also be evaluated provided pricing and terms are in the best interest of the Trust.

Liquidity Policy

Cash is required to fund ongoing benefit payments and administrative expenses. Cash is provided to the Fund by periodic contributions and by cash flows from Fund investments. Cash will be monitored routinely and adjusted as necessary to ensure adequate liquidity.

Securities Lending – Specific Policies and Guidelines

The Board may select a lending agent to lend financial securities of the fund.

1. The lending agent may lend any eligible securities, such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The lending agent shall have full discretion over the selection of borrowers and shall continually review credit worthiness of potential borrowers through thorough credit and financial analysis.
2. All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit. Collateralization of such loans shall be 102% for domestic securities and 105% for non-U.S. securities of the market value of the loaned securities plus accrued income. Such collateralization procedures should be marked-to-market daily.
3. The securities lending program shall in no way inhibit the trading activities of the other investment managers of the Fund.

4. Specific guidelines regarding the investment of cash collateral, operational procedures, approved borrowers and acceptable form of collateral are controlled by the custodian's securities lending program, which shall be reviewed annually by the Board.

Investment Guidelines

General

The Board is responsible for the investment of all assets and for establishing policies and practices. All investments shall be made for the purposes of providing benefits to participants and their beneficiaries and defraying the expenses related to administering the Fund as determined by the Board.

The Board may, at its discretion, retain investment advisors to manage all or a portion of the Fund assets. These advisors shall be selected from established and financially sound organizations which have a proven and demonstrable record in managing funds with characteristics appropriate for the risk/return profile of the Fund assets. The selection process will involve a disciplined approach that will be fully documented for the Board's records.

All assets should be properly diversified to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio.

Given the expense, difficulty of obtaining adequate diversification, related custody costs and ultimate size of the Fund's commitments to various asset classes, commingled funds may be used as the vehicle for the investment in such asset classes. In such cases, the investment guidelines will be governed by the fund's governing documents.

The following guidelines would apply to investment mandates utilized by the Fund:

Large Cap Index Equity

Investment Guidelines

This investment will be passively managed. Permissible investments are S&P 500 Index or Russell 1000 commingled funds or Exchange Traded Funds (ETFs).

As such, the investment guidelines will be governed by the fund's governing documents.

Small/Mid Cap Equity

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs, this investment will be made using one or more commingled funds(s).

As such, the investment guidelines will be governed by the fund's governing documents. To the extent a separate account is utilized for implementation, the guidelines enumerated below will apply.

Investment Strategy

The Fund(s) will invest primarily in a diversified portfolio of equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$100 million and the greater of \$5 billion of the top end of the Russell 2500 Index (the "Market Capitalization Range") at the time of initial purchase; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, as well as real estate investment trusts ("REITs"), preferred stocks, convertible securities, American Depositary Receipts (ADRs) of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), futures, and short-term investments, money market instruments or equivalent.

Portfolio Restrictions

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – Generally, Funds may invest up to 5% of assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions), subject to a maximum of 10% of assets.

International Equity-All Country World ex-U.S. Investable Markets Index

Investment Guidelines

This investment will be passively managed. Permissible investments are MSCI ACWI ex-U.S. IMI Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

International Equity-All Country World ex-U.S. Investable Markets

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents. To the extent a separate account is utilized for implementation, the guidelines enumerated below will apply.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – Generally, Funds may invest up to 5% of assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions), subject to a maximum of 10% of assets.

Fixed Income Core Index

Investment Guidelines

This investment will be passively managed. Permissible investments are Bloomberg Aggregate Bond Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody of fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Fixed Income Core Plus

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents. To the extent a separate account is utilized for implementation, the guidelines enumerated below will apply.

Investment Strategy

The Portfolio will invest primarily in bonds that are eligible for inclusion into the Bloomberg Aggregate Bond Index. The Portfolio may have the flexibility to also invest in bonds issued and/or denominated in the currencies of a variety of countries, including emerging market countries as well as below investment grade issues.

Portfolio Restrictions

A. Investment Universe and Limitations

1. Allowable Investments

- a. U.S. Government and Agency securities
- b. Sovereign and supranational securities
- c. Corporate securities and bank loans
- d. Non-U.S. issuer securities (including Yankee bonds, Eurobonds, and Global bonds)
- e. Mortgage securities (including CMOs, whole loans, and CMBS)
- f. Asset-backed securities
- g. Inflation-linked bonds
- h. Medium-term notes
- i. Municipal securities
- j. Insurance surplus notes and capital securities
- k. Credit-linked notes and structured notes
- l. Repurchase and reverse purchase agreements
- m. Private placement (Rule 144A), bank loans, and other restricted securities

2. General Restrictions

- a. The average duration of the Fund(s) generally ranges between +/- 1.5 years of the average duration of the benchmark index, under normal circumstances.
- b. The average credit quality of the Fund(s) is investment-grade. Exposure

to debt obligations rated below investment grade will generally be limited to 20% of Fund assets.

Credit ratings for issues will be the highest of Moody's, S&P's, or Fitch's long-term ratings. If an issue is unrated, then an equivalent credit rating as deemed appropriate by the manager(s) may be used.

- c. The Fund(s) seeks broad diversification by market sector, industry, and issuer. Net credit exposure to any single issuer will generally not represent more than 5% of the Fund at time of purchase (this restriction may not apply to issues of the U.S. Treasury, issue of U.S. government agencies, or the investment-grade debt obligations of OECD member countries and their instrumentalities).
- d. STIF funds may be used as a cash "sweep" vehicle to manage uninvested cash, or to manage reinvested cash collateral, that engage in securities lending transactions. Such cash or cash collateral may be invested in STIF funds in a manner that generally seeks as high a level of current income as is consistent with liquidity and stability of principal.

3. Foreign Securities

- a. Non-U.S. dollar exposure may be entirely hedged, partially hedged, or fully unhedged depending on the investment outlook. Currency forwards, options, and futures are employed to adjust and hedge the Portfolio's currency exposure. Exposure to non-U.S. dollar denominated issues and currencies will generally be limited to 20% of Fund assets.

4. Derivatives

- a. The Fund(s) may buy and sell exchange-traded and over-the-counter derivative instruments, including interest rate, credit, index, and currency futures; currency, interest rate, total rate of return, and credit default swaps; currency, bond, and swap options; deliverable and non-deliverable currency forward contracts; bonds for settlement; "to-be-announced" (TBA) securities; and other derivative instruments for risk management purposes and otherwise in pursuit of the Fund's objective.

5. Short Selling

- a. The Fund(s) may sell securities short, including futures, swaps, structured products and call options for duration management or other purposes.

6. Miscellaneous

- a. The Fund(s) is to be managed in USD.
- b. The Fund(s) will not employ leverage.
- c. Investment types not explicitly allowed in these guidelines may still be used by the manager(s) if deemed to be appropriate.

Fixed Income U.S. Treasury Bills and Notes

Investment Guidelines

This investment will be composed of the purchase of U.S. Treasury Bills and Notes as authorized by the Board and executed by pension staff. The specific securities will be purchased via the Fund's custodian or other financial agent and then transferred to the Fund's custodian.

Investment Strategy

The Fund may invest in U.S. Treasury issued securities with the intention of holding them until maturity. The maximum reallocation from the Fund's Core Fixed Income portfolio to U.S. Treasury securities shall not exceed 20% of the strategic asset allocation target. Each time a U.S. Treasury security matures, the Investment Committee and staff will provide the Board with a recommendation as to how to reinvest the proceeds if not used to rebalance the fund back to its strategic target asset allocation, to service investment capital calls, fund benefit payments and/or, pay for administrative expenses.

Portfolio Restrictions

The purchase of securities that are not U.S. Treasury Bills or Notes.

Core Open-End Real Estate

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the management of privately owned real estate, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents. To the extent a separate account is utilized for implementation, the guidelines enumerated below will apply.

Investment Strategy

The Portfolio will invest primarily in physical real estate assets while employing levels of leverage consistent with NCREIF ODCE Index inclusion rules.

Private Equity

Investment Guidelines

Introduction

The private equity investments made on behalf of City of El Paso Employees Retirement Trust (“CEPERT”) will consist primarily of limited partnership investments in diversified private equity portfolios (e.g., venture capital, acquisition, special situation, subordinated debt, and restructuring funds, etc.). CEPERT will invest in private equity through institutional closed-end, finite-life commingled private equity fund-of-funds vehicles. Eligible fund-of-funds may employ either a primary partnership or secondary partnership strategy. The fund-of-funds vehicles will be limited liability partnerships, limited liability corporations, or group trusts. Investments directly in stand-alone corporate finance limited partnerships and direct investments in companies are not currently considered appropriate. The vehicle’s manager(s) will have discretion with respect to the management of the fund-of-funds investment program, operating within the parameters delineated in the commingled fund’s legal documentation.

To maintain an appropriate funded status on a net asset value basis, CEPERT will be required to make periodic commitments to additional fund-of-funds vehicles managed by either the same or different fund-of-funds managers. CEPERT’s staff will work with the consultant and the managers to determine appropriate commitment timing and amounts and periodically present a recommended plan to the Investment Committee.

To ensure adequate access and diversification, CEPERT may utilize multiple fund-of-funds providers. There is no specific limit to the number of vendors to be utilized. However, CEPERT will limit the number of vendors employed to the extent practical. Only those firms committed to providing ongoing access to the private equity arena through fund-of-funds offerings, that have a demonstrated record of investing client funds in top tier private equity partnerships and that limit assets accepted for management to sums that can in fact be committed in top tier funds will be considered.

CEPERT recognizes that many well-qualified fund-of-funds providers make direct private equity investments within the fund-of-funds vehicles. Such investments are permissible provided that they constitute a comparatively small portion of the total fund of funds asset base (typically less than 20%). These direct investments are not required and CEPERT’s staff, when provided a choice, may elect to exclude such investments.

Guidelines

As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. But, the vehicle’s manager in managing the portfolio should take prudent care. In addition, the following stipulation(s) apply:

- The CEPERT funds invested in the pooled/fund-of-funds vehicle should not represent more than 20% of the total market value of the pooled/fund-of-funds. It is also preferred that this holds true for any other investor in these pooled/fund-of-funds.
- The manager of the fund-of-funds vehicle shall be a Bank or a registered advisor under the Investment Advisors Act of 1940.
- If the fund-of-funds provides the option of receiving distributions in cash or securities, the Trust will opt to receive cash.

Reporting Requirements

Reporting requirements will be governed by the fund-of-funds legal documentation, which at a minimum will provide for quarterly unaudited financial statements and other relevant investment holdings-related exhibits, and annual audited financial statements and relevant investment holdings-related exhibits.

Cash

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents. To the extent a separate account is utilized for implementation, the guidelines enumerated below will apply.

Investment Strategy:

All monies not deployed in other permitted investments shall be invested in short-term investment vehicles as provided below.

Money market instruments shall include:

- Direct obligations of the U.S. Treasury including bills, notes, and bonds, and repurchase agreements secured by those obligations.
- U.S. Government and U.S. Treasury money market mutual funds that are SEC registered and comply with Rule 2(a)-7 under the Investment Company Act of 1940. The investment guidelines will be governed by the fund's governing documents.

Performance Measurement Standards

Performance standards are required for determining whether or not the Fund's objectives are being met. They also provide an objective basis for evaluating how well managers complement each other and add value collectively, however it is understood that there is no guarantee that such results will be attainable.

The following are long-term investment return objectives established by the Board. While the Board believes it has a fiduciary responsibility to frequently review the results achieved by its investment managers, judgments regarding a manager's suitability will not be based solely on results in any relatively short time period. Generally, three to five years of performance history is needed before results alone can play a substantial role in judging a manager. In the short run, other factors can and will be given significant consideration. These factors include, but are not limited to:

- Firm and investment team stability;
- Consistency of investment style, process, and philosophy; and,
- Stability of firm and strategy assets.

The Board intends to evaluate investment manager's overall performance by taking into account all relevant objective and subjective criteria. The Board reserves the right to terminate any investment manager at any time if deemed appropriate.

Performance Shortfall / Placement on Probation (Watch List)

The investment returns achieved by each manager will be compared to appropriate benchmarks. If the investment returns of a manager over rolling 3-5 year periods either (1) fall below the stated benchmark (after fees), and/or (2) rank in the 75th or lower percentile (bottom quartile) of an appropriate peer universe, the Fund may place the investment manager on probation. The Fund's investment consultant is responsible for determining the appropriate peer universe comprised of similar strategies for each investment manager, with consultation and approval from the Investment Committee. 

In addition, managers that do not meet the specific performance standards detailed in the section below may be placed on probation. The Investment Committee shall

have the authority as delegated by the Board of Trustees to place an investment manager on probation or remove such manager from probation.

The Investment Committee will review and re-evaluate any manager on probation at least quarterly with the expectation that managers will not stay on probation for more than one year, unless it is prudent under the then-prevailing circumstances for them to remain on probation. The Investment Committee shall notify the Board of any action to place or remove an investment manager from probation at the next regularly scheduled meeting of the Board of Trustees.

The Board reserves the right to terminate any investment manager by using any other provision of the investment manager agreement, thus the language of this investment policy is intended to be in addition to any language found in an investment management agreement. If at any time a conflict should exist between the investment management agreement and this statement of investment policy, the investment management agreement will prevail.

Specific Performance Standards

Total Fund		
Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Total returns should rank above the median of a comparable Total Fund universe.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ¹ .

¹ Effective 9/1/2025: 31% Russell 3000 Index, 21% MSCI ACWI ex-US IMI Index, 13% Cambridge Global Private Equity Index, 24% Bloomberg US Aggregate Bond Index, 10% NFI-ODCE Equal Weight Net Index, and 1% 90-day T-bills

Large Cap Index Equity		
Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Not applicable	Net of investment management fees, the total rate of return should closely track the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should be similar to the Benchmark Index ¹ .

¹ S&P 500 Index or Russell 1000 Index.

Small/Mid Cap Equity

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Total returns should rank above the median of a comparable universe of core Small/Mid Cap Funds.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should be similar to the Benchmark Index ¹ .

¹ Russell 2500 Index.

International Equity-All Country World ex-U.S. Investable Markets Index

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Not applicable	Net of investment management fees, the total rate of return should closely track the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should be similar to the Benchmark Index ¹ .

¹ MSCI ACWI ex-U.S. IMI Index.

International Equity-All Country World ex-U.S. Investable Markets

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Total returns should rank above the median of a comparable universe of International Equity Funds.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should be similar to the Benchmark Index ¹ .

¹ MSCI ACWI ex-U.S. IMI Index.

Fixed Income-Core Index

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Not applicable.	Net of investment management fees, the total rate of return should closely the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should similar to that of the Benchmark Index ¹ .

¹ Bloomberg Aggregate Bond Index.

Fixed Income-Core Plus

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Total returns should rank above the median of a comparable universe of Core Plus Funds.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should similar to that of the Benchmark Index ¹ .

¹ Bloomberg Aggregate Bond Index.

Fixed Income-U.S. Treasury Notes & Bills

Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 1-5 years).	Total returns should seek to add value above the U.S. Fixed Income Composite Index ¹ should the objective be return enhancement as opposed to liquidity management.	Net of investment management fees, the total rate of return should add value above the U.S. Fixed Income Composite Index ¹ should the objective be return enhancement as opposed to liquidity management.

¹ Bloomberg Aggregate Bond Index

Real Estate		
Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	Total returns should rank above the median of a comparable universe of Private Real Estate funds.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ¹ . ----- Volatility, as measured by the standard deviation of quarterly returns, should similar to that of the Benchmark Index peer group ¹ .
¹ NFI-ODCE Equal Weight Index		

Private Equity		
Time Horizon	Universe Benchmarks	Index Benchmarks
Rolling market cycle (approximately 3-5 years).	IRRs on a vintage year basis should rank in the top quartile of a comparable universe of Private Equity funds.	Net of investment management fees, the total rate of return should exceed the Benchmark Index ^{1,2,3} . ----- Volatility, as measured by the standard deviation of quarterly returns, should similar to that of the Benchmark Index peer group ^{1,2,3} .
¹ Cambridge Global Private Equity Index for the intermediate-term time horizon.		
² MSCI ACWI + 3% for the long-term time horizon.		
³ Refinitiv/Cambridge Global All Private Equity Partnerships database of similar vintage.		

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Selection of Investment Managers and Custodial Bank

Selection of Investment Managers:

General: The Board through its Investment Committee hires investment managers from time-to-time in order to carry out its duties to diversify the Fund's investment portfolio. The Board has granted authority to the Investment Committee to review possible manager candidates and make recommendations to the Board with regard to possible investment manager candidates.

The process used to select investment managers is as follows:

The Investment Committee will utilize a process for investment manager selection that embodies the principles of procedural due diligence. Accordingly, when recommending investment managers, the Investment Committee will employ a comparative search process, including but not limited to the following steps or such other steps as the Investment Committee determines best in the situation:

1. Formulation of specific investment manager search criteria that reflect the requirements for the investment manager role under consideration.
2. Identification of qualified candidates from the manager search database maintained by the Investment Consultant and such other sources as determined by the Investment Committee.
3. Analysis of qualified candidates in terms of:
 - A. Quantitative characteristics, such as CFA GIPS compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.

- B. Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
 - C. Organizational factors, such as type and size of firm, ownership structure, client-serving capabilities, ability to obtain and retain clients and fees.
4. Selection and interview of finalist candidates based on a due diligence report prepared for the Investment Committee by the Investment Consultant summarizing the analysis described above.

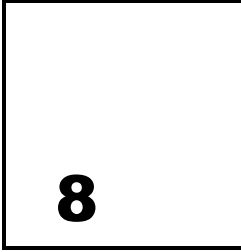
Selection of a Custodial Bank:

General: The Board engages banking and security custody services from a qualified financial institution. The Board contracts with a custodial bank to keep accurate financial records of investment and cash transactions. The term of a contract with a custodial bank is generally for a longer term than for other service providers due to the nature of the contact. Contracts may be extended at the sole discretion of the Board.

The selection of a custodial bank for the safekeeping of assets shall be governed by a due diligence process that takes into consideration the asset servicing requirements of investment managers hired by the Fund and the operational and oversight management requirements of the Fund's staff. The Board may select a Committee to investigate and make recommendations to the Board regarding any authorized custodial search. The Committee will employ a comparative search process that embodies the safekeeping, trade processing and asset servicing requirements of the Fund. The procedural due diligence may include but is not limited to the following:

1. Determine the Investment Manager Support Structure and Functional Administrative/Operational Profile of the Fund.
2. Identify the universe of qualified institutional custody providers based on industry standards or best practices and database of qualified custody providers.
3. Issue a solicitation request to ascertain the organizational and technical capabilities of qualified institutional custody providers.
4. Evaluate responding candidate firms utilizing core factors of differentiation such as but not limited to:
 - A. Organization and Experience (such as client base, client turnover, client references, etc.)
 - B. Client Servicing and Support (such as tenure, bench strength, turnover, etc.)

- C. Custody (such as safekeeping, corporate action processing, income collection, etc.)
 - D. Accounting (such as GASB Reporting, audited statements, derivatives processing, general ledger support and support with the Fund's Treasurer or his designees)
 - E. Technology and Systems (such as internet access, ease of use, data and information availability, etc.)
 - F. Ancillary Services (such as cash management sweeps, cash investment, compliance monitoring, security lending.
 - G. Fees and Costs
5. Selection and interview of finalist candidates based on a due diligence evaluation and analysis compiled and prepared by the Investment Consultant or staff for review by the Committee.
 6. Recommendation by the Committee to the Board followed by a vote by the Board. Upon vote by the Board, contract negotiations with the preferred firm.



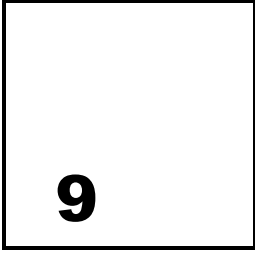
Administration and Control Procedures

Annually, the Board will review this Investment Policy Statement to determine its continued applicability. If, at any time, the liquidity needs of the Fund or the risk/return expectations of the Board change, this statement of investment policy will be reassessed and restated in writing for agreement by all parties. All historical IPS revisions are documented and recorded in Board meeting materials.

Accepted by the El Paso Employees' Pension Fund

Chairman

Date: _____



Appendix



El Paso Municipal Code

2.64.180 Investments

All moneys, securities and other property of the fund shall be kept separate from other funds of the city. All moneys necessary for payment of the monthly pension benefits and expenses of administering the fund shall be deposited with the bank depository. The board of trustees may use another third party custodian for purposes of maintaining pension assets.

The board of trustees may invest all or any part of the fund which is in excess of normal requirements for pensions, benefits, expenses, and repayment of contributions. In making investments the board shall discharge its duties solely in the interest of the fund's participants and beneficiaries and shall exercise its judgment in accordance with the "prudent person" standard of fiduciary responsibilities set forth in Section 802.203 of Title 8 of the Texas Government Code, adhere to the provisions of the "prudent investor rule" of Chapter 11 of the Texas Trust Code, and shall otherwise comply with all applicable state and federal laws. All investments shall be made in the name of the board of trustees of the fund, or an equivalent designation showing that the investment belongs to the fund.

Provided, however, in the event that the statutory provisions or standards set forth above cease to exist under state law, the board shall continue to invest and manage plan assets in accordance with the "prudent person" standard of fiduciary responsibilities by considering the purposes, terms, distribution requirements and other circumstances of the plan. In satisfying this standard, the board shall exercise reasonable care, skill and caution. Investments shall be diversified so as to minimize the risk of large losses, unless in light of such circumstances, it is clearly prudent not to do so. The board shall manage the plan assets at all times for the exclusive purpose of providing benefits to plan participants, retirees, and beneficiaries, and to defray reasonable expenses of administering the plan. The board shall avoid managing the assets in any way that might reflect, or appear to reflect, a conflict of interest between the plan and any past or present member of the board, members of the city council or city employees, or any employee or agent of the board.

In addition, the board shall continue to adhere to the "prudent investor rule" standard by evaluating individual assets not in isolation but in the context of the plan's portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the plan, and comply with all applicable state and federal laws.