# Fire & Police Pension Association
# Investment Committee Meeting Agenda

## Meeting Date, Time, and Location

Wednesday, June 10, 2026, at 1:00 p.m.
The Hythe Vail
Mountain View Conference Room (2nd Level)
715 Lionshead Circle
Vail, CO 81657

| **Time** | **Topic / Speaker** |
|---|---|
| 1:00 p.m. | **Call to Order** |
| 1:00 p.m. | **Consent Calendar** *Karen Frame*<br>a. Approval of April 8, 2026, meeting minutes |
| 1:00 p.m. | **1Q 2026 Risk Report** *Jack Wilson* |
| 1:20 p.m. | **Executive Session: Private Markets Review** *Sean Ross* |
| 1:45 p.m. | **Benchmark Implementation** *FPPA Staff* |
| 2:00 p.m. | **Break** |
| 2:10 p.m. | **Asset Allocation Recommendation** *FPPA Staff, Cambridge Associates*<br>**1. Executive Session:** Hedge Fund Review |
| 2:55 p.m. | **Other Business Matters** |
| 3:00 p.m. | **Adjourn** |

# Fire & Police Pension Association
# Investment Committee Meeting Minutes

## Meeting Date, Time, and Location
Wednesday, April 8, 2026, at 1:00 p.m.
7979 East Tufts Avenue, Ste. 900
Thunderbird Conference Room
Denver, CO 80237

## Investment Committee Members Present
Chair Karen Frame, William Clayton, Jason Mantas, and Caleb Sevian.

## Staff Members Present
Kevin Lindahl, Scott Simon, Ahni Smith, Chip Weule, Adam Franklin, Elaine Gorton, Jack Wilson, Sean Ross, Tim O'Connell, Corbin Coffey, Ben Wisdorf, Riley Dinnison, Kyle Geordan, Jane Freda, Salvadore Lozano, and Andrea Koelzer.

## Others Present
Brian McDonnell and Stuart Cameron, Cambridge Associates; Drew Guyette and Sharone Ben-Ezra, TPG Twin Brook attended via Zoom.

*Notice of this meeting and a copy of the agenda were posted on the FPPA website and at 7979 East Tufts Avenue, at least twenty-four hours prior to the meeting.*

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## Call to Order
At 1:00 p.m., Chair Frame called the meeting to order.

## Consent Calendar
At 1:00 p.m., Mr. Clayton moved the Committee to approve the Consent Calendar which consisted of the January 30, 2026, Ad Hoc Meeting Minutes. Mr. Mantas seconded the motion. The motion passed.

## Risk Report 4Q 2025
At 1:01 p.m., Mr. Wilson presented the 2025 4th quarter risk report.

## Private Credit Markets Update – Executive Session
At 1:21 p.m., Mr. Dinnison introduced the Private Credit Markets Update topic giving the Committee a historical background on FPPA's utilization of private credit strategies.

At 1:26 p.m., Mr. Cameron provided Cambridge's position regarding current private credit market conditions.

At 1:31 p.m., Mr. Dinnison introduced TPG Twin Brook, one of FPPA's existing private credit managers, to discuss current private credit market conditions.

At 1:33 p.m., Mr. Mantas moved the Committee to adjourn into executive session to discuss confidential investment information regarding the private credit markets as allowed under sections 24-6-402(4)(c) and 31-31-3-2 of the Colorado Revised Statutes. Mr. Clayton seconded the motion. The motion passed and the meeting entered executive session.

At 2:09 p.m., the meeting exited executive session. No motions were made and no formal actions were taken while in executive session.

## 2025 Performance Attribution

At 2:10 p.m., Mr. Simon reviewed the performance attribution for 2025 and incentive compensation results.

At 2:18 p.m., Mr. Simon gave a brief review of what will be covered with the Board at the April 9 Board meeting regarding incentive compensation.

At 2:26 p.m., Chair Frame called for a break.

At 2:44 p.m., the meeting reconvened.

## Capital Markets Expectations

At 2:44 p.m., Mr. Simon gave a brief introduction to the topic. Mr. Cameron presented capital markets expectations which included the glide path pool implications.

## Hedge Fund Portfolio Construction

At 3:30 p.m., Mr. O'Connell and Mr. McDonnell presented on hedge fund portfolio construction.

## Adjournment

At 4:09 p.m., the meeting adjourned.

FPPA | Fire & Police Pension Association of Colorado

# Portfolio Risk Summary

## March 31, 2026

### Section I - Total Portfolio Summary



### Section II - Asset Class Summaries



### Appendix - Terms and Definitions

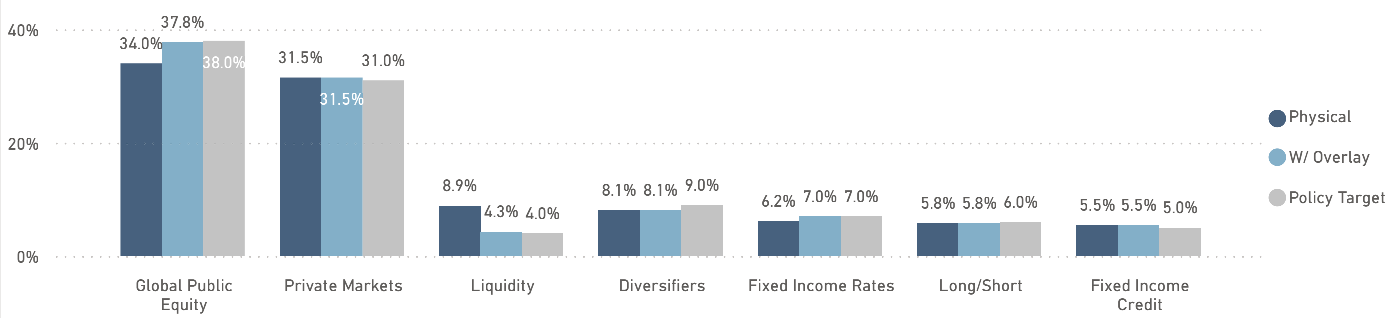
# Section I - Strategic Asset Allocation

## Asset Allocation

Asset allocation is a key component of risk management. Each pool has its own asset allocation targets that reflect the individual risk tolerance and goals of each plan. The policy targets indicated below are interim asset allocation targets.

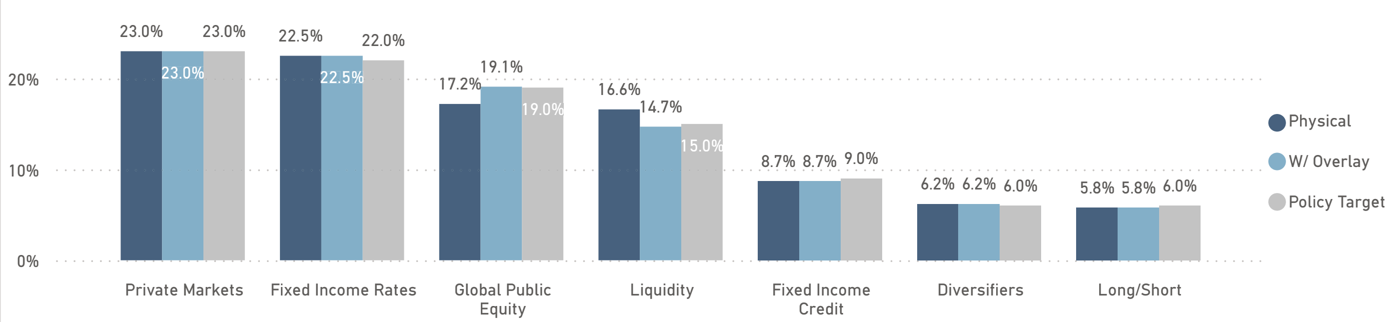
## Long-Term Pool

FPPA LTP - Asset Allocation as of March 31, 2026



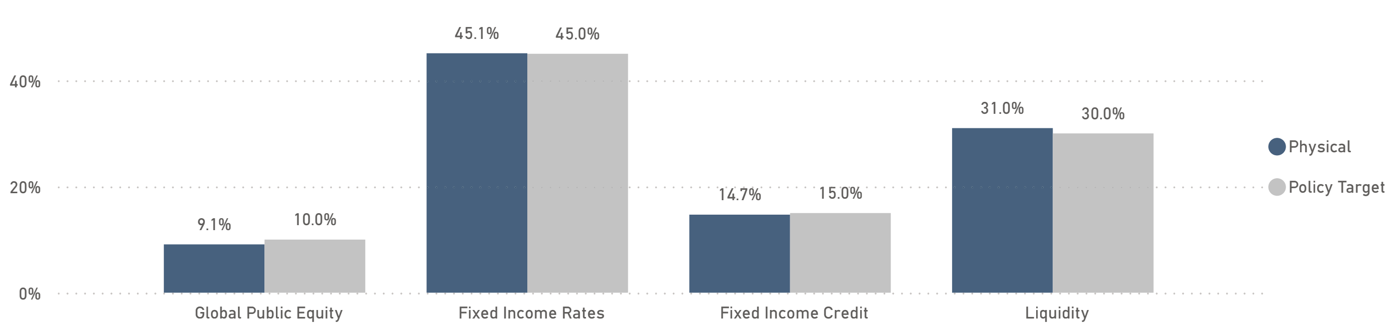

## Glide-Path Pool

FPPA GPP - Asset Allocation as of March 31, 2026




## Short-Term Pool

FPPA STP - Asset Allocation as of March 31, 2026



# Section I - Pool Summary

## Pool Level Risk

The pool-level metrics below highlight the leverage, liquidity, and potential reaction to a market drawdown (where applicable).

## Long-Term Pool

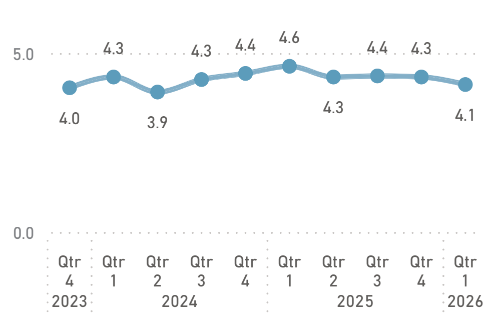
### Total Gross Leverage

| Long-Term Pool |
|---|
| 0.00% |

### Private Markets Breakpoint

| Long-Term Pool |
|---|
| -12.5% |

### Liquidity Coverage Ratio




### Drawdown Scenario

Great Financial Crisis (2007 - 2009)

| Long-Term Pool | Reference Portfolio |
|---|---|
| -36.9% | -47.3% |

## Glide-Path Pool

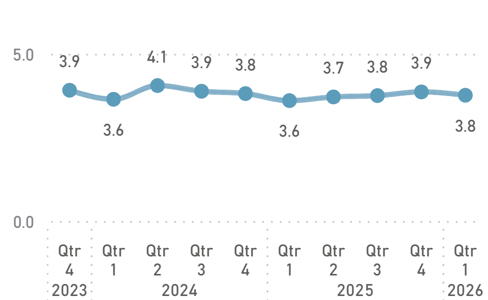
### Total Gross Leverage

| Glide-Path Pool |
|---|
| 0.32% |

### Private Markets Breakpoint

| Glide-Path Pool |
|---|
| -17.9% |

### Liquidity Coverage Ratio




### Drawdown Scenario

Great Financial Crisis (2007 - 2009)

| Glide-Path Pool | Reference Portfolio |
|---|---|
| -24.7% | -28.8% |

## Short-Term Pool

### Drawdown Scenario

Great Financial Crisis (2007 - 2009)

| Short-Term Pool | Reference Portfolio |
|---|---|
| -9.2% | -10.2% |

# Section II - Global Public Equity

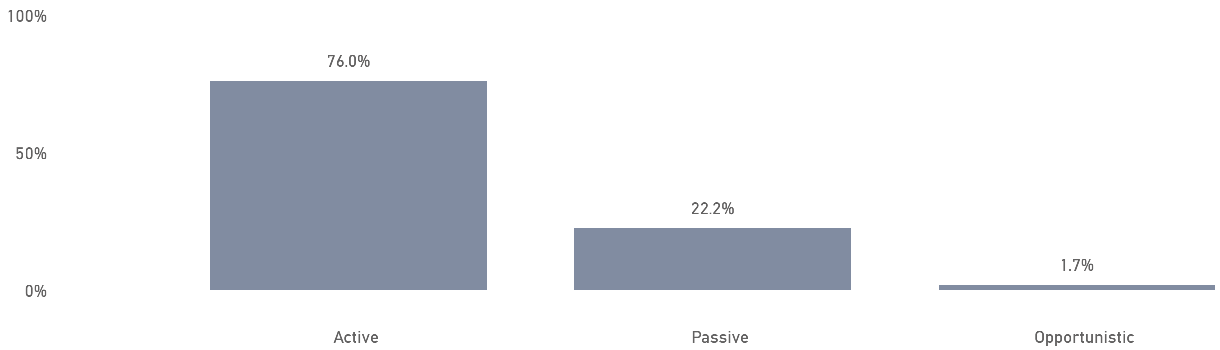
## Global Public Equity

MSCI All Country World IMI w/US Gross | **Policy Benchmark**

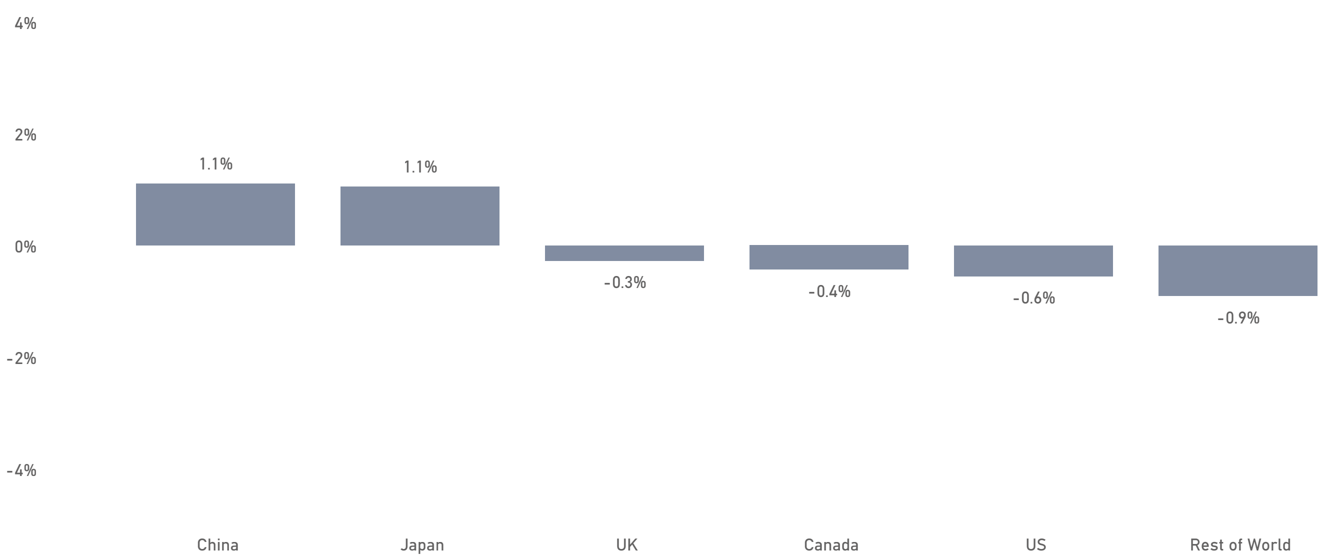
The role of Global Public Equity is to drive long-term returns through exposure to publicly traded companies and markets.


## Portfolio Risk and Exposures

### Public Equity Portfolio Construction




### Geographic Active Exposures




* Active Risk Estimate - Forward looking estimate calculated by BlackRock Aladdin

# Section II - Fixed Income Rates

## Fixed Income - Rates

Bloomberg US Aggregate Bond Index | **Policy Benchmark**

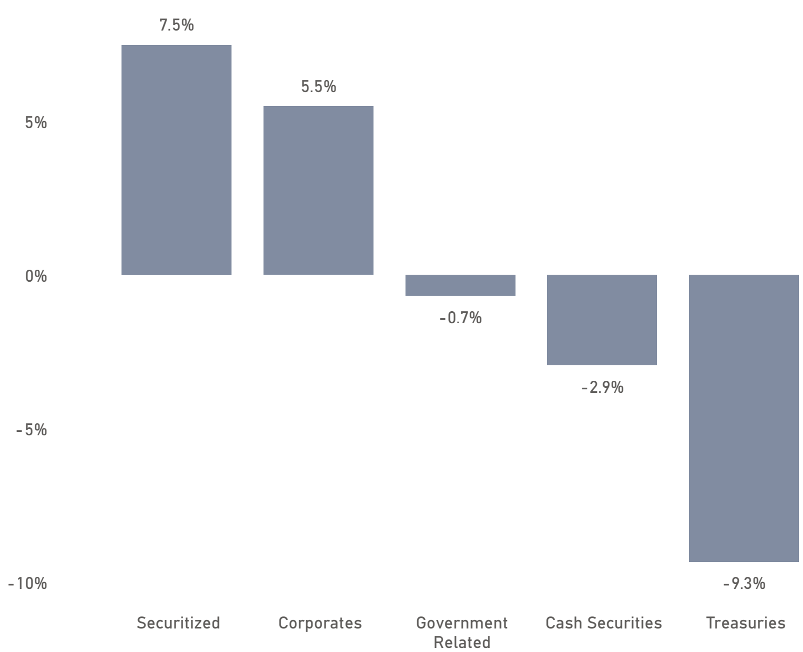
The Rates portfolio is meant to provide both liquidity and portfolio balance compared to the equity bias (public and private) of the FPPA portfolio.


## Portfolio Risk and Exposures

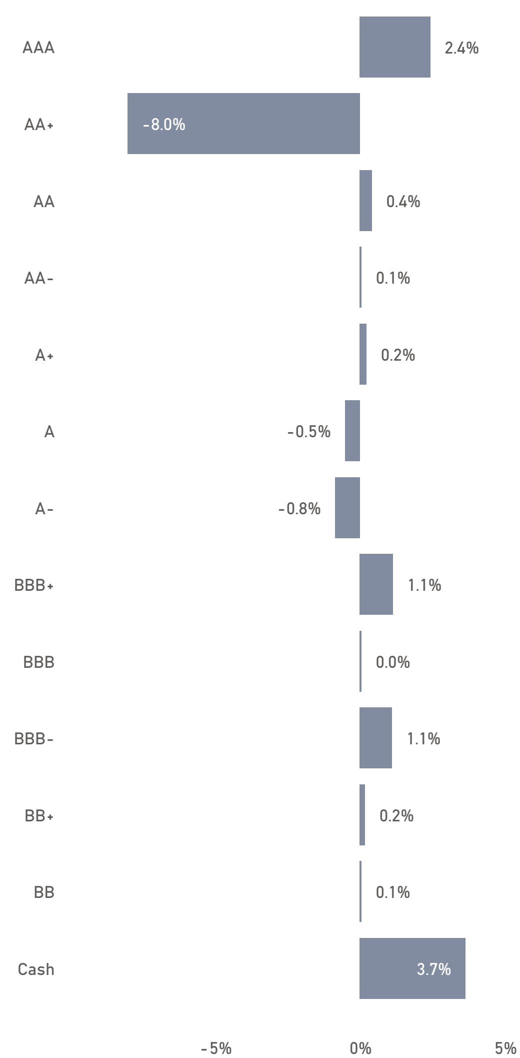
### Portfolio Metrics

| | FPPA Portfolio | Benchmark |
|---|---|---|
| Duration | 5.8 | 5.8 |
| OAS | 38.7 (bps) | 28.0 (bps) |
| Spread Duration | 3.4 % | 3.2 % |
| Yield to Maturity | 4.7 % | 4.6 % |

### Sector Active Exposures




### Active Credit Rating Exposures




* Active Risk Estimate - Forward looking estimate calculated by BlackRock Aladdin

# Section II - Fixed Income Credit

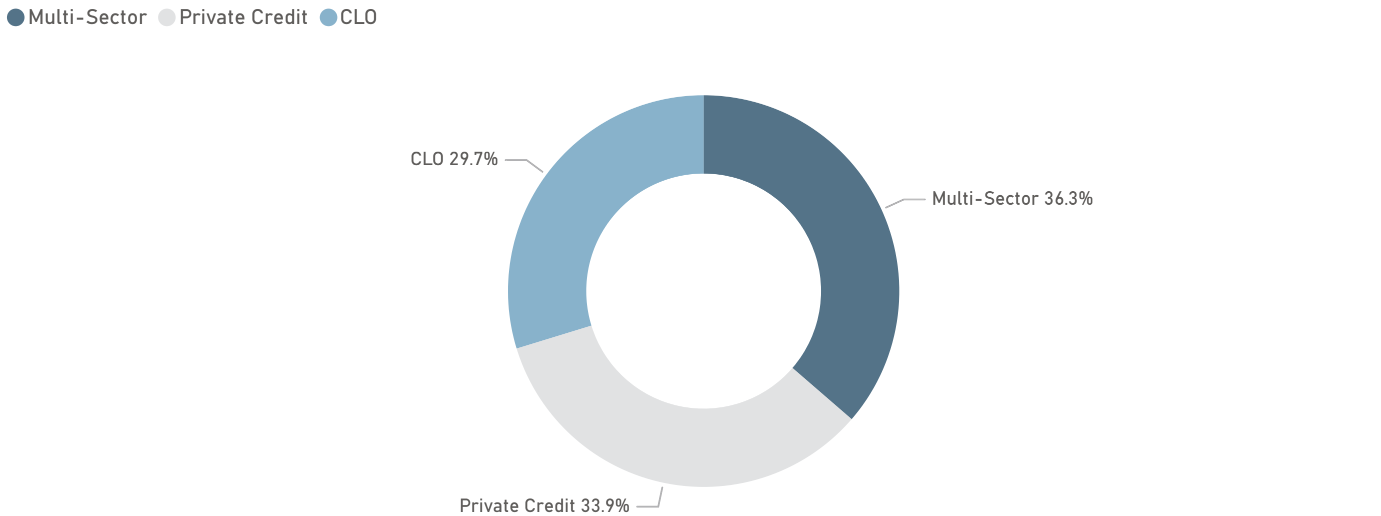
## Fixed Income Credit

Bloomberg US Credit | **Policy Benchmark**

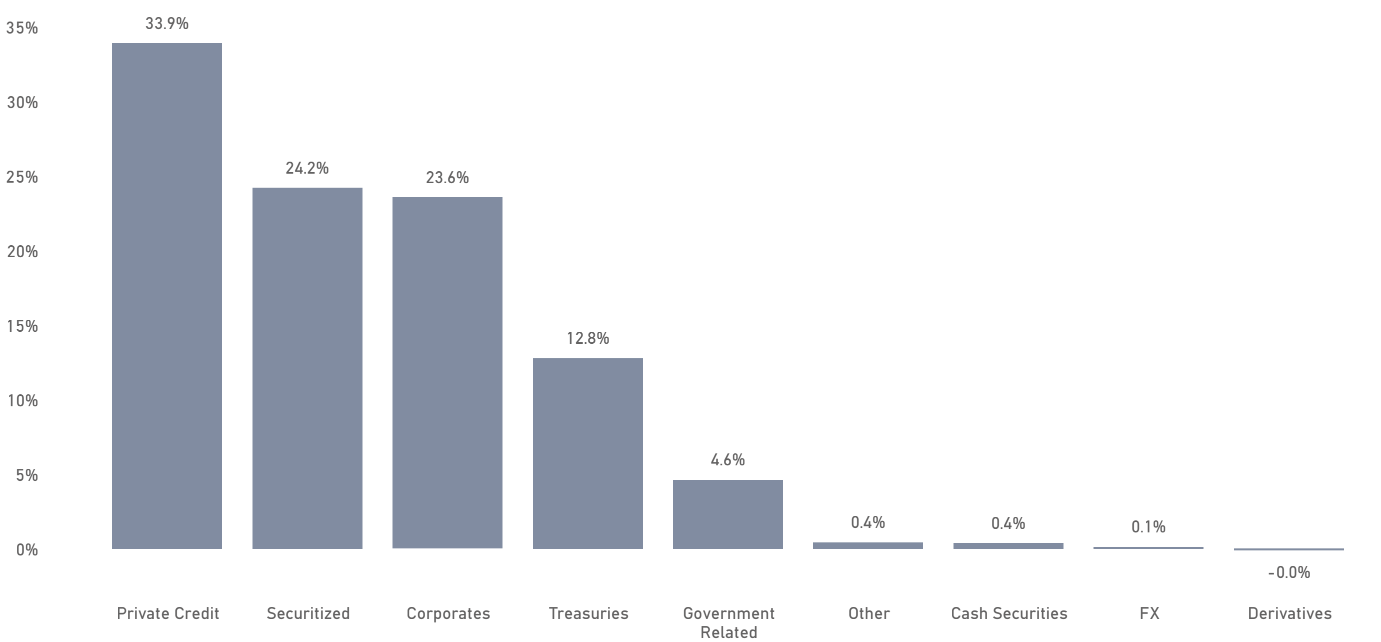
The Credit portfolio is meant to provide higher risk-adjusted returns compared to both Rates and Equities. This portfolio may have higher correlations to equities.

## Portfolio Risk and Exposures

### Strategy Allocations




### Sector NAV Exposures



# Section II - Long/Short

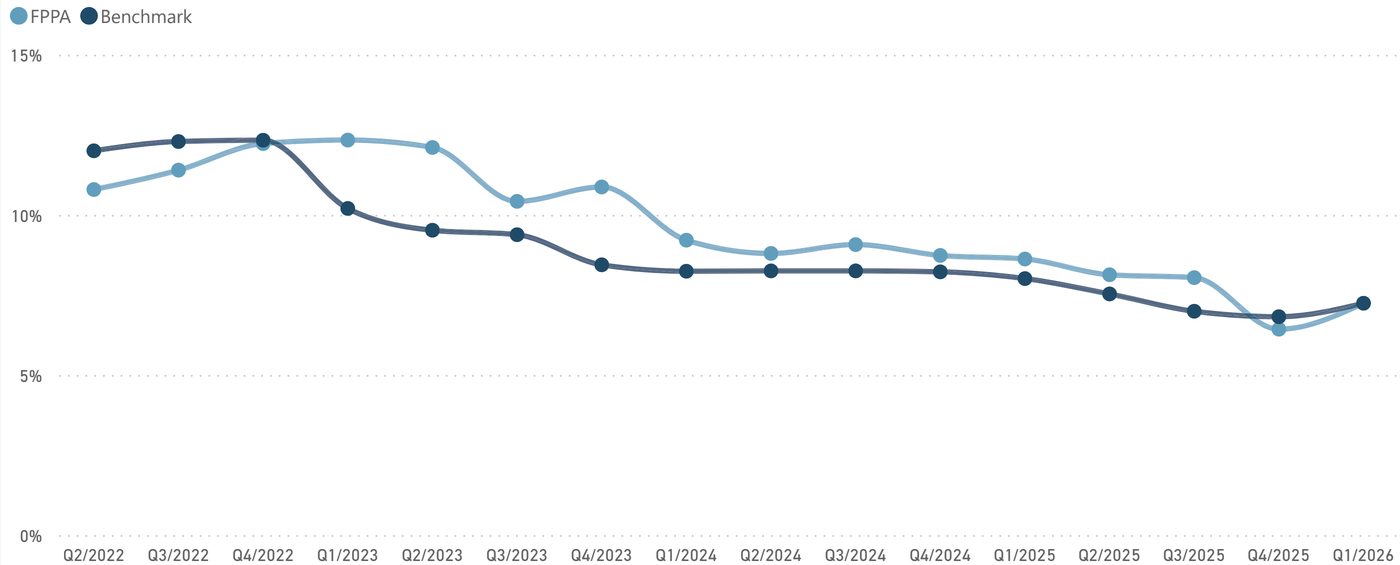
## Long/Short

HFRI Equity Hedge Index | **Policy Benchmark**

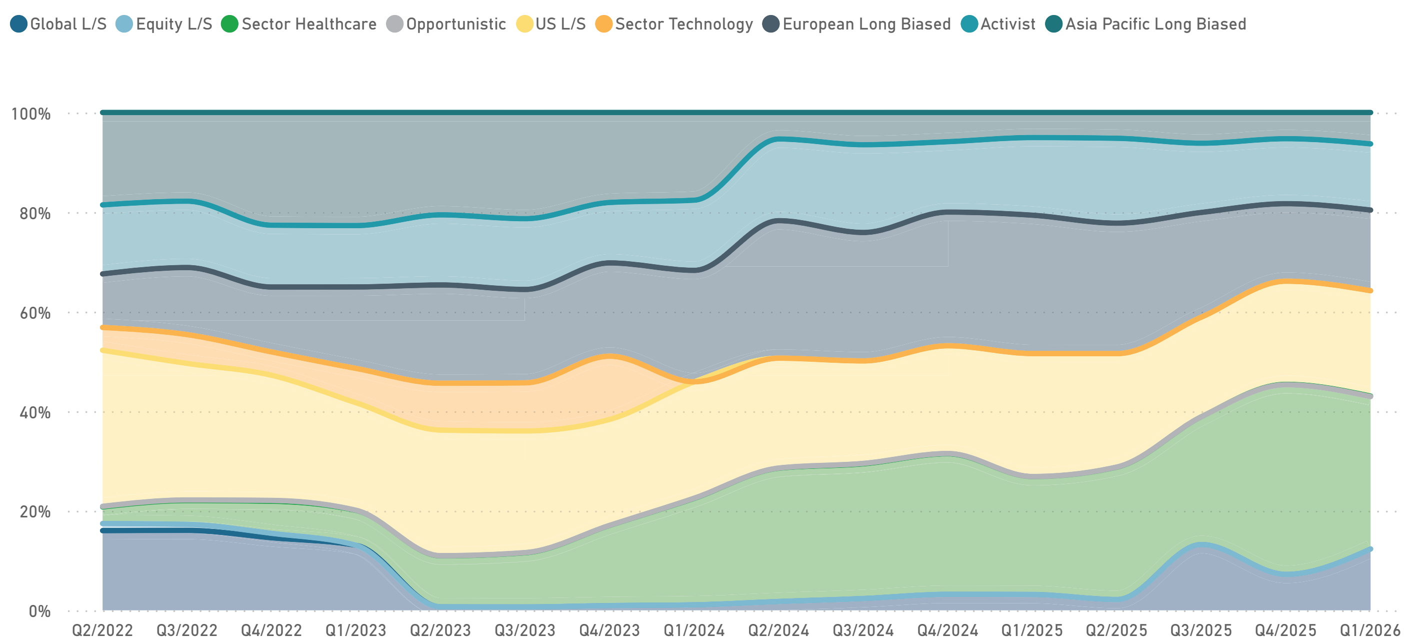
The Long/Short allocation is expected to add significant risk-adjusted returns and add opportunities for potential returns in both rising and falling markets.

## Portfolio Risk and Exposures

### Long/Short Volatility




### Long/Short % of Volatility




* Diversifiers Volatility - Represents 36 months rolling annualized

# Section II - Diversifiers

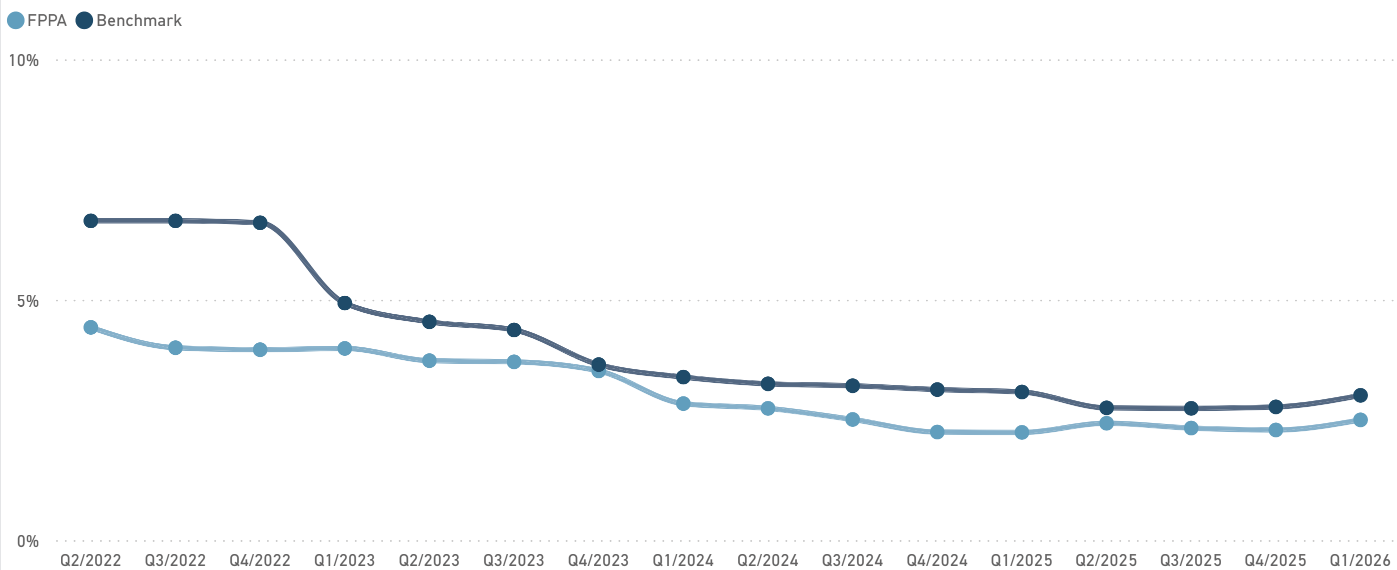
## Diversifiers

HFRI FoF Diversified Index | **Policy Benchmark**

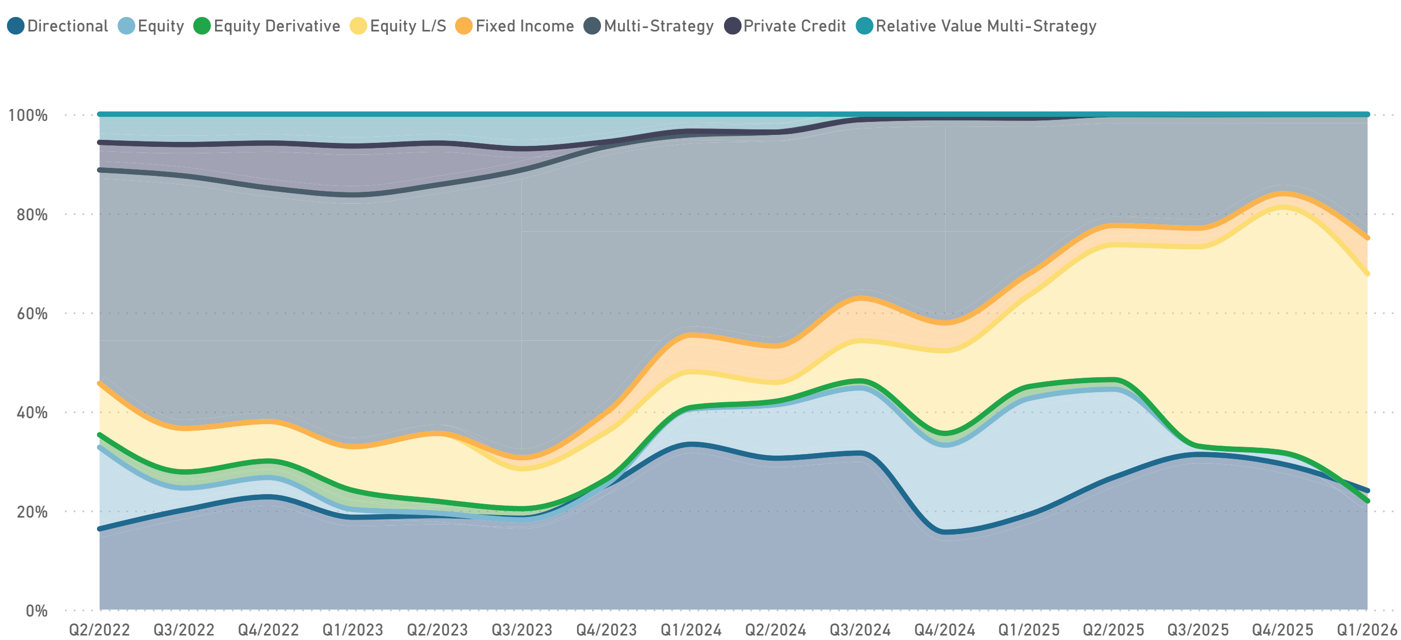
The role of the Diversifiers allocation is to provide a source of uncorrelated returns independent of equity and fixed income markets and to reduce the volatility of total portfolio returns.

## Portfolio Risk and Exposures

### Diversifiers Volatility




### Diversifiers % of Volatility




* Diversifiers Volatility - Represents 36 months rolling annualized

# Section II - Private Markets

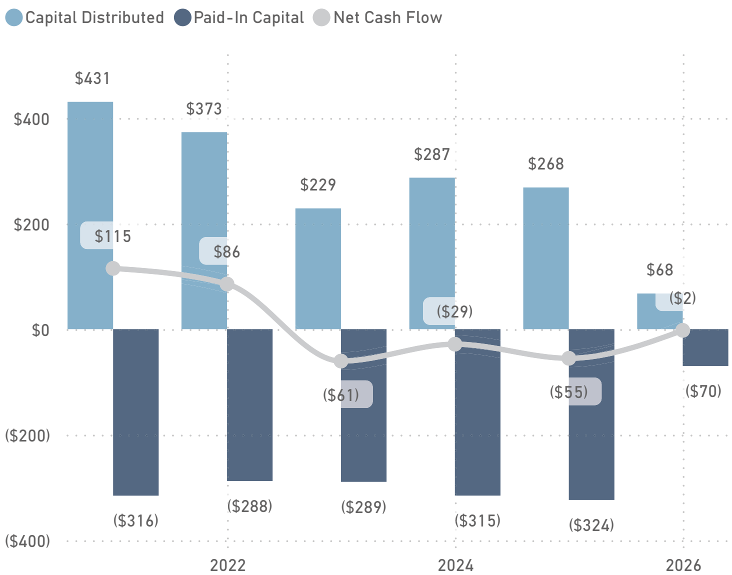
## Private Markets

Private Markets Benchmark| **Policy Benchmark**

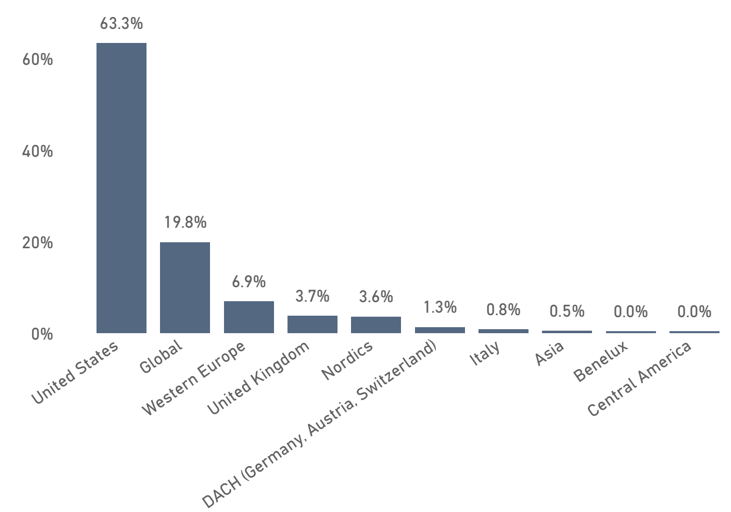
Private Capital's role is to drive long term returns in exchange for illiquidity. A secondary goal is for this asset class to provide substantial diversification benefits to the overall portfolio.

## Portfolio Risk and Exposures

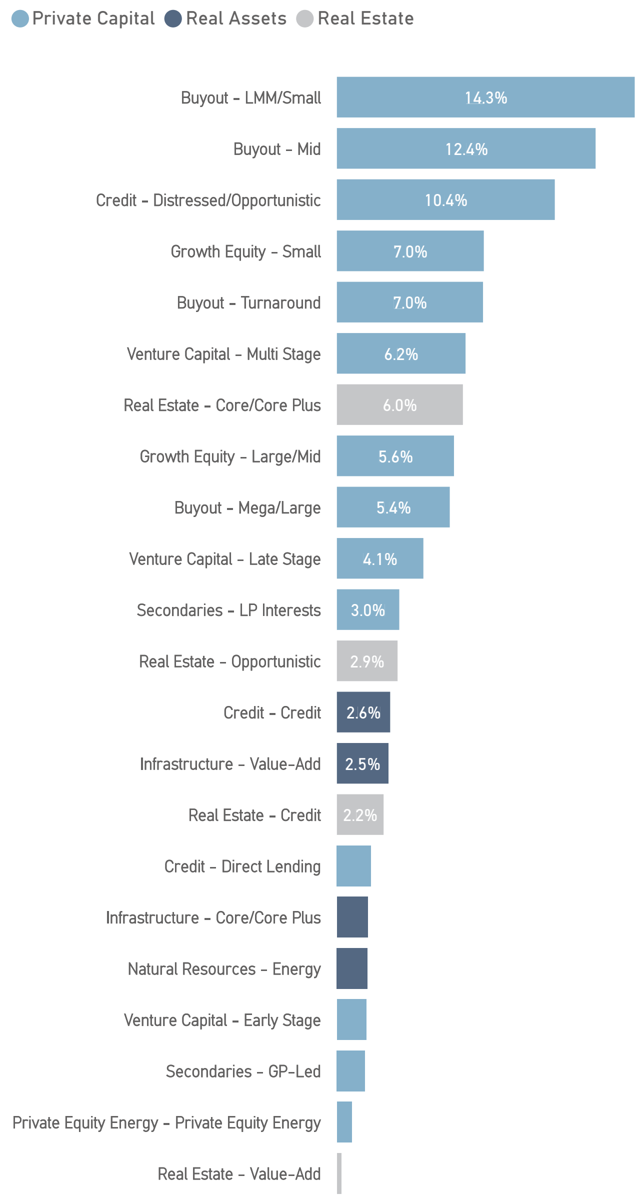
### Annual Cash Flow Summary ($M)




### Sector NAV Exposures (Geography)




### Sector NAV Exposures (Total Strategy)




Annual Cash Flow Summary ($M) - 2026 cashflow data is through 3/31/2026.

** Sector NAV Exposures (Geography) - 12% funds NAV as of 3/31/2026, 80% funds NAV as of 12/31/2025, 8% funds NAV as of 9/30/2025.

*** Sector NAV Exposures (Total Strategy) - 12% funds NAV as of 3/31/2026, 80% funds NAV as of 12/31/2025, 8% funds NAV as of 9/30/2025.

# Appendix - Terms and Definitions

| TERM | Definition |
|---|---|
| Total Gross Leverage | Total Gross Leverage is calculated as the leverage taken by FPPA to gain additional exposure to an asset class. This will typically be in the form of Overlay exposure that is greater than excess cash. There are many forms of leverage. This metric does not consider explicit hedges, such as currency, which are risk reducing, or activities which do not change our economic exposure, such as securities lending. |
| Private Markets Breakpoint | The total amount by which the portfolio would have to decrease in value for the private markets allocation to reach its upper rebalancing band. |
| Liquidity Coverage Ratio | The Liquidity Coverage Ratio measures our ability to pay benefits and meet capital obligations. This demonstrates our Liquidity and Fixed Income – Rates portfolio over an estimate of one-year forward benefit payments and capital obligations. This calculation considers the unique circumstances of each pool. |
| Drawdown Scenario | This is the hypothetical performance of each pool during the Great Financial Crisis (2007-2009). Each pool's performance is compared to a "reference portfolio" of stock and bond market indexes. The scenarios represent economic shocks, meaning all assets move at the same time. These scenario shocks are for discussion purposes only. |
| Active Risk Estimate | Active Risk represents the amount that portfolio returns are expected to deviate from benchmark returns in normal market conditions. This is an estimate calculated by Blackrock Aladdin. |
| Public Equity Portfolio Construction | Exposure and bands to the primary investment strategies; active, passive and opportunistic. These bands are set by the Global Public Equity team. |
| Active Exposures | The portfolio's relative over- or under-weight allocations to a given metric versus the policy benchmark. |
| Duration | Duration measures the percentage price change for a 1% parallel shift in interest rates. This is one measure of bond risk. |
| OAS | The OAS is the average spread of a security over its entire respective curve after factoring out the embedded option value. OAS is a measure of how much yield an investors receives after accounting for the risk of embedded options. Bonds such as mortgage-backed securities have embedded options. |
| Spread Duration | Spread Duration measures the sensitivity of a security's price to a movement in its credit spread. This is another view on bond risk by focusing on credit risk instead of interest rate risk. |
| Yield to Maturity (YTM) | The rate of return anticipated on a bond if held till maturity. YTM is considered a long-term bond yield expressed as an annual rate. The YTM calculation assumes that all coupon payments are reinvested at the same rate as the bond's current yield and takes into account the bond's current market price, par value, coupon interest rate and time to maturity. YTM allows investors to compare different bonds on a consistent basis. |
| Volatility | Volatility is measured by the annualized three-year standard deviation. This is one way to measure how much risk FPPA's Long/Short or Diversifiers allocations are taking versus their benchmarks. |
| % of Volatility | The % of Volatility chart highlights the different strategies within a portfolio and how each strategy contributes to the realized volatility. This chart provides insight to the strategy diversification within the portfolios, and how the contribution to risk can change over time. |
| Capital Distributed | Cash or stock disbursed to the investors of an investment. |
| Paid-In Capital | Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees. |

# Annual Incentive Program Implementation

## Overview

This process document explains the methodology and processes by which Staff calculates long-term pool performance, benchmarks and payouts for the Annual Incentive Program. Cambridge Associates will continue its process to annually verify performance results.

## Public Markets Team Performance

Team performance will be calculated by BNY using a composite of time-weighted returns on 12/31 of the following asset classes; Global Public Equity, Long/Short Equity, Diversifiers, Fixed Income – Rates, and Fixed Income – Credit. Benchmark performance will be calculated by BNY using a weighted average of actual weights of corresponding policy benchmarks of the above asset classes. The quantitative component of incentive compensation is determined by relative performance above the benchmark performance, pro-rated, up through the threshold of 0.30%.

## Private Markets Team Performance

Team performance will be calculated from eFront (FPPA's private markets data provider) utilizing a point-to-point Internal Rate of Returns (IRR) methodology. The eFront system has all of FPPA's historic private markets information. eFront is subscribed to all cash flow and capital account statements and is updated every time FPPA's managers send information. On a go-forward basis, new funds added by the Private Markets team are added to eFront. Regular checks are performed by Staff to ensure that the eFront data is accurate.

Every individual investment line-item in the Private Markets Portfolio (primary commitments, secondaries, etc.) is assigned a benchmark group for the purposes of the incentive compensation plan. The benchmarks represent the broad sub-asset classes available within the overall private market investment universe. Utilized benchmarks and individual benchmark assignments will be reviewed and updated annually.

### Performance Calculations

Upon the completion and verification of 9/30 data, Staff will calculate or gather the following IRR performance for each benchmark group:

- FPPA Performance: 3-year and 5-year, both Legacy and New Portfolios (sourced from eFront)
    - Performance of the Legacy and New Portfolio will be combined into one portfolio weighted by historical quarterly NAVs.
- Median Benchmark Performance: 3-year and 5-year (sourced from Cambridge)
- First Quartile Benchmark Performance: 3-year and 5-year (sourced from Cambridge)

Staff will aggregate the performance of the benchmark groups into composites according to the following weighting methodology.

### Benchmark Weighting Methodology

Benchmark groups will be weighted by the average of their quarterly NAV's for the preceding 3-year and 5-year periods, respectively, for both the New and Legacy portfolios. The sum of those averages, one for each benchmark group, will be used to compute a Current Period Total Average Value for each period. The average NAV for each benchmark group for each period would be divided by the Current Period Total Average Value to provide a percentage weight for each benchmark group. The percentage weight for benchmark group is multiplied by the benchmark return to provide a Weighted IRR. The sum of the Weighted IRRs for each period is the performance of the benchmarks.

### Benchmark Midpoint

FPPA has identified the midpoint between the median and first quartile returns as the upper threshold for the incentive compensation program. The midpoint is not provided in Cambridge Associates' standard benchmark output and is calculated by FPPA as the average of the median and first quartile IRRs. The quantitative component of incentive compensation is determined by relative performance above the median return, pro-rated, up through the midpoint threshold.

### Core Real Estate

While still a component of the Private Markets portfolio, it is appropriate to measure Core Real Estate performance utilizing time-weighted returns. Portfolio and policy benchmark performance will be calculated by BNY. The quantitative component of incentive compensation is determined by relative performance above the median return, pro-rated, up through the midpoint threshold.

### Combined Private Markets and Core Real Estate Payout

The quantitative component of incentive compensation will be a weighted average (utilizing historical quarterly NAVs) of their respective total payout percentages. Actual incentive compensation payout will be limited to 0% up to a maximum of 100%.

## Total Pool (ex – Private Markets)

Performance will be calculated by BNY using a composite of time-weighted returns all asset classes, excluding the performance of Private Markets. Benchmark performance will be calculated by BNY using a weighted average (utilizing interim asset class targets of corresponding policy benchmarks). The quantitative component of incentive compensation is determined by relative performance above the benchmark performance, pro-rated, up through the threshold of 0.30%.

## Total Pool

The quantitative component of incentive compensation will be a weighted average (utilizing historical quarterly NAVs) of their respective total payout percentages. Actual incentive compensation payout will be limited to 0% up to a maximum of 100%.

| | | Performance | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Sub Component | Weight | Portfolio | Benchmark | Excess (bps) | Threshold (bps) | % of Threshold | Payout % | Total |
| Public Markets (3Y) | 20.0% | 7.4% | 7.0% | 40 | 30 | 133.3% | 100.0% | 20.0% |
| Public Markets (5Y) | 30.0% | 6.9% | 7.0% | -10 | 30 | -33.3% | 0.0% | 0.0% |
| **Public Markets** | **50.0%** | | | | | | | **20.0%** |
| Private Markets ex CRE (3Y) | 18.8% | 12.0% | 9.0% | 300 | 400 | 75.0% | | |
| Core Real Estate (3Y) | 1.2% | 4.5% | 3.0% | 150 | 100 | 150.0% | | |
| Private Markets (3Y) | | | | | | 79.5% | 79.5% | 15.9% |
| Private Markets ex CRE (5Y) | 28.2% | 14.0% | 9.0% | 500 | 300 | 166.7% | | |
| Core Real Estate (5Y) | 1.8% | 2.5% | 3.0% | -50 | 100 | -50.0% | | |
| Private Markets (5Y) | | | | | | 153.7% | 100.0% | 30.0% |
| **Private Markets** | **50.0%** | | | | | | | **45.9%** |
| Total Pool ex-PM (3Y) | 7.0% | 7.4% | 7.0% | 40 | 30 | 133.3% | | |
| Private Markets (3Y) | 3.0% | | | | | 79.5% | | |
| Total Pool (3Y) | | | | | | 117.2% | 100.0% | 10.0% |
| Total Pool ex-PM (5Y) | 10.5% | 6.9% | 7.0% | -10 | 30 | -33.3% | | |
| Private Markets (5Y) | 4.5% | | | | | 153.7% | | |
| Total Pool (5Y) | | | | | | 22.8% | 22.8% | 3.4% |
| **Total Pool** | **25.0%** | | | | | | | **13.4%** |
| **Qualitative** | **25.0%** | | | | | | 70.0% | **17.5%** |
| **Total Possible** | **100.0%** | | | | | | Public Markets | **50.9%** |
| | | | | | | | Private Markets | **76.8%** |

## 2026 Investment Professional Annual Incentive Program

The Fire & Police Pension Association of Colorado (FPPA) is committed to our members. We work on a daily basis to fulfill our mission:

> *We will prudently invest our members' retirement funds, administer benefits fairly, and provide superior, cost-effective service.*

FPPA recognizes that our employees are our most important asset in fulfilling our responsibilities to our members. With the complexity of plans and services offered, retaining and motivating our employees is critical in our being able to fulfill our mission. We must attract, retain and engage a highly qualified work force to achieve our purpose. We reward employees who demonstrate capability and produce long-term results which support the association's goals and objectives.

We strive to fulfill our goals keeping our principles at the forefront:

- To act ethically and with integrity.
- To prudently manage the investment of fund assets for the benefit of the members.
- To provide timely and accurate information and benefits.
- To treat all people with respect.
- To encourage and support education and professional development for board and staff.
- To be receptive to, and an advocate for, improvement and innovation.

FPPA provides a comprehensive total rewards package which addresses our employees' health and welfare, growth opportunities, performance recognition, and capital accumulation needs or concerns. All programs are contributory in nature and designed in a flexible manner to enable employees to select those most consistent with their needs and circumstances.

All full-time staff members will be eligible for an annual pay increase based upon CIO discretion over the past year. Each staff member will be evaluated based upon their individual efforts in achieving overall Investment Department goals and will be eligible for a pay increase based upon those efforts. In keeping with our mission and guiding principles the performance management template will include definition around the following categories and employee efforts:

- (1) Distinguished – Individual results achieved far exceed **all** areas of responsibility. This individual is distinguished by skills and ability which have been repeated tested and proven despite obstacles. This individual is

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capable of and looking to assume greater responsibility.  This individual made certain unusually significant contributions resulting in major changes, i.e. new directions, new strategies and significant improvement.

- (2) Commendable – Individual results exceeded expectation in **most** areas of responsibility.   This individual has exceeded the goals of the position and successfully met very difficult goals.  Accomplishments exceed expectations in key areas but not necessarily in all areas.  This individual is capable of assuming greater responsibility.
- (3) Solid Performer – Individual results and objectives have been met.  In a few instances the individual may have exceeded some targets and missed some, but on balance the individual has competently performed the duties of the position.  (This is not an average rating but an above average rating for a performer who has succeeded in mastering all, or nearly all facets of the job.)  This consistent level of performance is a considerable achievement.
- (4) Developing Performer – Individual results have been reasonably adequate for most responsibilities.  The individual has not been completely successful in achieving all the objectives of the position.  The individual has met most goals, but on balance, has not completely reached the desired level of achievement.  Performance is expected to improve over time.
- (5) Unsatisfactory – Individual results consistently fell below the positions objectives and requirements.  Individual on balance has not been successful in performing position tasks and is in need of a Performance Improvement Plan.

Each employee who ranks as a Solid Performer or higher will also be eligible for incentive compensation.  These incentives will be calculated prospectively and are subject to renewal by the Board annually.  Target incentive levels may change in subsequent years due to economic and other factors.  Target incentive levels will vary by position based on differing levels of accountability, responsibility and competitive pay requirements.  Target incentive levels are expressed as a percentage of base salary at the end of the incentive fiscal year. For employees affected by a change to their position and base salary, the base salary will be prorated from the date of change.  For new employees, the initial incentive period will be prorated from their first day of employment.  Incentive payments will be made as soon as is practical after the fiscal year investment data becomes available.  To account for the possibility of market swings and reduced capital, the Board may elect to defer all or a portion of the incentives owed.  Any staff who voluntarily separates from service or is terminated for cause will not receive any incentive compensation.  Appropriate performance measurement provides an important link between overall investment strategy and individual portfolio objectives.  The Investment Consultant verifies all final performance calculations to ensure accuracy.

The Annual Incentive Program will be limited to the positions listed below:

| Investment Position | Target Incentive Level |
|---|---|
| Executive Director | 10% |
| Chief Investment Officer | 65% |
| Investment Director | 95% |
| Sr. Investment Officer | 70% |
| Investment Officer | 65% |
| Investment Associate | 50% |
| Sr. Investment Analyst | 30% |
| Investment Analyst | 25% |
| Jr Investment Analyst | 10% |

Each participant is eligible for an incentive based on qualitative and quantitative components:

Qualitative: The qualitative component is based on each eligible staff's overall contribution, considering results and behaviors, including professionalism, cooperation, teamwork, initiative, motivation as defined within the categories 1 – 5 above. This qualitative incentive for the Investment Staff is determined by the CIO. The qualitative incentive for the CIO is determined by the Executive Director.

Quantitative: Quantitative components are based on relative performance of asset classes and total Long-Term Pool performance (net of fees) relative to benchmarks. Benchmarks are approved by the Investment Committee and Board.

- Time Periods: Relative performance is measured and weighted against two time periods
  - 3-years (40% weight)
  - 5-years (60% weight)
- Team Specific: Quantitative components weighted specifically for a team and position
- Thresholds: A quantitative component is awarded for relative performance above a benchmark, pro-rated, up through a pre-determined threshold

The following table details specific qualitative and quantitative component weights comprising a total potential payout:

| Team / Position | Public Markets | Private Markets | Total Pool | Qualitative | Total |
|---|---|---|---|---|---|
| Executive Director | | | 100% | | 100% |
| Chief Investment Officer | | | 75% | 25% | 100% |
| Public Markets Team | 50% | | 25% | 25% | 100% |
| Private Markets Team | | 50% | 25% | 25% | 100% |
| Portfolio Team | | | 50% | 50% | 100% |
| Employees < 2 yrs | | | | 100% | 100% |

Asset Classes / Benchmarks / Thresholds

Public Markets: Team performance and benchmark performance (time-weighted returns) will be comprised of a weighted average (utilizing interim asset class weights) across the following classes.  Threshold of 0.30%

| Asset Class | Benchmark |
|---|---|
| Global Public Equity | MSCI ACWI IMI with USA (Gross) Index |
| Long/Short Equity | HFRI Equity Hedge Index |
| Diversifiers | HFRI FOF Diversified Index |
| Fixed Income - Rates | Bloomberg Barclays Capital US Aggregate Bond Index |
| Fixed Income - Credit | Bloomberg Barclays US Credit Index |

Private Markets: Team performance will be comprised of a total private markets portfolio point-to-point internal rate of return (IRR).  Benchmark performance will be comprised of a weighted average (utilizing actual asset class weights) of Median ($50^{th}$ percentile) quarterly point-to-point IRRs of various Cambridge Associates private markets indexes.  The Threshold will be the same calculation for the $37.5^{th}$ percentile of the indexes.

Total Pool: Outperformance will be determined from a weighted average of incentive payouts achieved from a Total Pool (excluding private markets) time-weighted rated return (Threshold of 0.30%) and the Private Markets payout.

CAMBRIDGE ASSOCIATES

# Colorado FPPA

## December 2025 CMA Assumptions: Long-Term Targets

June 2026

## FPPA Strategic Asset Classes

2025 December Assumptions – **Current Long-Term Targets & Custom Privates Markets Assumption**

| | LONG-TERM POOL (LTP) | GLIDE-PATH POOL (GPP) | SHORT-TERM POOL (STP) |
|---|---|---|---|
| **INTERMEDIATE-TERM** | | | |
| **COMPOUND RETURN** | **6.88%** | **4.61%** | **5.28%** |
| STANDARD DEVIATION | 10.78% | 6.24% | 4.42% |
| PROBABILITY OF ACHIEVING RETURN OBJECTIVE | 48.56% | 24.01% | 71.20% |
| **LONG-TERM** | | | |
| **COMPOUND RETURN** | **6.26%** | **4.19%** | **4.86%** |
| STANDARD DEVIATION | 10.78% | 6.24% | 4.42% |
| PROBABILITY OF ACHIEVING RETURN OBJECTIVE | 36.53% | 7.32% | 65.71% |
| **ASSET ALLOCATION** | | | |
| LIQUIDITY | 4% | 15% | 30% |
| FIXED INCOME - RATES | 7% | 22% | 45% |
| FIXED INCOME - CREDIT | 7% | 9% | 15% |
| DIVERSIFIERS | 9% | 6% | 0% |
| LONG SHORT | 6% | 6% | 0% |
| GLOBAL PUBLIC EQUITY | 33% | 19% | 10% |
| PRIVATE MARKETS | 34% | 23% | 0% |

Note(s): Compound returns represent geometric AACRs. 2025 FPPA current long-term targets were used in this model. Intermediate-Term and Long-Term returns reflect Cambridge Associates' 10-year (Steady State) and Blended return assumptions as of 12/31/2025, respectively. Blended assumption is 10 years of Return to Normal (RTN) and 15 years of CA Long Term (Equilibrium) returns. Return objectives for the LTP, GPP and STP are 7.0%, 6.0%, and 4.5%, respectively. Glide-Path Pool utilizes a custom private markets return and risk profile; all other pools reflect CA standard capital market assumptions.

## FPPA Strategic Asset Classes

2025 December Assumptions – **Long-Term Targets & Custom Privates Markets Assumption**

| | LONG-TERM POOL (LTP) | GLIDE-PATH POOL (GPP) | SHORT-TERM POOL (STP) |
|---|---|---|---|
| **INTERMEDIATE-TERM** | | | |
| **COMPOUND RETURN** | **6.94%** | **4.67%** | **5.28%** |
| STANDARD DEVIATION | 10.77% | 6.19% | 4.42% |
| PROBABILITY OF ACHIEVING RETURN OBJECTIVE | 49.32% | 24.83% | 71.20% |
| **LONG-TERM** | | | |
| **COMPOUND RETURN** | **6.25%** | **4.17%** | **4.86%** |
| STANDARD DEVIATION | 10.77% | 6.19% | 4.42% |
| PROBABILITY OF ACHIEVING RETURN OBJECTIVE | 36.40% | 7.0% | 65.71% |
| **ASSET ALLOCATION** | | | |
| LIQUIDITY | 4% | 15% | 30% |
| FIXED INCOME - RATES | 7% | 24% | 45% |
| FIXED INCOME - CREDIT | 7% | 9% | 15% |
| DIVERSIFIERS | 13% | 8% | 0% |
| LONG SHORT | 0% | 0% | 0% |
| GLOBAL PUBLIC EQUITY | 35% | 21% | 10% |
| PRIVATE MARKETS | 34% | 23% | 0% |

Note(s): Compound returns represent geometric AACRs. 2025 FPPA long-term targets were used in this model. Intermediate-Term and Long-Term returns reflect Cambridge Associates' 10-year (Steady State) and Blended return assumptions as of 12/31/2025, respectively. Blended assumption is 10 years of Return to Normal (RTN) and 15 years of CA Long Term (Equilibrium) returns. Return objectives for the LTP, GPP and STP are 7.0%, 6.0%, and 4.5%, respectively. Glide-Path Pool utilizes a custom private markets return and risk profile; all other pools reflect CA standard capital market assumptions.

## Capital Market Assumptions

**Cambridge Associates Capital Market Assumptions**
As of December 31, 2025

| | 2025 CA INTERMEDIATE TERM | | 2025 CA LONG TERM | |
|---|---|---|---|---|
| **Asset Class** | **Compound Return** | **Risk** | **Compound Return** | **Risk** |
| Global Equities | 6.5% | 15.8% | 5.4% | 15.8% |
| Diversifiers | 5.4% | 5.9% | 5.3% | 5.9% |
| Long Short | 4.8% | 9.2% | 5.6% | 9.2% |
| Private Markets | 8.3% | 14.3% | 7.5% | 14.3% |
| Custom Private Markets (GPP) | 2.0% | 8.1% | 1.6% | 8.1% |
| Fixed Income - Rates | 5.2% | 5.0% | 4.7% | 5.0% |
| Fixed Income - Credit | 5.1% | 5.6% | 5.8% | 5.6% |
| Liquidity (Cash & Treasuries) | 4.6% | 3.2% | 4.0% | 3.2% |
| Inflation | 2.3% | | 2.4% | |

Note(s): Compound returns represent geometric AACRs. Intermediate-Term and Long-Term returns reflect Cambridge Associates' 10-year (Steady State) and Blended return assumptions as of 12/31/2025. Blended assumption is 10 years of Return to Normal (RTN) and 15 years of CA Long Term (Equilibrium). Private Markets, Rates, Credit, and Liquidity asset classes utilize blends of Cambridge Associates' standard CMAs

CAMBRIDGE ASSOCIATES



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# INVESTMENT POLICY STATEMENT

# OF THE

# FIRE AND POLICE MEMBERS' BENEFIT INVESTMENT FUND

June 12, 2026~~October 9, 2025~~

## Table of Contents

## PURPOSE OF THIS DOCUMENT

The Fire and Police Pension Association of Colorado (FPPA) establishes this Investment Policy Statement ("IPS") to govern the investment program of the Fire and Police Members' Benefit Investment Fund (the "Fund" or "Total Fund"). This IPS is intended to be consistent with the statutory authority granted to the Board of Directors (the Board) in governing the Fund.

## STATUTORY AUTHORITY AND FIDUCIARY DUTY

FPPA was established in 1980 by the Colorado legislature under Section 31-31-101 of the Colorado Revised Statutes (C.R.S.) to administer a statewide multiple-employer public employee retirement system.

As described in Section 31-31-302, C.R.S., a principal responsibility of the Board is the administration of the Fund. The Fund consists of the assets of the Statewide Retirement Plan, Statewide Death and Disability Plan, affiliated local government defined benefit plans, and affiliated volunteer firefighter pension plans.

The Board is the trustee of the Fund, and in exercising its full and discretionary authority with respect to the management and investment of fund assets, the Board is governed by the standards and other provisions for trustees set forth in the Colorado Uniform Prudent Investor Act, Section 15-1-101 et seq., C.R.S.

The Board may delegate responsibilities to FPPA staff, including an Executive Director (ED), Chief Investment Officer (CIO), General Counsel, Chief Benefits Officer, Chief Operations Officer, Culture and People Officer, Chief Information Technology Officer, and other support personnel as deemed necessary. In addition, the Board hires outside professional advisors and service providers as required or needed.

In fulfillment of its fiduciary duty, FPPA is committed to the long-term financial stability of the Fund through maximizing risk-adjusted returns. FPPA recognizes that environmental, social, and governance (ESG) factors present financial risks and opportunities for the Fund. FPPA seeks to identify, evaluate, and manage financially relevant ESG factors in its investment process. FPPA is a signatory to the Principles for Responsible Investment (PRI) and commits to the following six principles to be implemented in its discretion and in accordance with its fiduciary duty:

1. FPPA will incorporate ESG issues into investment analysis and decision-making processes.

2. FPPA will be active owners and incorporate ESG issues into our ownership policies and practices.

3. FPPA will seek appropriate disclosure and ESG issues by the entities in which we invest.

4. FPPA will promote acceptance and implementation of these Principles within the investment industry.

5. FPPA will work with other signatories to enhance our effectiveness in implementing the Principles.

6. FPPA will report our activities and progress towards implementing the Principles.

**ROLES AND RESPONSIBILITIES**

*Board of Directors:* The Board bears the ultimate fiduciary responsibility for the investment of the Fund assets. The Board establishes and maintains investment policies and objectives as set forth herein, approves the Fund investment allocation policy targets, sets risk tolerance, and allocates resources to support the investment program. The Board oversees the implementation of the investment program and relies upon the diligence and recommendations of the CIO, supported as necessary by the diligence and concurrence of consultants. The Board ensures compliance with these investment policies and objectives of the Fund and in doing so relies upon reports and recommendations from the FPPA staff, the Board Investment Committee (IC), or the General Consultant to the Board (General Consultant).

*Executive Director:* The ED is selected by and is accountable to the Board. The Board has given the ED broad authority for planning, organizing, overseeing, and administering the assets of the Fund under policy guidance from the Board.

*Chief Investment Officer:* The CIO is selected by and accountable to the ED yet has a direct line of communication with the Board and the IC regarding investment-related issues. The CIO is primarily responsible for the overall design and implementation of the investment program. The CIO recommends investment selection and termination decisions consistent with the investment policies approved by the Board and subject to concurrence by the Internal Investment Committee (IIC). Other responsibilities of the CIO include ongoing monitoring of the investments, oversight of Fund service providers, and keeping the Board, the IC, and the ED apprised of all investment activities and other situations which merit their attention. The Investment Staff supports and is accountable to the CIO.

*Internal Investment Committee:* The Internal Investment Committee is composed of the Executive Director (who is the chair), the Chief Benefits Officer and the Chief Operations Officer. The IIC must concur on all investment selection and termination recommendations. The IIC must approve the engagements of Investment Consultants, Strategic Partnerships and primary investment service providers. In addition, the IIC will generally review staff investment-related recommendations to the Board or its Investment Committee.

*Board's Investment Committee:* The IC is composed of at least three members of the Board. The IC assists the Board in monitoring the implementation of the investment program and ensuring compliance with the investment policies and objectives of the

Fund. The IC will review and concur on the appropriateness of portfolio construction recommendations made by the CIO. The IC will provide regular updates to the Board.

*General Consultant to the Board:* The General Consultant is selected by the Board to be an independent and unbiased source of investment information and advice. The General Consultant assists the Board in determining policies and objectives for the investment program, monitoring the implementation of the investment program, and ensuring compliance with the investment policies and objectives. The General Consultant regularly attends and provides input at the Board and IC meetings. The General Consultant acts as a fiduciary for FPPA. The General Consultant can also be an Investment Consultant.

*Investment Consultants to the FPPA Staff:* Investment Consultants to the Staff are recommended by the CIO and approved by the IIC. The Investment Staff may utilize an Investment Manager approved as a Strategic Partnership by the IIC in the capacity of an Investment Consultant. Investment Consultants provide non-discretionary advice for specific investment classes, including guidance on portfolio construction, manager due diligence, and the monitoring of existing exposures. They may also provide administrative support. The FPPA Staff works collaboratively with these consultants on implementing the Board's investment policies and objectives. Investment Consultants provide concurrence opinions on manager recommendations, concurring that the process utilized in making the recommendation was reasonable and prudent. To the extent feasible or appropriate, retained consultants act as fiduciaries for FPPA.

## INVESTMENT OBJECTIVES AND BENCHMARKS

The Board, in developing long-term investment objectives, investment class allocations, and investment guidelines, recognizes that the Fund includes the assets of several different benefit plans, each with a distinct time horizon, risk tolerance, cash flow and liquidity needs, number of participants, and benefit adjustment objectives. In consideration of these factors, plans will be grouped by FPPA staff into different investment pools (the "Pools"):

*Long-Term Pool (LTP):* designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. Over the long term, the performance objective of the Long-Term Pool is to achieve a compound nominal rate of return of 7.0%, net of investment expenses.

*Glide-Path Pool (GPP):* designed for plans that need to transition over time from the Long-Term Pool to the Short-Term Pool. Over the long term, the performance objective of the Glide-Path Pool is to achieve a compound nominal rate of return of 6.0~~6.5~~%, net of investment expenses.

*Short-Term Pool (STP):* designed primarily for closed plans with a shorter time horizon, lower risk tolerance and higher liquidity needs. Over the long term, the performance objective of the Short-Term Pool is to achieve a compound nominal rate of return of 4.5%, net of investment expenses.

Performance objectives are reviewed periodically and are based on return expectations for each major asset class weighted by their policy target allocations. The Board expects the objective to be fulfilled within the levels of risk that a prudent investor, as defined by statute, would take under similar conditions.

Performance of each Pool (net of fees) is measured against Policy Benchmarks which are the sum of relevant benchmark returns of each investment class (as may be adjusted for inherent risks within each investment class) multiplied by their target allocations. The General Consultant will verify the appropriateness of benchmarks. Investment class benchmarks are specified in Appendix A.

## INVESTMENT ALLOCATION POLICY

*Asset/Liability Study:* The Board will conduct an asset/liability study as needed, but at a minimum every three years. The purpose of the study is to develop appropriate investment allocation targets and ranges which are generally expected to achieve the performance objectives relative to the liability and liquidity needs of the Pools and the overall risk tolerance of the Board. The Board relies upon analyses and recommendations from the ED, the CIO, the General Consultant, FPPA's actuary, and any other expert opinion that it determines is advisable. Through this process, the FPPA staff may use interim investment allocation targets and ranges reflecting constraints in implementing these allocations over time, including considerations in implementing the Glide Path Pool. The Total Fund will be maintained as a single investment entity, with participation by the Pools to be achieved through accounting unitization.

On June 12, 2026~~August 22, 2024~~, the Board adopted the following long-term investment allocation targets and ranges:

| Investment Class | Long-Term Pool Targets | Long-Term Pool Ranges | Glide-Path Pool Targets | Glide-Path Pool Ranges | Short-Term Pool Targets | Short-Term Pool Ranges |
|---|---|---|---|---|---|---|
| Liquidity | 4.0% | 1.5%-5.5% | 15.0% | 9%-19% | 30.0% | 15%-40% |
| Global Public Equity | 35~~33~~.0% | +/- 4% | 21~~15~~.0% | +/- 3% | 10.0% | +/- 3% |
| Fixed Income - Rates | 7.0% | +/- 2% | 24~~22~~.0% | +/- 3% | 45.0% | +/- 10% |
| Fixed Income - Credit | 7.0% | +/- 2% | 9.0% | +/- 2% | 15.0% | +/- 2% |
| ~~Long/Short Equity~~ | ~~6.0%~~ | ~~+/- 2%~~ | ~~6.0%~~ | ~~+/- 2%~~ | | |
| Diversifiers | 13~~9~~.0% | +/- 2% | 8~~6~~.0% | +/- 2% | | |
| Private Markets | 34.0% | +/- 5% | 23~~27~~.0% | +/- 5% | | |

*Portfolio Construction:* The CIO recommends the portfolio construction of each investment class. Investment class portfolio construction may vary for each Pool. Portfolio construction includes, but is not limited to, target allocations to underlying investment strategies, appropriate performance and risk expectations, commitment pacing, benchmarks, and broad investment guidelines for each investment class, and any underlying investment strategy. Portfolio construction recommendations must be consistent with the underlying risk and return assumptions used in the asset/liability study framework, the policy allocation ranges established by the Board, and this IPS. The CIO may use the resources of the Investment Staff, the IIC, Investment Consultants, General Consultant, external managers, and any other expert opinion that is advisable in developing these recommendations. Portfolio construction recommendations are confirmed by the General Consultant. The IC will concur on the appropriateness of portfolio construction recommendations. Portfolio construction recommendations are reviewed by the IIC and IC through periodic investment class reviews.

**RISK MANAGEMENT**

The Board uses an asset/liability study as its primary process to establish the overall risk tolerance for each Pool. In establishing investment allocation policy targets and ranges, the Board considers the historical and expected risks and correlations of investment classes in creating a portfolio which reduces risk through investment diversification. The Board reviews these investment class risk assumptions through the asset/liability study process.

The portfolio construction process further reduces risk through the diversification of investments by strategy, geography and by investment manager. Allocations to investment managers are further diversified by the underlying security-level investments. Through the portfolio construction and manager selection process, the Investment Staff develops quantitative and qualitative risk expectations for each Pool, each investment class, and each investment manager. The Investment Staff measures and analyzes these investment risks relative to expectations.

Risk analyses include, but are not limited to:

a. *Holdings-Based Risk Analyses.* For equity strategies: measuring exposures to industry and sectors, capitalization, countries, financial ratios. For debt strategies: measuring exposures to industry and sectors, duration, yield, coupon, maturity, term spreads, and credit quality. For all strategies: compliance with investment guidelines, trading execution risks, leverage, currency, use of derivatives, hedging and basis risk, and counterparty exposures. Holdings-based analyses may produce different investment class allocations relative to measuring allocations at the manager level.

b. *Performance-Based Risk Analyses.* Short-term and long-term performance relative to applicable benchmarks, performance attribution, standard deviation, tracking error, information ratio, Sharpe Ratio, style analyses, and peer comparisons.

c. *Qualitative Risk Analyses.* Investment strategy viability under current market conditions, investment process consistency, firm profitability, assets under management growth, product diversification, employee retention and compensation, regulatory and legal risks, client retention and composition, conflicts of interest, compliance with contractual terms and conditions, transparency, reporting, and client service.

d. *Liquidity Analyses.* Liquidity of individual investments and of each Pool, simulated liquidity conditions under market stresses, and contingency plans under stress scenarios. Liquidity analyses include measuring potential margin requirements for derivative instruments and unfunded obligations for partnership investments.

e. *Factor Analyses.* Factor analyses measure investment class exposures to broad market risks, including, but not limited to, equity risk premiums, interest rate spreads, credit, liquidity, inflation, beta and alpha exposures, and volatility. The Investment Staff uses these risk analyses in the portfolio construction process and the manager selection and retention processes. Risk exposures are considered in rebalancing transactions and any recommended hedging transactions.

The Investment Staff reconciles security holdings, valuations, and performance between the Fund's investment managers and its custodian bank. Any significant discrepancies are reported to the Board. Any adjustments to valuations as required by accounting rules are disclosed to the Board.

**PORTFOLIO REBALANCING POLICY**

The Investment Staff monitors each Pool's investment exposures relative to target allocations and ranges on a weekly basis. An investment exposure which falls outside of its respective range requires the Investment Staff to produce a rebalancing analysis and recommendation. The analysis weighs the risks of the allocation deviations relative to the following considerations in the timing and magnitude of any rebalancing recommendation:

a. costs of rebalancing (direct and indirect trading costs);
b. liquidity of the traded exposures (at both the security and investment vehicle level);
c. market volatility;
d. portfolio construction goals and constraints;
e. relative weights to targets of liquidity-constrained strategies (hedge funds, private markets);
f. manager exposure, specific risks or transaction restrictions;
g. liquidity needs (future benefit payments, capital calls, etc.);
h. risk management analyses;
i. the availability of short-term or long-term passive investment vehicles; and
j. the preference to rebalance half-way back to target allocations.

Upon concluding the analysis, the CIO may rebalance the portfolio, and shall report the details of any transactions to the Board at its next meeting.

The conclusion of a rebalancing analysis may result in a recommendation of no action. A no-action recommendation must be accompanied with an anticipated plan and timeframe where the deviation from the asset allocation guidelines will be brought back into compliance. A no-action decision will be reported to the Board at its next meeting.

The Investment Staff may use an Exposure Manager to invest non-strategic cash and implement short-term overlay transactions via the use of derivatives contracts. Leverage may be used temporarily to create gross exposures up to 6% and net exposures of 3% for each the LTP and GPP. The Board will be informed when temporary leverage has been created and removed. The retention of an Exposure Manager is governed by the manager selection and review criteria.

The Investment Staff may use one or more Currency Managers to manage foreign currency risks across the Total Fund. Currency Managers may employ net leverage through derivative contracts within market and credit risk limits monitored by the Investment Staff. Derivative contracts may include forwards, futures, swaps, and options. In some cases, management of foreign currency exposure may include net short U.S. Dollar positions and cross-currency positions. The retention of a Currency Manager is governed by the manager selection and review criteria.

For significant changes to the Fund's investment allocation or investment manager lineup, the Investment Staff may use a Transition Manager to develop and oversee the rebalancing implementation. The retention of a Transition Manager is governed by the manager selection and review criteria.

## INVESTMENT LIMITATIONS

Investment limitations for each investment class and investment vehicle are developed through the portfolio construction, manager selection, and manager retention processes and are unique to the performance and risk expectations of the investment class and investment manager.

FPPA uses multiple professional investment management firms to implement the investment program. One common investment structure is a separate account structure, where the underlying security investments are held in the Fund's name at FPPA's custodial bank. Under a separate account structure, FPPA and the investment management firm enter into a form of an investment management agreement which details FPPA's specific expectations of the relationship, including the investment objectives, appropriate benchmarks, expected risks, authority of the manager, investment restrictions, and fees, as well as other governance conditions.

A variety of other investment structures are used, depending on the nature of a particular investment strategy. Allowable structures include, but are not limited to, commingled funds, mutual funds, partnerships, continuation vehicles, limited liability companies, trusts, and funds-of-funds. Unique investment structures may be utilized upon the approval of the IIC. Assets may be held by an external custodian who is selected and monitored by the external manager or general partner. These other investment vehicles will have their own governing documents.

Each investment's governing documents detail any limitations as to the investment manager's use of particular securities in gaining or hedging market exposure. In addition to traditional common stock and fixed income securities, investment managers may use derivative instruments including, but not limited to, futures, forward contracts, swaps, structured notes, and options. Additional allowable investments include, but are not limited to, exchange-traded funds (ETFs), American Depository Receipts (ADRs), warrants, rights, convertible bonds, and preferred stock. Leverage, shorting, and currency hedges may be utilized in the implementation of investment strategies in accordance with each manager's specific governing documents.

In lieu of a separate account or fund structure with an investment manager, FPPA may utilize total return swaps to implement strategic allocations. Exposures obtained via total return swaps will be fully collateralized and thus not create leverage at the Total Fund level. Swap exposure with a single counterparty is limited to 5% of the Total Fund. The IC reviews and must concur that the process used in recommending swap exposure is in compliance with Board policies. Details of executed swap exposure will be reported at a subsequent Board meeting

**INVESTMENT SELECTION**

The Investment Staff conducts or oversees the manager research process but may delegate specific responsibilities of the due diligence process to an Investment Consultant. The Investment Staff has the flexibility to consider investment manager candidates through any combination of the following processes or resources: a formal request for proposals (RFP), a request for information (RFI), manager databases, placement agents, or references from other institutional investors, consultants, or managers. Diligence methods include, but are not limited to, direct discussions with the manager, reference calls, background checks, and site visits. The Investment Staff will regularly update the IIC regarding investment manager research activity.

Factors considered in conducting investment manager due diligence include, but are not limited to:

a. investment strategy sustainability and process consistency;
b. uniqueness of the investment strategy and process relative to industry peers and existing FPPA investment managers;
c. attribution of past performance;
d. experience and backgrounds of the investment professionals;
e. firm issues: years in business, ownership structure, assets under management growth, product diversification, employee retention and compensation, firm profitability, reputation, regulatory and legal actions;
f. conflicts of interest, including specific disclosure requirements pertaining to arrangements whereby third parties, including placement agents, would benefit from FPPA's investment with the investment manager;

g. client composition and retention;
h. reporting, transparency and client service;
i. environmental, social and governance issues (ESG); and
j. management fees and other expenses.

The manager selection process includes a legal review of the manager's governing documents by the General Counsel's office or external legal counsel, as determined by the General Counsel, to ensure they are consistent with the expectations of the relationship and FPPA policies.

Upon the completion of diligence, a formal written investment recommendation and due diligence checklist is prepared detailing the factors considered in recommending the investment manager and summarizing the decision-making process. The IIC will review and must concur on investment recommendations. Except where manager diligence is delegated to an Investment Consultant, the investment recommendation must be supported by a concurrence opinion from an Investment Consultant that the process utilized in making the recommendation was reasonable and prudent. Investments recommended by the Investment Staff in reliance on the due diligence of an Investment Consultant or approved Strategic Partnership will be approved on a case-by-case basis by the IIC.

**Co-Investments Selection Process**

The above investment selection process and criteria is applied to the selection of Co-Investments. Additional criteria considered for co-investments include, but are not limited to:

a. company analysis, market and competitive landscape;
b. management team depth and experience;
c. financial statement analysis;
d. value creation plan, downside protection and exit analysis;
e. requirement to be sponsored by an existing FPPA manager or manager supported by FPPA's investment consultant;
f. fit within manager's strategy;
g. company governance and alignment of interest; and
h. investment structure and terms.

**Investment Consultant and Service Provider Selection Process**

The above manager selection process and criteria is applied to the selection of Investment Consultants and other primary investment service providers. Investment Staff is responsible for conducting the search and making a recommendation to the IIC for approval.

## INVESTMENT REVIEW AND RETENTION

**Public Markets** (Global Public Equity, Fixed Income – Rates, Fixed Income – Credit, Long/Short Equity, Diversifiers, Strategic Cash)

Upon the selection of an investment manager, the Investment Staff will be responsible for developing unique performance and risk expectations specific to that manager and consistent with the manager selection process, portfolio construction of the investment class, and the IPS (see Risk Management section for example expectations). The Investment Staff will review these expectations with each manager at a minimum on an annual basis. The Investment Staff will monitor each manager’s performance and risk expectations (both quantitative and qualitative). Managers not meeting expectations will generate additional monitoring requirements that may lead to potential actions of a redemption or full termination. Minimum monitoring requirements for these managers include reviewing manager reports and correspondence, conducting quarterly conference calls and periodic on-site visits. The Investment Staff documents its monitoring activity.

The Investment Staff may initiate a recommendation to terminate a manager. The recommendation should detail the rationale for the termination along with a plan for the timing and target of the redemption proceeds. The IIC will review and concur on termination recommendations. The Investment Staff has discretion to make additional contributions or partial redemptions from managers.

A similar review and retention process is used for the Investment Consultants and Service Providers.

**Private Markets** (Private Capital, Real Estate, Real Assets))

Upon the selection of an investment manager, the Investment Staff or Investment Consultant is responsible for developing unique performance and risk expectations specific to that manager consistent with the manager selection process, portfolio construction of the investment class, and this IPS (see the Risk Management section for example expectations).

On an annual basis, Investment Staff categorizes these managers into “Legacy” or “Current”. Current managers tend to be newer relationships or those managers where the Investment Staff would likely consider participating in the manager’s next fund. Legacy managers conversely tend to be older relationships or those managers where the Investment Staff does not anticipate participating in the manager’s next fund.

For Current managers and co-investments, minimum monitoring requirements include reviewing manager reports and correspondence, conducting periodic conference calls, and on-site visits. For Legacy managers, minimum monitoring requirements include reviewing manager reports and correspondence. Conference calls and any on-site visits occur as needed, but with less frequency than for the Current managers. Monitoring requirements may be delegated to or completed concurrently with an Investment Consultant on a per manager basis.

The Investment Staff will periodically review the Private Markets portfolio for potential transactions in the secondary market. The Investment Staff may utilize the secondary market as a portfolio management tool to monetize older positions, refine core manager relationships, reallocate portfolio exposures, and opportunistically acquire exposures and relationships. The IIC will review and concur on secondary market transactions. The Board will be updated upon the completion of any secondary transaction.

**INDIVIDUAL SECURITIES**

Primarily through stock distributions, manager terminations and the securities lending portfolio, circumstances arise where FPPA will gain ownership of individual securities without external manager oversight. The CIO will prudently liquidate individual securities upon reasonable research with regard to the price and liquidity of the securities. The CIO has discretion to liquidate exposures of up to and including $10 million. The IIC must concur in liquidating exposures above $10 million or, if circumstances warrant, the purchase of individual securities in any amount.

**REPORTING**

The Investment Staff, Investment Consultants or General Consultant will provide the Board with the following reports and analyses as already detailed throughout this IPS:

a. periodic asset/liability study
b. periodic investment class and portfolio construction reviews
c. valuation adjustments (as needed)
d. rebalancing analyses (as needed)
e. annual commitment pacing plan
f. annual proxy voting report
g. annual class action claims report
h. annual ethics and conflicts disclosure
i. annual review of this IPS

The Investment Staff, Investment Consultants or General Consultant will provide the Board with the additional following reports and analyses for the Pools:

1. monthly investment report: economic and market summary, performance of the Pools and individual managers, investment allocation and risk exposures, updates on manager specific issues, informational articles.

2. quarterly report: performance attribution, risk reporting, investment class overviews.

3. Annual Comprehensive Financial Report: financial statements, management discussion, GFOA disclosure requirements.

4. website updates: appropriate performance and exposure reports posted to the FPPA website.

5. cost assessment – fees for investment managers, consultants, custodians, Investment Staff and systems.

6. educational sessions – individual and group sessions as needed.

**SECURITIES LENDING POLICY**

Securities lending involves the lending of equity and fixed income securities held in the Fund to qualified borrowers who provide collateral (usually in the form of cash or cash equivalents) in exchange for the right to use the securities. Incremental income is generated through the investment of the collateral during the loan period. FPPA contracts with a securities lending agent(s) to manage and administer the securities lending program, including the investment of cash collateral. The selection and monitoring of a securities lending agent(s) is governed by the manager selection and review criteria. The Investment Staff is responsible for developing unique performance and risk expectations specific for the securities lending agent, including collateral requirements and guidelines for the investment of the cash collateral.

**PROXY VOTING POLICY**

The Board exercises its proxy voting authority, either directly or through other parties to whom it has delegated responsibility for voting proxies, according to its judgment of FPPA's best financial interest.

The Board delegates proxy voting to a proxy voting agent and adopts the desired proxy voting guidelines from those offered by the agent. The Investment Staff monitors the Fund's proxy voting activity to ensure votes are cast in a manner consistent with the proxy voting guidelines. Annually, the Investment Staff reviews the proxy voting guidelines for appropriateness and reports to the Board any material additions or changes.

To the extent that the proxy voting guidelines do not address a particular issue, the Board delegates to the CIO the authority to direct the agent on such issues, with the direction to maximize shareholder value for the benefit of the Fund's ultimate beneficiaries. Analysis and judgment should be exercised as circumstances dictate.

**CLASS ACTION CLAIMS**

From time to time, class action lawsuits are brought against public companies, their directors, or their officers for alleged violations of federal and state securities laws relating to various disclosure obligations and, in many cases, other breaches of fiduciary or other duties. As a fiduciary, the Board believes it is important that FPPA file claims in class action cases where it is a member of the class certified in the case.

FPPA has contracted with its custodian bank to assist it with researching and filing class action claims on behalf of the Fund. Investment Staff reviews the custodian bank's monthly reports showing the status of claims filed on behalf of FPPA. In the case of a denied claim, Investment Staff researches the situation. Staff prepares an annual report summarizing the status of claims reviewed and filed by the bank.

The Board has separately adopted a Securities Litigation Policy which addresses the circumstances under which FPPA would consider seeking lead plaintiff status in class action or other securities litigation cases. That policy is attached as Appendix B.

**NON-DIVESTMENT POLICY STATEMENT**

FPPA will oppose any efforts to impose divestment from industries or specific companies based on the following principles:

1. Access to the broadest universe of investments is consistent with FPPA's Fiduciary Duty
    - Divestment by its nature limits diversification and limits FPPA's ability to achieve the best risk/adjusted rate of return

2. Delegation to investment professionals is consistent with FPPA's Fiduciary Duty
    - FPPA has delegated to investment professionals to make the best investment decisions. Broad statements on what they can and cannot invest in is inconsistent with this tenant of Fiduciary Duty

3. Divestment limits FPPA's ability to impact companies through proxy voting
    - Proxy voting gives FPPA a say on ESG issues

4. Divestment comes with significant costs
    - Transition costs and due diligence in finding other investments
    - Often limits use of available investment vehicles for allowed investments (e.g. indexing, comingled funds)
    - Potentially reduced investment return

Notwithstanding the above, periodically the Colorado General Assembly and the Federal government have imposed divestment mandates on FPPA. FPPA must comply with these state and federal mandates.

**ETHICS POLICY AND CONFLICTS DISCLOSURE**

The Board has adopted and maintains an appropriate ethics policy governing the behavior of Staff and Board members in their interaction with investment management firms, consultants, and others having an interest in the investment or operation of the Fund. The Board requires timely disclosure of any conflicts or potential conflicts of interest by Staff and Board members.

The Investment Staff, and those Staff members who regularly attend Internal Investment Committee meetings, complies with a Personal Trading Policy which prohibits the use of material nonpublic information. The policy includes a quarterly disclosure of personal investment transactions and attestation to compliance with the policy. The Personal Trading Policy is attached as Appendix C.

## ANNUAL REVIEW AND EXCEPTIONS

The Staff reviews this IPS annually and makes specific recommendations as to any amendments the Board should consider. The Board may consider other changes presented by Staff at any time in response to changed circumstances, legal requirements, or the need for clarification. The ED or the CIO may similarly request that the Board grant an exception to this IPS. The IIC will review and must concur on changes to a manager's investment guidelines.

## Appendix A: Investment Class Portfolio Construction and Guidelines

**Liquidity:** The liquidity portfolio is expected to be the primary source of liquidity to fund operational expenses (primarily benefit payments) and short-term investment needs (capital calls, margin requirements). While maintaining appropriate reserves, cash exposures will seek appropriate returns commensurate with other available liquidity strategies. In order to provide flexibility within the allocation of exposures, the aggregate liquidity allocation will be comprised of three portfolios: (1) Operating Cash – the primary source for daily liquidity; (2) Enhanced Cash – seeks additional return on cash not encumbered by near-term obligations; and (3) Treasuries – liquidity reserve for capital obligations and opportunistic investments. The Investment Staff may use an Exposure Manager to invest non-strategic cash to gain market exposure via the use of derivatives contracts.

> *Performance/Risk Objective:* Over the long-term, the liquidity portfolio performance is expected to approximate benchmark returns and risk while maintaining a high degree of liquidity.
>
> *Policy Benchmark (Operating Cash):* Bloomberg U.S. 1-3 month T-Bill Index
> *Policy Benchmark (Enhanced Cash):* Bloomberg U.S. 1-3 month T-Bill Index ~~Bloomberg Short Term Bank Yield 3 Month Total Return Index~~
> *Policy Benchmark (Treasuries):* Bloomberg US Treasury 3-10 year Index
>
> *Active/Passive:* Allocations may be active or passive.

**Global Public Equity:** Global public equity investments will be diversified across market capitalization, investment styles and geography, including exposure to domestic equity, international developed equity, and emerging markets equity. Investments can be made in specific sectors of the overall market (for example, but not limited to, technology, energy or real estate investment trusts). Investment managers may be utilized with a global focus or for specific regional or country exposures. Non-U.S. investments will include exposure to non-dollar currency risks and returns. The public equity portfolio will contain predominantly long-only strategies, but portfolio construction may include complementary exposure to low volatility, leveraged, and hedged equity strategies.

> *Performance/Risk Objective:* Over the long-term, the aggregate public equity portfolio is expected to exceed the performance of a broadly diversified global equity index, net of fees, while maintaining a similar risk profile.
>
> *Policy Benchmark:* MSCI ACWI IMI with USA (Gross) Index.
>
> *Active/Passive:* Allocations may be active or passive.

~~**Long/Short Equity:** The portfolio is expected to provide downside protection, relative to long-only strategies, during periods of market stress. The portfolio may invest in a global opportunity set of funds which may include geographic or sector specialists, activist, and event-driven managers. In general, these funds will~~

~~predominately invest in equity securities but may invest in credit or distressed securities on a limited basis. The portfolio will consist primarily of fund structures but may also include co-investments.~~

~~*Performance/Risk Objective:* Over the long-term, the Long/Short equity portfolio is expected to exceed the performance of a broadly diversified Long/Short index, net of fees, while maintaining a similar risk profile.~~

~~*Policy Benchmark:* HFRI Equity Hedge Index.~~

~~*Active/Passive:* Allocations may be active or passive.~~

**Fixed Income:** Fixed income is designed to provide a source of current income, capital preservation and to reduce overall Total Fund risk. Fixed income investments may include government securities, agencies, mortgage-backed securities, asset-backed securities, investment grade and high yield corporate securities, bank loans, structured credit, convertible bonds, private debt, currencies and derivatives. Exposures may include domestic, international, and emerging markets strategies. In order to provide flexibility in the allocation of fixed income exposure among the various pools, the aggregate fixed income portfolio will be comprised of two distinct portfolios: (1) Rates – comprised of core fixed income strategies and (2) Credit – comprised of dedicated credit strategies.

*Performance/Risk Objective:* Over the long-term, the aggregate fixed income portfolio is expected to exceed the performance of broadly diversified fixed income benchmarks, net of fees, while maintaining a similar risk profile.

*Policy Benchmark (Rates):* Bloomberg Barclays Capital US Aggregate Bond Index.
*Policy Benchmark (Credit):* Bloomberg Barclays US Credit Index

*Active/Passive:* Allocations may be active or passive.

**Diversifiers:** The diversifiers class will target a total rate of return and is expected to provide improved risk-adjusted returns to the Total Fund across various market conditions. Strategies within the diversifiers class may include hedge fund exposures to global macro, commodities, long/short equity, relative value, arbitrage strategies, event-driven, currency and multi-strategies.

*Performance/Risk Objective:* Over the long-term, the aggregate diversifiers portfolio is expected to exceed the performance of a broadly diversified, diversifiers index, while maintaining a similar risk profile.

*Policy Benchmark:* HFRI FOF Conservative ~~Diversified~~ Index.

*Active/Passive:* Allocations may be active or passive.

**Private Markets:** Private markets exposures are expected to generate returns that reflect the additional illiquidity risk. FPPA will typically obtain exposure to strategies by investing through, but not limited to, private limited partnerships, commingled funds, separate accounts and other similar private investment vehicles or corporate entities. While comprised primarily of private capital exposure, the portfolio will provide diversifying exposure through other strategies, including but not limited to, real estate and real assets strategies.

**Private Capital:** Private capital includes equity strategies such as corporate buyout or growth capital (large, middle market, small), venture capital (early stage, late stage), turnaround, special situation, and secondaries, among others. Private capital includes debt strategies such as direct lending, mezzanine, distressed, and structured credit, among others.

**Real Estate:** Real estate strategies include core, value add, opportunistic, and credit, among others.

**Real Assets:** Real assets strategies include energy resources, timber, infrastructure, metals & minerals, and agriculture, among others.

**Co-Investments:** Investment Staff will seek to improve portfolio construction, manage capital deployment, and enhance the net return potential of its Private Markets portfolio by making Co-investments across the Private Market strategies.

*Performance/Risk Objective:* Over the long-term, Private Markets strategies are expected to exceed the performance of appropriate peer universe benchmarks, net of fees, while maintaining similar risk profiles.

*Policy Benchmark:* Blend of Cambridge and NCREIF indexes.

*Active/Passive:* Allocations will be within active strategies.