INVESTMENT POLICY STATEMENT

Delaware County Retirement Board

Employees' Retirement Fund

June 2021

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DELAWARE COUNTY RETIREMENT BOARD

INVESTMENT POLICY STATEMENT

EMPLOYEES' RETIREMENT FUND

BACKGROUND

Delaware County has established a defined benefit pension fund, known as the Delaware County Employees' Retirement Fund (the "Fund"). This Fund provides retirement benefits for those employees who meet the age and service requirements outlined in the plan document. The Fund consists of contributions from the employees and Delaware County. The Delaware County Retirement Board ("Board") oversees policies and procedures related to the operation and administration of the Plan.

PURPOSE

The purpose of this Investment Policy Statement ("Policy") is to assist the Board in effectively supervising, monitoring and evaluating the investment assets of the Fund. A thorough investment program is defined throughout this document to achieve the following:

1. Document the Board's investment objectives, performance expectations and investment guidelines for Fund assets.

2. Establish an appropriate investment strategy for managing all Fund assets, including an investment time horizon, risk tolerance ranges and asset allocation. The goal of this strategy is to provide sufficient diversification and overall return over the long-term horizon of the Fund.

3. Establish investment guidelines to control overall risk and liquidity, within the agreed upon investment strategy.

4. Establish periodic performance reporting requirements that will effectively monitor investment results and ensure that the investment policy is being followed.

5. Comply with all fiduciary, prudence, due diligence and legal requirements for Fund assets.

6. Promote communication between the Board and staff and any person(s) appointed, employed, designated or in any way called upon by the Board to serve the Fund and its participants and/or beneficiaries.

The Board has arrived at this Policy through careful study of the returns and risks associated with alternative investment strategies in relation to the current and projected liabilities of the Fund. This Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Fund which are defined in the objectives of this document.

STATEMENT OF OBJECTIVES

In defining the objectives of the Fund, the Board has carefully reviewed its current and projected financial obligations as well as the risk and return relationships included in various asset allocation strategies. Based on these considerations, the Fund objectives are:

1. To invest assets of the Fund in a manner consistent with the fiduciary standards of Act 96, namely: (a) all transactions undertaken must be for the sole interest of Fund participants and their beneficiaries and to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.

2. To provide for the funding and anticipated withdrawals on a continuing basis.

3. To conserve and enhance the capital value of the Fund in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.

4. To minimize principal fluctuations over the investment cycle (three to five years).

5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the Policy.

While there can be no assurance that these objectives will be realized, the Board believes that the likelihood of their realization is reasonably high based upon this Policy.

INVESTMENT GUIDELINES

Time Horizon

The Fund's objectives are based on a ten-year investment horizon so that interim fluctuations should be viewed with appropriate perspective. The Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Diversification

Investments shall be diversified with the intent to minimize the risk of investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

ASSET ALLOCATION

All assets of the Fund shall be allocated to and invested in one of the following basic forms of investments as listed in the table:

Target Allocation of Plan Assets – measured at market value		
Asset Class	**Target Allocation**	**Range**
Domestic Equity	40%	35% to 45%
International Equity	20%	15% to 25%
Domestic Fixed Income	30%	25% to 35%
Alternative Assets*	10%	0% to 20%
*Private Equity	5%	0% to 10%
*Real Estate	5%	0% to 10%
Cash	0%	0% to 10%

Extenuating Circumstances

The investment manager may invest up to 100% of the assets of the Fund under its management in marketable fixed income cash equivalents as the money manager determines, consistent with market conditions and prudent fiduciary standards, if the manager perceives protracted adverse performance for the financial markets.

Rebalancing Philosophy

The asset allocation range established by this Policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. These divergences should be of a short-term nature.

Risk Tolerance

The Board recognizes that the objectives of the Fund cannot be achieved without incurring a certain amount of principal volatility. The Fund will be managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Fund's stated objectives.

Performance Expectations

Over the long-term, a rolling five year period, the investment objectives for this portfolio shall be to achieve an average total annual rate of return that is equal to or greater than the Fund's stated actuarial assumption (currently 7.0%). The Board acknowledges that actual returns may vary significantly from these targets on a year to year basis.

SELECTION OF INVESTMENT MANAGERS

The Board, with the assistance of their independent investment consultant, shall select appropriate investment managers to manage the assets of the Fund. Investment managers must meet the following criteria:

1. The investment manager must be a bank, insurance company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

2. The investment manager must provide GIPS compliant historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style and reported gross of fees.

3. The investment manager must provide detailed information on history of the firm, key personnel, key clients, fee schedule (including most favored nation clauses), and support personnel. This information can be a copy of a recent Request for Proposal (RFP) completed by the manager.

4. The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

INVESTMENT GUIDELINES

Investment Guidelines describe for the investment manager(s) and for the information of the Fund Custodian(s) a wide range of permissible investment activities and choices while also delineating, specifically or by broader proscription, those which are not permissible.

Domestic Equity Investment Guidelines

The investment manager(s) shall conform to the Domestic Equity Investment Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board for prior approval, and will then be included in the investment manager(s) investment addendum.

Specific Guidelines, Domestic Equity

1. Domestic equity issues shall mean common stocks, American Depository Receipts, preferred stocks and convertible securities.

2. Investment in common and preferred stocks shall be limited to securities of corporations listed on the New York Stock Exchange, American Stock Exchange, and those over-the-counter securities of sufficient liquidity to be readily marketable. Preferred stocks shall have a minimum rating of "BBB".

3. Each investment manager shall select equity investments in conformity with criteria normally applied in its decision making process.

4. No investment manager shall invest on a market value basis more than five (5) percent of the equity portion of any portfolio in the equity security(ies) of a single corporation, or group of directly affiliated corporations. Prudent diversification standards also should be developed and maintained by the investment manager(s).

5. No investment manager may make an investment equaling or exceeding five (5) percent ownership of the outstanding equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board.

6. The Fund and any investment manager(s) may invest in commingled equity and equity mutual funds that will, to the extent possible and practical given the diverse nature of commingled equity and equity mutual funds, permit the Fund to achieve capital appreciation. The investment manager(s) may invest in proprietary commingled equity and equity mutual funds with approval of the Board. Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled equity and equity mutual fund(s) that have investment objectives and policies that are consistent with this Policy. However, given the nature of commingled equity and equity mutual fund(s), it is recognized that there may be deviations between this Policy and the objectives of the commingled equity and equity mutual fund(s). The assets of the Fund invested in commingled equity and equity mutual fund(s) shall be invested with the objective of producing, over a three- (3) to five- (5) year period, a rate of return, after all fees and expenses, which exceeds the stated benchmark.

7. The total annualized investment return from total domestic equity investments of the Plan is expected to exceed the total annualized return of the Russell 3000 Stock Index for cumulative periods of three (3) years or more.

8. Individual active equity managers will be assigned indices or other types of benchmarks deemed suitable for them and agreed upon with the Board and detailed in their investment addendum.

International Equity Investment Guidelines

The investment manager(s) shall conform to the International Equity Investment Guidelines set forth below. Investing in emerging market equity securities is permissible up to twenty (20) percent of the total international equity market value. Any departure from these Guidelines must be submitted in writing to the Board for prior approval, and will then be included in the investment manager(s) investment addendum.

Specific Guidelines, International Equity

1. International equity issues shall mean common stocks, American Depository Receipts, preferred stocks and convertible securities.

2. Investment in common and preferred stocks shall be limited to marketable securities of corporations listed on the respective company's home country primary exchange. Preferred stocks shall have a minimum rating of "BBB".

3. Each investment manager shall select equity investments in conformity with criteria normally applied in its decision making process.

4. No investment manager shall invest on a market value basis more than five (5) percent of the equity portion of any portfolio in the equity security(ies) of a single corporation, or group of directly affiliated corporations. Prudent diversification standards should be developed and maintained by the investment manager(s).

5. No investment manager may make an investment equaling or exceeding five (5) percent ownership of the outstanding equity security(ies) of a single corporation, or group of directly affiliated corporations, without the written consent of the Board.

6. The Fund and any investment manager(s) may invest in international commingled equity and equity mutual funds that will, to the extent possible and practical given the diverse nature of international commingled equity and equity mutual funds, permit the Fund to achieve capital appreciation. The investment manager(s) may invest in proprietary international commingled equity and equity mutual funds with approval of the Board. Every effort shall be made, to the extent practical, prudent and appropriate, to select international commingled equity and equity mutual fund(s) that have investment objectives and policies that are consistent with this Policy. However, given the nature of international commingled equity and equity mutual fund(s), it is recognized that there may be deviations between this Policy and the objectives of the international commingled equity and equity mutual fund(s). The assets of the Fund invested in international commingled equity and equity mutual fund(s) shall be invested with the objective of producing, over a three- (3) to five- (5) year period, a rate of return, after all fees and expenses, which exceeds the stated benchmark.

7. In the absence of another chosen benchmark, the MSCI EAFE shall be used. The total annualized investment return from total international equity investments of the Fund is expected to exceed the total annualized return of this benchmark for cumulative periods of three (3) years or more.

Domestic Fixed Income Investment Guidelines

The investment manager(s) shall conform to the Domestic Fixed Income Investment Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board for prior approval, and will then be included in the investment manager(s) investment addendum.

Specific Guidelines, Domestic Fixed Income

1. Except for Treasury and Agency issues of the United States Government, no more than five (5) percent of the fixed income market value of an individual portfolio can be invested in marketable debt securities of U.S. corporations (includes private placement Rule 144A securities). Prudent diversification standards should be developed and maintained by the investment manager.

2. Ratings of below investment grade are prohibited; an issue which is split rated will be governed by the lower quality designation. Issues falling below these minimum quality ratings are to be eliminated on a timely basis at the discretion of the investment manager(s). These ratings shall be established by a recognized rating service (i.e., Moody's, S&P, Fitch) and reinforced by independent in-house analysis.

3. The average rating shall be "A" or better. The duration of the fixed income portfolio shall be within 80% to 120% of the assigned benchmark duration.

4. The Fund and any investment manager(s) may invest in commingled fixed income securities and fixed income securities mutual funds that will, to the extent possible and practical given the diverse nature of commingled fixed income securities and fixed income securities mutual funds, permit the achievement of maximum yield. The investment manager(s) may invest in proprietary commingled fixed income securities and fixed income securities mutual funds that have the approval of the Board. Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled fixed income securities and fixed income securities mutual fund(s) that have investment objectives and policies consistent with this Policy. However, given the nature of commingled fixed income securities and fixed income securities mutual fund(s), it is recognized there may be deviations between this Policy and the objectives of the commingled fixed income securities and fixed income securities mutual fund(s). The assets of the Fund invested in commingled fixed income securities and fixed income securities mutual fund(s) shall be invested with the objective of producing, over a three (3) to five (5) year period, a rate of

return, after all fees and expenses, which exceeds the returns of the stated benchmark.

Alternative Investments

Alternative investments, or nontraditional asset classes, shall be defined as: (1) those asset classes that statistically exhibit lower standard deviations as compared to the traditional investment asset classes of equity and fixed income securities and/or low correlations to the traditional investment asset classes of equity and fixed income securities; or (2) investment strategies that exhibit higher standard deviations as compared to the traditional investment asset classes of equity and fixed income securities but also are in turn structured to deliver a higher return (net of fees) while still providing portfolio diversification benefits. It is the intent that including alternative investments in a diversified portfolio of equity and fixed income securities, when viewed from a tradeoff of risk and return, will enhance the portfolio's risk/return characteristics. Examples of alternative asset classes include: (1) within fixed income - unconstrained/opportunistic commingled and/or mutual funds; (2) real estate (such as apartments, industrial, office and retail); (3) hedge fund of funds; (4) natural resources (such as timberland, farmland and oil & gas); and (5) infrastructure. Also includes private markets, both equity and credit (fixed income).

Private equity investments are generally investments in buyout, venture capital, secondaries, and special situations funds, and may include co-investment (i.e., direct private investments). These markets are illiquid and somewhat inefficient, in turn providing the potential for additional return to the investor. Return expectations over the long term and calculated on an internal rate of return basis should be in the neighborhood of 300 to 400 basis points in excess of the public markets.

Private credit (a fixed income investment) is typically an investment in loans to companies, individuals and companies for a variety of transactions. Again, these markets are also illiquid and somewhat inefficient, in turn providing the potential for additional return over public markets to the investor.

Because of the illiquid nature of private markets, investment in any one private fund is limited to 2% of Fund assets.

Domestic Cash Equivalents

The Fund and investment manager(s) shall conform to the Domestic Cash Equivalent Guidelines set forth below. Any departure from these Guidelines must be submitted in writing to the Board for prior approval, and will then be included in the investment manager(s) investment addendum.

Specific Guidelines, Domestic Cash Equivalents

1. Cash Equivalents shall mean commercial paper, bankers' acceptances, certificates of deposit, savings accounts, and short term investment or money market funds of institutional quality.

2. Commercial paper must be only of the highest quality (A-1 or P-1, as established by Moody's and Standard & Poor's). Bankers' acceptances, certificates of deposit, and savings accounts must be made of United States banks or financial institutions which are federally insured.

3. The Fund and any investment manager(s) or Custodian may invest in commingled cash equivalent and cash equivalent mutual funds that will, to the extent possible and practical given the diverse nature of commingled cash equivalent and cash equivalent mutual funds, permit the achievement of maximum yield. The investment manager(s) and Custodian may invest in proprietary commingled cash equivalent and cash equivalent mutual funds that have the approval of the Board. Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled cash equivalent and cash equivalent mutual fund(s) that have investment objectives and policies consistent with this Statement. However, given the nature of commingled cash equivalent and cash equivalent mutual fund(s), it is recognized there may be deviations between this Statement and the objectives of the commingled cash equivalent and cash equivalent mutual fund(s).

GENERAL

Uninvested Assets

Assets of the Fund held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts.

Compliance

If any of the parameters described in this Policy are violated as a result of market movements, changes in credit rankings or other events outside the investment manager(s)'s control, the investment manager(s) shall inform the Board of such violation as soon as reasonably practicable, and of the investment manager(s) recommendation to hold or sell the affected securities. If the investment manager(s)'s recommendation is to sell the securities, the investment manager(s) shall do so within a reasonable period of time, subject to market conditions. If the investment manager(s) recommendation is to hold the securities, the investment manager(s) may unless otherwise instructed by the Board in writing.

Safekeeping

All securities shall be held by a custodian appointed by the Board for safekeeping. The custodian shall produce statements at least quarterly listing the name and value of all assets held, and the dates and nature of all transactions. Assets of the Fund held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts.

Investment Transactions

The following directions apply:

1. All transactions are to be governed by negotiation to achieve "best execution" (best price net of commissions). The lowest commission rate need not mean "best execution".

2. Firms which offer research services may be given preference as long as the principle of "best realized price" and the investment manager(s) option to "pay up" for research are compatible.

Proxies

Proxies must be intelligently voted in a manner that best serves the interest of the participants and beneficiaries of the Fund. Where the Board has retained investment manager(s), the Board will delegate to the investment manager(s) the authority to vote the proxies. If the Board does not delegate the voting authority for proxies to the investment manager(s), they shall delegate it to qualified third parties. The Board delegates this authority subject to the understanding that the investment manager(s) and qualified third parties in voting the proxies will consider only those factors that may affect the value of the Fund's investment and not subordinate the interests of the participants and beneficiaries to unrelated objectives. The Board will, in addition to monitoring the investment manager(s) and qualified third parties with respect to the management of fund assets, monitor the decisions made and actions taken with regard to proxy voting decisions. The Board will require the investment manager(s) and qualified third parties to maintain accurate records as to proxy voting and report annually to the Board a summary of all proxy voting decisions made by the investment manager on behalf of the Fund. Investment manager(s) and qualified third parties are prohibited from abstaining in voting proxies. Investment manager(s) and qualified third parties are expected to be aware of corporate provisions that may adversely affect stockholdings, including but not limited to "golden parachutes," "super majorities," "poison pills," "fair price" provisions, staggered boards of directors, and other tactics. Proxies should be vigorously voted with the interest of preserving or enhancing the security's value.

The investment manager(s) of a pooled investment fund that holds the assets of the Fund along with assets of other plans with conflicting proxy voting policies must reconcile the conflicting policies to the extent possible, and, if necessary, to the extent legally permissible, vote the proxies to reflect the policies in proportion to each plan's interest in the pooled fund.

INVESTMENT POLICY RESTRICTIONS

Except as permitted in this statement under Alternative Investments, the following categories of securities are not permissible for investment using the Fund's assets without the Board's prior written approval:

1. Unregistered or restricted stock.
2. Commodities, including gold or currency futures.
3. Derivatives
4. Conditional sales contracts.
5. Options.
6. Futures.
7. Warrants.
8. Margin buying.
9. Short selling.
10. Leasebacks.
11. Private debt or equity securities not covered under Alternative Investments, pages 9 & 10.
12. Partnerships not defined under Alternative Investments, pages 9 & 10.

REVIEW PROCEDURES

The Board will appoint a consultant to assist them in the investment process and maintaining their compliance to this Policy. The investment consultant must be independent and registered in good standing with the Securities and Exchange Commission.

All investment policies, objectives and guidelines contained in this Policy shall be reviewed by the Board annually, or whenever circumstances change to the extent that earlier representations are ineffective or inappropriate. All concerned parties shall be notified of any changes and/or additions.

1. Investment performance shall be reviewed quarterly, focusing on progress toward objectives and adherence to policies and guidelines. In addition, the independent investment consultant will be responsible for keeping the Board advised of any material change in all money managers' personnel, investment strategy, and other pertinent information potentially affecting performance of all investments.

2. Total Fund, asset class, and investment manager performance shall be compared to returns of comparable professionally managed tax-exempt balanced, equity and fixed income portfolios or collective or mutual funds as well as to benchmark indices or index composites.

3. It is expected that the investment performance of any investment manager(s) will rank above agreed upon benchmark medians over periods of three (3) to five (5) years and will meet or exceed the investment objectives previously identified. Any investment manager(s) failing to keep pace with progressive performance norms may be placed on watch and evaluated as to whether it is in the best interest of the Fund to have the Board retain the services of said investment manager(s).

4. The Board reserves the right to terminate a relationship with any investment manager at any time, subject to the terms of any investment advisory agreement, if the Board determines that said action is warranted. In addition, the Board reserve(s) the right to remove assets, in part, at any time provided that contracted (or mutually recognized and accepted) asset and/or fee minimums of any investment manager(s) are met.

5. The investment manager(s) should provide statements of assets under management to the Board quarterly, and shall also comply with reasonable additional information requests from the Board, including details of any/all securities transactions.

6. The investment manager(s) shall meet upon request with the Board to review the Total Fund and their respective investment portfolio(s) and to discuss investment results in the context of all of the goals, objectives, policies and guidelines set forth herein.

7. The independent investment consultant shall review annually the appropriateness of the Policy for achieving the Fund's stated objectives. They shall also report on a regular basis to the Board to review the total Plan investment performance, and any material change in all investment managers' personnel, investment strategy, and other pertinent information potentially affecting performance of all investments.

The effective date of this Investment Policy Statement is 6-23. ,2021.

Brian Zidek, Chairman

Joanne Phillips, Controller

Christine Reuther, Council

James Hackett, Treasurer

Elaine Schaefer, Council