

Cincinnati
Retirement System

Statement of Investment Policy

February 2026

Definition of Terms

"System" Defined

In this Policy, the "System" refers to the pool of assets held in trust under the terms of a Trust Agreement established by the Cincinnati Retirement System, which will be used to pay qualified employee, disability, and health benefits (see Addendum C).

"Board of Trustees" Defined

In this Policy, the "Board of Trustees" refers to the named fiduciary appointed to administer the System pursuant to the Trust Agreement (see Addendum E).

"Investment Professionals" Defined

In this Policy, the "Investment Professionals" refers to investment managers, the cash equitization manager, the investment consultant(s), the custodian, the securities lending provider, commission re-capturing agent(s), and third-party proxy voting service provider.

"Investment Manager" Defined

In this Policy, the "Investment Manager" refers to any firm, fund, or individual that analyzes, selects, and executes the purchase or sale of individual securities. The investment manager may manage the assets of the System in separate accounts held by a third-party custodian, a commingled fund, a limited partnership, or a mutual fund.

"Investment Consultant" Defined

In this Policy, the "Investment Consultant" refers to any firm that provides investment advice and information and assists the Board of Trustees in fulfilling their fiduciary responsibilities as Trustees.

"Cash Equitization Manager" Defined

In this policy the "Cash Equitization Manager" refers to any firm, fund, or individual that executes the purchase or sale of futures contracts in order to replicate the returns of the equity markets on the cash holdings in the equity manager portfolios.

"Custodian" Defined

In this Policy, the "Custodian" refers to any third-party firm that safe-keeps the assets of the System.

"Securities Lending Provider" Defined

In this Policy, the "Securities Lending Provider" refers to any third-party firm or investment manager that lends the assets of the System to other parties in exchange for collateral and interest.

"CRS Staff" Defined

In this Policy, the "CRS Staff" refers to the retirement division's Executive Director that provides investment advice and information and assists the Board of Trustees in fulfilling their fiduciary responsibilities as Trustees.

"Trust Account" Defined

In this Policy, the "Trust Account" refers to cash and short-term cash investments managed by our third-party custodian bank that may be used by CRS to expeditiously conduct transactions without involving outside funds.

Investment Beliefs

The Board of Trustees has adopted the following Investment Beliefs:

Fiduciary Duty – The Board of Trustees has a fiduciary responsibility solely to the active and retired members of CRS. The Board of Trustees shall invest and manage assets as a prudent investor.

Time Horizon – The Board of Trustees maintains a long-term investment horizon, recognizing that our obligations extend far into the future. Investment decisions are aimed at providing sustainable returns over the long term, rather than focusing solely on short-term market fluctuations.

Strategic Asset Allocation – A long-term strategic asset allocation will be adopted, and assets will be rebalanced regularly. However, in times of extreme market dislocations, tactical adjustments will be considered. The Board of Trustees recognizes that, if properly compensated for the risk, tactical shifts could benefit the portfolio.

Diversification – The Board of Trustees recognizes the importance of diversification across asset classes, geographies, and investment strategies. Diversification helps to mitigate risk and enhance the resilience of our portfolio against market volatility. However, over diversification is to be avoided, and investments must be sizable enough to impact the overall portfolio.

Efficient Markets – The Board of Trustees subscribes to modern portfolio theory which means that generally over long periods of time, major market segment asset prices reflect all available information and that consistently exceeding market returns on a risk adjusted basis is improbable.

Risk – An appropriate level of risk is necessary to achieve desired long-term investment returns. Risk should be discussed in terms of balancing desired returns with tolerance for volatility, tracking error, beta, value at risk, and maximum draw down. The portfolio risk should be evaluated based on the System's investment capacity to recover from adverse market volatility. Since no single metric adequately conveys risk, the Board of Trustees will evaluate risk holistically, incorporating quantitative and qualitative assessments into management of the portfolio.

Active vs. Passive – In markets where evidence suggests that security prices are efficiently set, passive (indexed) market strategies will be employed. Conversely, in less efficiently priced markets, the Board of Trustees will use active management strategies.

Private Markets/Illiquid Strategies – Private markets/illiquid strategies can add value when an appropriate illiquidity premium is expected to be captured. The Board of Trustees has the ability and risk tolerance to invest in illiquid strategies.

Liquidity Management – The Board of Trustees will strive to maintain appropriate levels of liquidity to meet our short-term cash flow needs and take advantage of investment opportunities as they arise. Adequate liquidity ensures that we can navigate market disruptions and capitalize

on attractive investment prospects without compromising our long-term objectives.

Performance Evaluation – Performance will be evaluated over long periods of time in the context of the actuarial assumed rate of return, the Statement of Investment Policy, and peer systems relative performance. The influence of the market environment should be considered when evaluating performance.

Alignment of Interest – The Board of Trustees seeks Investment Managers whose interests align with those of the System as a public pension system and reflect the Statement of Investment Policy. Investment Managers must recognize the long-term success of the System, thereby fostering a culture of accountability and shared purpose.

Governance– The Investment Committee is responsible for oversight of the System and will provide recommendations to the Board of Trustees regarding implementation of the Statement of Investment Policy. The Board of Trustees will engage the expertise of an Investment Consultant for assistance in meeting its fiduciary duty. The Investment Consultant will assist the Investment Committee and the Board of Trustees in establishing investment objectives, asset allocation, selection of investment managers, and investment performance.

The Statement of Purpose

The System's Purpose

The System was established in 1931 as a defined benefit System and provides for both monthly pension benefits and medical benefits to qualified retirees, survivors of retirees, and disabled retirees of the City as well as retired members from closed groups (University Hospital, University of Cincinnati, and Hamilton County). The System is governed by Section 203 of the Cincinnati Municipal Code as adopted by the City of Cincinnati Council. A Board of Trustees has been established to oversee the operation of the System.

The Purpose of the Investment Policy

This investment policy is set forth by the Board of Trustees in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding of all involved parties of the investment goals and objectives of System.
- Establish the relevant investment horizon for which the System assets will be managed.
- Establish a target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for hiring and firing investment professionals.
- Offer guidance and limitations to all investment managers regarding the investment of System.
- Establish a basis for evaluating investment results.

In general, the purpose of this Policy is to outline a philosophy which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This document is intended to serve as a reference tool, an operating code, and a communications link between the Board of Trustees, its staff, and its investment professionals.

Distinction of Responsibilities

The Board of Trustees' Authority and Responsibilities

Chapter 203-65 of the Cincinnati Municipal Code assigns a Board of Trustees with the responsibility for managing the assets of the System. The Board of Trustees must discharge its duties solely in the interest of the System and the System participants. The standards of care for the System are specified in Section 203-65 of the Cincinnati Municipal Code and conform to the standards described in Section 5809.02 of the Ohio Revised Code.

The Board of Trustees will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings, including the Collaborative Settlement Agreement between the City of Cincinnati and various plaintiff groups representing certain active and retired members of the System that was approved by the Court on October 5, 2015 and generally effective January 1, 2016.
- 2) Selecting all qualified investment professionals.
- 3) Monitoring and evaluating investment performance and compliance with this Policy.
- 4) Reviewing and suggesting changes, as needed, to this Policy.
- 5) Establishing and reviewing the appropriateness of the System's asset allocation policy.
- 6) Taking action according to this Policy.

The Investment Manager's Authority and Responsibilities

The Board of Trustees will hire competent, registered professional investment managers to manage the assets of the System. Investment managers have the following responsibilities:

- 1) Vote proxy issues on securities held, unless a third-party proxy voting service provider has been retained by the System. All proxies will be voted exclusively for the best interests of the System and its participants. Managers will maintain written policies for proxy voting and keep a proper record of all proxies to which the Program is entitled. Managers will provide an annual report that includes their current proxy voting policy, a summary and detailed records of all proxies voted, and a statement indicating whether proxies were voted in conformance with the manager's internal proxy voting guidelines.
- 2) Provide written reports to the plan sponsor and consultant on at least a quarterly basis detailing performance for the most recent period as well as the current outlook of the markets.

- 3) Notify the client and the Investment Consultant on a timely basis of any significant changes in the ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.
- 4) The investment firm shall notify the client annually when, in aggregate as a firm, the organization owns more than 10% of the outstanding shares in a single stock.
- 5) All qualified investment managers retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines for the portfolio(s) they manage on behalf of the System (see Addendum A).

The Investment Consultant/Staff Authority and Responsibilities

The Board of Trustees will hire an Investment Consultant to assist the Board of Trustees in fulfilling their fiduciary responsibilities and in fulfilling their responsibilities in accord with this Policy. The Investment Consultant will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings.
- 2) Maintaining databases of qualified investment managers, custodians, securities lending providers, and any other pertinent professionals that may assist in oversight of assets.
- 3) If needed, the Investment Consultant will assist the Board of Trustees with the search and selection of investment managers, custodians, and securities lending providers.
- 4) Calculate investment performance and reconcile that performance with the investment managers.
- 5) Providing written reports that summarize the performance and analysis of the System's investments to the Board of Trustees no later than 45 days after the end of each calendar quarter.
- 6) Monitoring and evaluating investment performance and compliance with this Policy. This includes meeting with the System's investment managers on a regular basis.
- 7) Make long-term assumptions on the capital markets for the purpose of evaluating the System's asset allocation policy.
- 8) Establishing and reviewing the appropriateness of the System's asset allocation policy.
- 9) Reviewing and suggesting changes, as needed, to this Policy.

The Investment Consultant retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

The Custodian's Authority and Responsibilities

The Board of Trustees may utilize a third-party custodian for the following:

- 1) hold and safeguard the assets of the System,
- 2) collect the interest, dividends, distributions, redemptions or other amounts due,
- 3) provide monthly reporting to all necessary parties,
- 4) forward any proxies to the investment manager, the client, or their designee,

- 5) sweep all interest and dividend payments and any other un-invested cash into a short-term money market fund for re-deployment, and
- 6) other duties as detailed in the respective custodial agreement.

The custodian retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

The Cash Equitization Manager's Authority and Responsibilities

The Board of Trustees may utilize a cash equitization manager to replicate the investment returns of the equity markets on the cash held in the equity managers' portfolios. The cash equitization manager will purchase and sell futures contracts whose market value is based on the returns of specific equity markets. The notional value of the futures contracts will be closely equivalent to the aggregate cash holdings of all equity managers employed by the Board of Trustees. In addition, the Board may utilize a cash equitization manager to replicate the investment returns of the overall portfolio on the cash held in the margin account and/or checking accounts. These cash holdings will be monitored on a daily basis and futures contracts will be bought or sold accordingly (see Addendum A and B).

The Securities Lending Provider's Authority and Responsibilities

The Board of Trustees may utilize a securities lending provider to create income through the lending of the assets of the System. Securities lending providers will provide reports on a monthly basis to all necessary parties. The securities lending provider will be responsible for ensuring that adequate collateral will be provided to the System for the securities that are lent and that the interest rate generated by the securities lending program is fair and reasonable. Furthermore, the securities lending provider will attempt to return all lent securities to the System's appropriate account before any transactions on the lent securities are executed. The securities lending provider retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the System (see Addendum A).

Investment Objectives

Return Objectives

The primary return objectives of the System are to:

- (a) preserve the safety of principal,
- (b) earn the highest possible total return consistent with prudent levels of risk, and
- (c) create a stream of investment returns to ensure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of the System assets.

To achieve these goals, the System has been optimized to meet its actuarial assumed rate of return (see Addendum C). The performance objective for the System is to exceed, after investment management fees, a customized blended benchmark. To evaluate success, the Board of Trustees will compare the performance of the System to the actuarial assumed rate of return and the performance of a custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets, and it is re-balanced regularly.

Risk Tolerance

While achieving the return objectives, the System can tolerate certain levels of risk, which are:

- (a) to accept prudent levels of short and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the System,
- (b) to tolerate appropriate levels of downside risk relative to the System's actuarial assumed rate of return (see Addendum C). In doing so, the Board of the Trustees will attempt to minimize the probability of underperforming the System's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs,
- (c) to accept prudent variances in the asset allocation structure of the System relative to the broad financial markets and peer groups, and
- (d) to tolerate prudent levels of short-term underperformance by the System's investment managers.

Constraints on the Investment Objectives

The investment objectives of the System are constrained by Federal law, State law, Section 203 of the Cincinnati Municipal Code, time, taxes, and liquidity. The System has a long-term time horizon as the assets are used to pay qualified participant and disability benefits. The System is a tax-exempt entity but can be subject to taxes involving unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The liquidity needs of the System are to meet the regular cash flow requirements of the System.

Investment Philosophy

Fixed Income

The fixed income portion of the portfolio is intended to offset the volatility of equities, particularly during market downturns, as well as generate yield and provide deflation protection. The System's current fixed income investment philosophy is to allocate a mix of core plus fixed income (core investment grade bonds with the ability of the manager to add high yield and global bonds to the portfolio), and core fixed income, with the remaining fixed income portfolio invested to opportunistic fixed income (comprised mostly of non-investment grade bonds and loans with both long and short positions), and to private debt (non-publicly traded fixed income offering higher returns, offset by less liquidity). This approach allows the fixed income portfolio to provide higher yield (and therefore a higher expected return) than a core fixed income portfolio while also providing diversification to the rest of the portfolio.

U.S. Equity

The U.S. equity portion of the portfolio is designed to serve as the primary driver of long-term capital appreciation and growth. Equities historically provide the highest long-run expected return within the liquid market segments of the portfolio. The System's current U.S. equity investment philosophy therefore seeks to capture the broad market growth efficiently by allocating 100% to broad U.S. Equity Indexes, such as the Russell 3000. Due to the efficiency of the U.S. equity market, the assets are passively managed, which also significantly lowers management fees.

International Equities

International equities also provide long-term growth for the portfolio. Today nearly half of the world's public equity market capitalization is outside the U.S., and therefore, allocating to non-U.S. stocks reduces overall portfolio volatility, expands the universe of stocks and countries to invest, and potentially increases expected returns with higher risk emerging markets. The System's current investment philosophy is to invest by replicating the portfolio construction of the MSCI ACWI ex. U.S. Due to the efficiency of the Non-U.S. equity market, the assets are passively managed, which also significantly lowers management fees.

Private Equity

The private equity allocation is intended to be the secondary driver of long-term capital appreciation by generating outperformance of over 2 percentage points, net of fees, above the traditional equity portfolio. To achieve this, the System uses a blended structure that includes both a Fund-of-Funds program (inefficient areas like venture capital or small buyout) and a growing direct investment approach. This combination preserves broad access to high-quality managers while improving fee efficiency over time.

The portfolio is diversified intentionally across vintage years and major private-equity styles, including venture capital, growth equity, large- and small-cap buyout, secondaries, and energy or other diversifying strategies. Allocating commitments evenly across calendar years reduces vintage concentration risk, while style diversification helps manage cyclicalities within private markets.

Although private equity is illiquid and more expensive than public markets, the System's diversified, multi-channel approach is designed to enhance long-term net returns and strengthen the portfolio's overall risk-return profile.

Real Estate

The allocation to real estate is meant to capture consistent yield in excess of fixed income, as well as provide some inflation protection and diversification from other asset classes. The System currently uses open-end core real estate funds to maintain maximum liquidity and minimum risk in the asset class.

Infrastructure

The allocation to infrastructure is meant to capture consistent yield in excess of fixed income as well as provide diversification from other asset classes. The System is moving to an open-end, core investment philosophy in infrastructure for maximum liquidity and minimum risk in the asset class.

Hedged Funds

The allocation to hedge funds is intended generally to provide over a full market cycle equity-like returns with materially lower volatility and meaningful downside protection, thereby improving the overall risk-adjusted performance of the portfolio. Hedge funds offer unique sources of return through strategies such as long/short equity, event-driven investing, relative value, and macro trading—opportunities that are not accessible through traditional public markets.

Asset Allocation and Re-Balancing Procedures

General Methods and Frequency of Evaluating the Asset Allocation

The Board of Trustees, with the assistance of the Investment Consultant, will conduct a strategic asset allocation study and an asset/liability study every 3 to 5 years. Tactical studies may take place more frequently in times of extreme market dislocations. They will take into consideration applicable statutes, the actuarial rate of return of the System, the long-term nature of the asset pool, the cash flow needs of the System, and the general asset allocation structure of their peers. They will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the System at a prudent level of risk.

Asset Allocation/Rebalancing

The minimum and maximum allocation range for each specific asset class is also shown in the table set forth below:

Exhibit 1 – Current Asset Allocation (*May not equal 100%)

Asset Class	Target	Minimum*	Maximum*
Core Plus Bonds	10.50%	6.50%	14.50%
Core Bonds	9.00%	5.00%	13.00%
Opportunistic Credit	3.00%	0.00%	7.00%
Private Debt	8.00%	4.00%	12.00%
Total Fixed Income	30.50%	15.50%	46.50%
All-Cap Core Equity	24.00%	19.00%	29.00%
Total Domestic Equity	24.00%	19.00%	29.00%
All-Cap Non-U.S.	15.00%	10.00%	20.00%
Total Non-U.S. Equity	15.00%	10.00%	20.00%
Real Estate Core	4.00%	0.00%	8.00%
RE Opportunistic	2.00%	0.00%	6.00%
Total Real Estate	6.00%	2.00%	10.00%
Infrastructure	7.00%	3.00%	11.00%
Total Infrastructure	7.00%	3.00%	11.00%
Hedged Funds	4.00%	0.00%	8.00%
Total Hedged Funds	4.00%	0.00%	8.00%
Private Equity	13.50%	8.50%	18.50%
Total Private Equity	13.50%	8.50%	18.50%
TOTAL	100.00%		

The purpose of rebalancing procedures is to minimize the unintended drift from CRS strategic asset allocation, thus ensuring compliance with the Investment Policy. Systematic rebalancing is intended reduce volatility and increase portfolio returns over the long term.

CRS staff, with the assistance of the Investment Consultant, will review the Asset Allocation at least quarterly and adjust the portfolio to comply with the Asset Allocation Target and Minimum and Maximum ranges (Exhibit 1). Given the ongoing cash flow needs of CRS, it is anticipated by the Board of Trustees, in consultation with the Investment Consultant, that the Asset Allocation will be achieved under most market conditions.

The CRS staff will monitor the Asset Allocation structure of the portfolio and attempt to stay within the ranges allowed for each Asset Class (Exhibit 1). CRS staff, with advice from the Investment Consultant, will develop a plan of action to rebalance when necessary. The process for any rebalancing will include, but not limited to, evaluating the most recent market values and liquidity for all investments compared to the Strategic Asset Allocation assumptions. The CRS Staff and the Investment Consultant will decide on the best course of action based on the analysis and implement the plan. Historically, the System has experienced net negative annual cash flows, therefore some rebalancing typically takes place monthly within the Asset Allocation Minimum and Maximum ranges to raise cash for benefits.

Cash Management and Liquidity Policy

The purpose of the policy is to establish general guidelines for cash flow management to ensure that sufficient cash is available for the day-to-day operational need of the CRS system.

To facilitate liquidity requirements, CRS established and maintains a Trust Account with the Custodian Bank to:

- 1) Monitor cashflow from investments
- 2) Pay financial obligations of the System
- 3) Facilitate funding of capital calls
- 4) Provide the margin and liquidity necessary for the cash overlay program that is maintained by the cash overlay manager
- 5) Daily sweep of cash balance

The Trust Account will be funded to contain a sufficient reserve, an amount which CRS staff deems necessary to meet short-term commitments. The Trust Account will be monitored daily and replenished when necessary. The funding sources of the Trust Account will be in accordance with the CRS strategic asset allocation. When cash is needed in the Trust Account, in consultation with CRS's Investment Consultant, CRS staff will determine the appropriate funding sources. The funding sources may include accounts with greater liquidity, lower transaction costs or accounts which are overweight/underweight compared to their target allocation.

CRS recognizes that certain investments which entail a greater degree of illiquidity, such as private equity, real estate, and infrastructure offer the potential for greater return and /or enhanced diversification. As a long-term investor, CRS has the ability to hold illiquid investments. When considering illiquid asset class allocations, the staff and the Investment Consultant will work with the Board of Trustees to incorporate net annual cash flows requirements of CRS in determining a prudent allocation of illiquid assets.

Investment Manager & Specialty Advisors Selection, Monitoring, and Communication

Investment Manager Selection

Introduction - This policy establishes general guidelines for selecting and monitoring external investment managers, actuarial services and custodians for effectiveness, identifying issues of concern, and for making decisions concerning retention.

Manager Selection – The manager selection process requires the evaluation of all aspects of a firm’s organization and investment process to assess the probability that the identified firm’s product will successfully meet the objectives of a given investment mandate going forward. A series of quantitative and qualitative factors should be analyzed when evaluating prospective firms. When possible, a suitable manager universe for a given mandate should be screened for potential manager candidates. The following, as applicable, should be considered in the manager selection process:

1. Organizational Factors
 - a. Stable Structure
 - b. Sound strategic direction
 - c. Business viability
 - d. Manageable assets under management
2. Investment Philosophy
 - a. Well defined and understood philosophy and process
 - b. Clear competitive advantage executed over a market cycle or the life of the fund
 - c. Demonstrated consistent adherence to philosophy and approach with no style drift
3. Investment Professionals
 - a. Experienced investment professionals managing this type of mandate
 - b. Continuity of team and process – Limited turnover overall and a PM team that has worked over a market cycle together
 - c. Requisite investment skillset required to perform mandate
 - d. Well-resourced team and a team with the strategic pathway to execute on their stated philosophy and process over an investment cycle
4. Historical Performance (Public Markets)
 - a. Performance vs. relevant benchmarks/peers
 - b. Consistency – no style drift
 - c. Appropriate level of risk to match the investment style
 - d. Performance attribution showcasing skill and investment style true to the philosophy

5. Historical Performance (Private Markets)

- a. Performance vs. relevant benchmarks/peers
- b. Overall fund performance consistent to stated goals and objectives
- c. Prior funds showcase appropriately balanced approach to risk management
- d. Performance attribution that makes investment style and objectives
- e. Reasonable sequential growth of AUM with each new fund

No investment managers shall be hired who are a party in interest or who have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered. Investment manager candidates must be GIPS® (Global Investment Performance Standards) compliant and have a track record of at least three years. (The GIPS® compliance and three-year track record requirements do not apply to managers of real estate, private equity, infrastructure, hedge funds, risk parity, and overlay managers.) The firm's GIPS® compliance must be audited at least every 4 years.

Manager Monitoring / Termination - Each manager should be analyzed on an individual basis, taking into account any specific circumstances affecting the particular relationship. At minimum, the CRS Staff and Investment Consultant shall review all managers on a quarterly basis. The review process should include, while not being limited to, the following factors:

1. Performance:
 1. Public Markets: An evaluation of performance should focus primarily on trailing three- and five-year periods, taking into account the manager's expected tracking error versus the agreed-upon benchmark. Over these time horizons, active manager performance, net of fees, is generally expected to outperform the agreed upon benchmark and fall within the top two quartiles of an appropriate peer group.
 2. Private Markets: Performance is measured on an ongoing basis and is evaluated using several different performance calculation metrics. Funds are monitored for progress of acquisitions, asset management, and disposition of assets. The appropriate time horizon for evaluating private market investments is generally the full term of the fund. At the end of a fund's term, it is expected that it will achieve or exceed its initial performance targets and fall within the top two quartiles of an appropriate peer group. Investment in subsequent fund offerings will be based, in large part, on actual versus expected performance of existing fund investments at the time consideration is being given to subsequent fund offerings.
2. Adherence to Stated Philosophy, Process and Style: The default expectation would be continued adherence to the manager's stated philosophy, process, and style in existence at the time of hiring.
3. Organizational Matters: Stability is the basic expectation. Any material change in the manager's organizational structure, ownership or personnel should be carefully considered.
4. Guidelines: Managers are expected to maintain compliance with guidelines established by the CRS and Investment Consultant. As circumstances warrant, the manager may provide recommended revisions to the guidelines in writing to CRS staff and Investment Consultant; however, CRS staff and the Investment Consultant shall be under no obligation to accept such recommendations.

5. **Service and Responsiveness:** Managers are expected to be reasonably responsive to the needs of the CRS staff and investment consultant, including requests for information and/or analysis, requests for periodic meetings to review performance, etc

Frequency of Measurement and Meetings

The Board of Trustees, with the assistance of the Investment Consultant & Staff, expects to measure investment performance quarterly.

Investment Manager Communication and Evaluation Terminology

The following terminology has been developed to facilitate efficient communication between the investment managers, investment consultant, and staff. Each term signifies a particular status with the System and any conditions that may require improvement over time (rolling 12-month window). In each case, communication is made only after consultation with the Board of Trustees.

Actuarial Services

The Board retains an actuary for the purpose of forecasting asset and liability growth and the many complex factors included in estimating future health care cost and the solvency period for CRS. The actuary shall be held to the highest standards and shall provide periodic reports on the fund and shall provide recommendations to the Board including, among other things, the estimated level of contributions necessary to maintain a target funded ratio.

Investment actuary selection and monitoring policies are designed to ensure that qualified professionals are chosen, and their performance is continuously evaluated to maintain financial stability and fiduciary responsibility. CRS generally employs the following polices:

- **Qualifications and Expertise:** Examples include Professional certifications (e.g., Fellow of the Society of Actuaries, Enrolled Actuary), experience with public pension plans, and demonstrated knowledge of applicable laws and actuarial standards.

Monitoring Policies

- **Annual Performance Reviews:** CRS staff to review and evaluate the actuary's performance annually to the Board of Trustees
- **Ongoing Communication:** Regular meetings between the actuary and the pension board help monitor actuarial assumptions, changes in demographics, and investment returns.
- **Compliance with Actuarial Standards:** The actuary must adhere to the standards of practice established by the Actuarial Standards Board (ASB) and other regulatory bodies.

Replacement and Transition

- **Cause for Replacement:** An actuary may be replaced for reasons such as poor performance, failure to meet deadlines, or significant errors in actuarial valuations. Major shifts in the pension plan's financial status may also trigger a re-evaluation of the actuary's services.
- **Succession Planning:** A clear transition plan ensures the smooth handover of actuarial responsibilities if a new actuary is selected, minimizing disruption to the pension plan's financial planning.

<u>STATUS</u>	<u>DESCRIPTION</u>
A. "In Compliance"	The investment manager is acting in accordance with the Investment Policy Guidelines.
B. "Alert"	The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
C. "On Notice"	The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
D. "Termination"	The program's management has decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

Operational Guidelines

Investment Policy Guidelines for separately managed Core & Core Plus Account(s)

This document contains the guidelines and restrictions that apply to the core plus bond investment manager(s) of the Pension Fund (see Addendum A).

Permissible Investments

1. No single issuer should comprise more than 5% of the market value of the portfolio, as determined at the time of purchase. The only exception is for securities issued by the U.S. Treasury, its agencies, instrumentalities or government sponsored entities (such as FNMA and FHLMC), and G-7 sovereigns.
2. Up to 20% of the market value of the portfolio may be invested in securities rated below investment grade. If the ratings assigned to a security by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these rating agencies will be used. If an issue is not rated by any of these agencies, then the investment manager will determine a rating. If an investment grade security already held in the portfolio is downgraded to below investment and a breach of the 20% limit occurs, prompt client notification is required concerning intent to hold the issue going forward. The minimum average portfolio quality shall be A-.
3. At least 75% of the market value of the portfolio must be invested in U.S. dollar denominated securities, counting cash and cash equivalents toward this percentage, as determined at the time of purchase. Included in this limit are U.S. dollar denominated securities issued in the U.S. by foreign domiciled issuers and traded in U.S. markets. Non-U.S. dollar denominated bonds may be held up to 25% of the portfolio.
4. Effective aggregate currency exposure is limited to a maximum of 10% of portfolio market value. This includes direct currency exposure (long and short foreign currency positions held without owning securities denominated in such currencies).
5. Local currency emerging market debt (defined using the World Bank definition, which is based on GNP per capita) is limited to 10% of portfolio market value. Emerging market yankee bonds limited to 20% of portfolio market value.
6. In aggregate, investment in convertible, convertible preferred and preferred securities (including trust preferreds) may not exceed 25% of the market value of the portfolio, as determined at the time of purchase.
7. Common stock may only be held if it is acquired as a result of a financial restructuring, bankruptcy or from an exchange or conversion of a permissible security held in the portfolio. The investment manager will provide notification concerning the intent to hold the issue going forward.

8. The portfolio may invest up to 75% of the market value of the portfolio, as determined at the time of purchase, in securities issued pursuant to Rule 144(a), including those issued with and without registration rights.
9. Eligible derivatives include contracts to buy or sell futures on securities, indices, interest rates and currencies ("Futures"); structured notes; forward contracts for securities, indices, interest rates and currencies; credit default swaps (long and short) and swap contracts on indices, interest rates and currencies ("Swaps"); put and call options on securities, indices, interest rates, Futures, Swaps, and currencies ("Options"), foreign currency exchange contracts, and senior loans. Futures cannot be used to create economic leverage. Additionally, there is a 50% gross notional limit on futures.
10. Put and call options on exchange-traded options on Treasury Futures may be written if they are fully covered. Call options are considered covered if the manager owns an amount equal to the exercise cost in high-quality fixed income securities (A- rated or higher) with maturities that are comparable to the maturities in the deliverable basket for the Treasury futures contract. Put options are considered covered if cash equivalent assets in an amount equal to the exercise cost are maintained in the account. Investment managers may purchase back options on exchange-traded Treasury future contracts in order to close out positions. The aggregate value of each manager's option positions shall not exceed 25% on an absolute basis of the account's market value.
11. The average effective duration of the portfolio is not to vary more than +/-30% of the duration of the portfolio's benchmark index.
12. The investment manager may hold up to 15% of its portfolio in cash and cash equivalents. The only exception to this rule is during trading activity associated with the initial start-up phase of the portfolio. The portfolio should be fully-invested and construction completed within 60 days of the start date. The investment manager is not responsible for investments made pursuant to any cash sweep arrangement with the custodian.
13. If any of the parameters described above are breached as a result of market movements, capital additions, or withdrawals, the investment manager shall have a reasonable period, not to exceed sixty (60) days, to bring the portfolio into compliance with the applicable investment guidelines. The investment manager must receive written permission to permit such a breach to continue past this 60-day window.
14. Eligible investments include public or private debt obligations issues or guaranteed by U.S. or foreign issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities, partnerships and trusts (such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity securities); private debt obligations are limited to those issued pursuant to regulations S and Rule 144A; preferred, hybrid, mortgage-backed, commercial mortgage-backed or asset-backed securities issues by any of the above-names entities; senior loans; interests specified under

"Eligible Commingled Investments"; derivatives specified under "Eligible Derivatives" and cash equivalents specified under "Eligible Cash Equivalents."

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Separately-Managed, U.S. Equity Manager(s)

This document contains the guidelines and restrictions that apply to the separately-managed equity investment manager(s) of the System (see Addendum A).

Permissible Investments

1. The investment manager may hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days.
2. Options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
3. No investments should be made in securities not traded on an U.S. exchange or traded in U.S. dollars.
4. The combined holdings of preferred stocks and convertible bonds shall not exceed 5% of the portfolio.
5. No single security in the manager's portfolio, including Exchange Traded Funds, will comprise more than 10% of the portfolio at market.
6. Investments in Rule 144a securities are permitted if the securities have registration rights requiring the issuer to swap the securities for fully registered publicly traded bonds and if the investment is otherwise consistent with the above guidelines. The combined holdings of these investments may not exceed 10% of the portfolio's overall asset allocation.
7. At no point in time should the aggregate position (within each equity investment manager's portfolio in the System) in any company exceed 5% of the fair market value of the outstanding stock in the company.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Separately-Managed, Non-U.S. Equity Manager(s)

This document contains the guidelines and restrictions that apply to the separately-managed non-U.S. equity investment manager(s) of the System (see Addendum A).

Permissible Investments

1. The investment manager may hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days.
2. Options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
3. The maximum investment in companies classified by MSCI in the United States is 5%. Investment in ADRs and GDRs, which are classified by MSCI in non-U.S. countries, are excluded from the calculation. ADRs, or American Deposit Receipts, is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. GDRs, or Global Deposit Receipts, are the global equivalent of ADRs.,
4. The combined holdings of preferred stocks and convertible bonds shall not exceed 5% of the portfolio.
5. No single security in the investment manager's portfolio, including Exchange Traded Funds, will comprise more than 10% of the portfolio at market.
6. Investments in Rule 144a securities are permitted if the securities trade on a recognized exchange; are fully fungible with securities traded on a recognized exchange; or will be, when seasoned, fully fungible with securities traded on a recognized exchange, provided that the investment is otherwise consistent with the other guidelines. The combined holdings of these investments may not exceed 10% of the portfolio's overall asset allocation.
7. At no point in time should the aggregate position (within each equity manager's portfolio in the System) in any company exceed 1.5% of the fair market value of the outstanding stock in the company.
8. Currency hedging for defensive purposes will be permitted. Forward currency contracts may be used to hedge currencies. This includes hedging back into the base currency. Cross currency hedging is permitted.
9. The combined holdings of emerging and frontier market equities as defined by MSCI in aggregate shall not exceed 30% of the portfolio at market.
10. The combined holdings of Canada stocks and convertible bonds shall not exceed 10% of the portfolio at market.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for Limited Partnership, Commingled Fund, Collective Trusts, Limited Liability Companies, Mutual Fund, and any other type of Commingled Fund Manager(s) ("Commingled Funds")

This document contains the guidelines and restrictions that apply to all commingled fund investment manager(s) of the System (see Addendum A).

Permissible Investments

1. These funds are governed by the guidelines and restrictions contained in any of the following applicable documents: prospectus', subscription agreements, limited partnership agreements, and confidential information memorandums.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Cash Equitization Manager

This document contains the guidelines and restrictions that apply to the cash equitization investment manager of the System (see Addendum A).

Permissible Investments

1. The cash equitization program is governed by Addendum B.

Investment Objective

The cash equitization program should maintain a futures program for unallocated cash and cash reserves in accordance with the guidelines set forth in Addendum B.

Investment Policy Modification and Revision

Policy Modification

The Board of Trustees, with the assistance of the investment consultant, will review this Policy annually. Key environmental or operational occurrences, which could result in a Policy modification, include:

- (1) significant changes in expected patterns of the System's liability stream,
- (2) impractical time horizons or changes,
- (3) change in the System's priorities,
- (4) convincing arguments for change presented by investment professionals,
- (5) legislation, and
- (6) areas found to be important, but not covered by the Policy.

Modification of Addendums

Changes to investment professionals, Board of Trustees, or plan information contained within Addendums A-D can and should be modified, as necessary, without a complete review by the Board of Trustees.

**Addendum A-
Defining the Investment Professionals and Benchmark Indexes**

Asset Class	Investment Manager	Benchmark Index
Core Bonds	Bank of New York Mellon	Bloomberg U.S. Aggregate
Core Bonds	Diamond Hill	Bloomberg U.S. Aggregate
Core Plus Bonds	Loomis	Bloomberg U.S. Aggregate
Core Plus Bonds	Reams	Bloomberg U.S. Aggregate
Opportunistic Credit	Shenkman	50/50 US HY/Leverage loan
Opportunistic Credit	Silver Point	50/50 US HY/Leverage loan
Opportunistic Credit	463Capital	50/50 US HY/Leverage loan
Private Debt	H.I.G.	MSCI Global Private Credit
Private Debt	Carlyle	MSCI Global Private Credit
Private Debt	Blue Owl	MSCI Global Private Credit
Private Debt	TPG	MSCI Global Private Credit
Private Debt	JP Morgan	MSCI Global Private Credit
Private Debt	Bain Capital	MSCI Global Private Credit
Broad U.S. Equity	Bank of New York Mellon	Russell 3000
Broad Non-U.S. Core Equity	Bank of New York Mellon	MSCI ACWI ex. U.S.
Real Estate - Core	Morgan Stanley	NCREIF ODCE
Real Estate - Core	J.P. Morgan	NCREIF ODCE
Real Estate- Value Added	Prudential	NCREIF ODCE
Real Estate - Value Added	Principal	NCREIF ODCE
Real Estate-Non U.S.	StepStone	NCREIF ODCE
Private Equity Fund of Funds	Fort Washington	MSCI PC Global All PE
Private Equity Fund of Funds	North Sky	MSCI PC Global All PE
Private Equity Fund of Funds	JPM PEG	MSCI PC Global All PE
Private Equity Fund of Funds	Portfolio Advisors	MSCI PC Global All PE
Private Equity Fund of Funds	Siguler Guff	MSCI PC Global All PE
Private Equity	Timber Bay	MSCI PC Global All PE
Private Equity	JPMorgan Co Investment	MSCI PC Global All PE
Private Equity	Sapphire	MSCI PC Global All PE
Private Equity	WindRose	MSCI PC Global All PE
Infrastructure	JP Morgan	T-Bill + 4%
Infrastructure	IFM	T-Bill + 4%
Infrastructure	Ullico	T-Bill + 4%
Hedged Funds	Neuberger Berman	CBOE Put/Write Index
Hedged Funds	Whitebox	HFRI Composite
Hedged Funds	Manager A	HFRI Composite
Hedged Funds	Kirkoswald	HFRI Composite

Investment Professional	Service Provider
Custodian	Bank of New York Mellon
Investment Consultant	Marquette Associates
Cash Equitization Manager	Parametric
Securities Lending Provider	Bank of New York Mellon

The Total Fund customized benchmark is currently 19.5% Bloomberg U.S. Aggregate Index, 3% 50/50 Bloomberg US High Yield Index/S&P Leveraged Loan Index, 7.5% MSCI PC Global Private Credit (or S&P Leveraged Loan Index), 24.0% Russell 3000 Index, 15% MSCI ACWI ex. U.S. Index, 4% HFRI Composite, 6.0% NCREIF ODCE Index, 9% T-Bill+4%, 12.0% MSCI PC Global All Private Equity Index.

CRS Policy Benchmark	Asset Description	Weight (%)
Russell 3000 Index	US Equities	24.00%
MSCI AC World ex US	Intl Equities	15.00%
Burgiss Global All Private Equity	Private Equity	12.00%
US Aggregate Index	Core/Core Plus FI	19.50%
50/50 Blmbg US High Yield & S&P Leveraged Loan Index	Below Investment Grade Credit	3.00%
MSCI Global Private Credit	Private Credit	7.50%
3 Month T-bill + 4%	Infrastructure	9.00%
NFI-ODCE	Real Estate	6.00%
HFRI Composite	Hedged Funds	4.00%

Addendum B- Cash Equitization Guidelines

The System will select the assets to be overlaid by Parametric's PIOS program. Specifically, that portion shall consist of those funds designated by the System as cash reserves at its custodian as well as cash held from time to time by other investment managers for the System (the investment manager portfolio(s)).

The asset class allocation targets and associated benchmark indexes are as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	24.0%	Russell 3000
International Equity-Dev.	15.0%	MSCI ACWI ex. U.S.
Fixed Income	30.5%	Bloomberg U.S. Aggregate
Real Estate	6.0%	NCREIFODCE
Infrastructure	7.0%	T-Bill + 4%
Hedged Funds	4.0%	HFRI Composite
Private Equity	13.5%	Burgiss Global All PE
Total	100.0%	

It is the System's responsibility to establish and revise as necessary the asset class categories.

INVEST UNALLOCATED CASH COMPONENT OF CASH/MARGIN ACCOUNTS:

Unallocated cash will be synthetically invested as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	37.0%	Russell 3000 MSCI
International Equity	15.0%	ACWI ex. U.S.
Fixed Income	<u>48.0%</u>	Bloomberg U.S. Aggregate
Total	100%	

INVEST UNALLOCATED CASH COMPONENT OF EQUITY ACCOUNTS:

Unallocated cash will be synthetically invested as follows:

<u>Asset Class</u>	<u>Target %</u>	<u>Benchmark Index</u>
Domestic Equity	100.0%	Russell 3000 MSCI
International Equity	100.0%	ACWI ex. U.S.

**Addendum C-
Summary of Plan Information**

Plan Name:	<u>City of Cincinnati Retirement System</u>
Type of Plan:	<u>Defined Benefit</u>
Plan Adoption Date:	<u>1931</u>
Plan Year-End Date:	<u>December 31st</u>
Assumed Actuarial Rate of Return (Net-of-fees):	<u>7.50%</u>

**Addendum D-
Investment Professional Adoption of Policy**

This Policy document was adopted by the Board of Trustees for the Cincinnati Retirement System on May 1, 2025.

Investment Professional's Acknowledgments:

The firm has received this copy of the System's Policy. The firm has studied its provisions and believes that we can both abide by its restrictions and fulfill its goals and expectations over the timetables set forth in the Policy.

Firm Name

Investment Professional

Addendum E-
Board of Trustees Adoption of Policy

This Policy document was adopted by the Board of Trustees for the System on May 1, 2025.

Board of Trustees' Acknowledgments:

The Board of Trustees of the Cincinnati Retirement System has approved the System's Policy.

Secretary of the CRS Board of Trustees