Cobb County Government Employees' Pension Plan

Investment Policy Statement

December 2017

Revision Dates of Previous Investment Policy
September 2017
May 2016
November 2013
September 2012
November 2010
June 2010
November 2009
September 2007
April 1995

Introduction & Purpose

The Cobb County Government Employees' Pension Plan (the"Plan") is a defined benefit plan which was established by the Board of Commissioners on January 1, 1971 to provide retirement benefits for current and former employees in accordance with the benefit structure adopted by the Board of Trustees (the "Trustees"). The Plan is maintained to invest contributions and reinvest income investment proceeds for the exclusive benefit of plan participants and beneficiaries.

This policy statement is issued for the guidance of fiduciaries, including investment managers and the Trustees, in course of investing the retirement funds of Cobb County and is consistent with the Prudent Investor Rule and any other applicable statue.

Policy guidelines will be amended from time to time by the Trustees both upon its own initiative and upon consideration of the advice and recommendations of the investment managers and Plan professionals, including the Plan's investment consultant.

The purpose of this Statement is to clearly articulate the Trustees' view on the Fund's investment objectives and risk tolerance. This statement will establish a target asset allocation and benchmarks that will be used to monitor performance.

Investment Objectives

The objectives of the Fund have been established after a comprehensive review of current and projected financial requirements, market returns and risks and any special requirements of the "Plan". The Trustees' will address these objectives in periodic reviews of the Fund's performance; the frequency will be negotiated between the investment manager and the Trustees.

Fund objectives:

- The long-term objective of the Fund is the growth of capital.
- Diversification will be employed to reduce risk.
- Generate a return in excess of the passive portfolio benchmark for each asset class.
- Exceed the 25th percentile return of a universe comprised of funds or managers with similar objectives and/or styles over a 5-7 year time frame.

Volatility

Consistent with the diversification objectives of the portfolio, the Investment Policy is based on the assumption that the volatility of the portfolio will be similar to that of the target policy.

The volatility of the total portfolio, in aggregate, should be reasonably close to the volatility of a weighted composite of market indices of the target policy, which is 45% Russell 3000, 25% BarCap US Agg, 10% HRFX Global Hedged, and 20% MSCI ACWI ex US net.

Asset Allocation

The asset allocation target ranges set forth below represent a long-term view. Short-term market volatility may cause the asset mix to fall outside the targeted range.

Target Asset Allocation Table

Asset Class	*Min Weight*	*Target Weight*	*Max Weight*	*Benchmark Index*
Domestic Equities:	***35%***	***45%***	***50%***	***Russell 3000***
Large Cap		*33%*		*Russell 1000, 1000G, 1000V*
Mid Cap		*6%*		*Russell 2500, 2500G, 2500V*
Small Cap		*6%*		*Russell 2000, 2000G, 2000V*
Domestic Bonds (Investment Grade)	***25%***	***25%***	***35%***	***BarCap US Agg Or appropriate Fixed Income Index***
Global Allocation	***0%***	***10%***	***15%***	***HFRX Global Hedged***
International Equity	***10%***	***20%***	***30%***	***MSCI ACWI ex US net Or appropriate Index***

Approved investment managers are expected to be at least 90% invested, unless extreme market conditions dictate otherwise or explicit consent has been received from the Trustees.

Rebalancing

Given the volatility of the capital markets, strategic adjustments in various asset classes may be required to rebalance asset allocation back to its target policy. Such adjustments should be executed so as to minimize excessive turnover and transaction costs.

Securities Guidelines

The following securities and transactions are not permitted for the Fund without prior Trustee approval:

1. Letter stock and other unregistered; commodities or other commodity contracts; short sales or margin transactions; uncovered and covered options.
2. Investments for the purpose of exercising control of management.
3. Investments in companies that have filed a petition for bankruptcy.

Within the above guidelines, the "Plan" gives investment managers full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups. The following are guidelines to be followed by investment managers; but may be superseded by Georgia Regulatory Statutes:

Domestic Equities

1. Equity holdings may be selected from the New York, American and Regional Stock Exchanges, or the NASDAQ markets.

2. For the large cap portfolios these holdings must represent companies meeting a minimum capitalization requirement of $250 million on the date of purchase. For the small/mid cap portfolios, these holdings must represent companies meeting a minimum capitalization requirement of $100 million on the date of purchase.
3. The cost of an individual security in a portfolio at purchase may not exceed 6% of the total market value of that portfolio. Individual securities in a portfolio must not exceed 10% of the market value of that portfolio.
4. The market value of the holdings of any one market sector may not exceed the greater of 25% or more than twice that sector's weighting in the investment manager's selected benchmark. Managers will supply sector breakouts of portfolio holdings using sector classifications from a recognized source such as Wilshire, Russell or S&P.
5. The maximum allocation to one sector is 40%.
6. The investment manager is prohibited from investing in private placements, letter stock and unrestricted securities and from speculating in futures, derivatives or options.
7. Managers must acknowledge that they have reviewed and will comply with the State of Georgia requirement for public plans within Title 47.

Domestic Fixed Income - Investment Grade

1. No issues may be purchased with a longer maturity than the maximum maturity in the applicable benchmark index. Duration should be managed to remain within ±30% of the applicable benchmark index.
2. Investments in securities of a single issuer in a portfolio (with the exception of the U.S. Government and its agencies) must not exceed 5% of the market value of that portfolio.
3. Only corporate or tax exempt debt issues that meet or exceed a credit rating of Baa3 from Moody's, BBB- from Standard & Poor's or BBB- from Fitch's may be purchased.
4. The investment manager is prohibited from speculating in fixed income or interest rate futures or derivatives.
5. Fixed Income securities include U.S. Government and Agency obligations, investment grade corporate bonds and debentures.
6. Commercial Mortgage Backed Securities (CMBS) are fine provided the issuer meets the criteria of 47-20-83 (including all applicable subsections) of this code.
7. Collateralized Mortgage Obligations (CMO) that are listed as investment grade (whether agency or private label) should qualify under 47-20-83 (including all applicable subsections) of this code.
8. Asset Backed Securities (ABS) are permitted provided the issuer meets the criteria listed in the state code 47-20-83 (including all applicable subsections) of this code. Individual ABS securities must not exceed 2.5% of the market value of that portfolio.
9. No structured products that contain leverage.
10. Managers must acknowledge that they have reviewed and will comply with the State of Georgia requirement for public plans within Title 47.

Global Balanced

Global Balanced managers have flexibility to allocate their portfolios across several asset classes, including domestic equities, domestic fixed income, international equities,

international fixed income, commodities, foreign currencies, precious metals and cash. Managers may also use derivative contracts to hedge market risk, increase exposure to certain markets and manage exposure to foreign currencies or precious metals.

The general objective for Global Balanced managers is to seek a high total investment return through the combination of top-down macroeconomic research and bottom-up security analysis.

All Global Balanced managers employed in this asset class must be registered under the SEC Investment Company Act of 1940 and offer adequate transparency, liquidity and communication.

International Equities

1. Holdings in any one company in a portfolio shall not exceed more than 5% of that portfolio.
2. Allocations to any sector, region or country should not be excessive relative to the benchmark.
3. The investment manager may enter into foreign exchange contracts provided that the use of such contracts is limited to hedging currency exposure existing within the portfolio. Direct speculation on currency movements is prohibited.

Cash and Equivalents

Investment managers may invest in commercial paper, bankers' acceptances, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at the time of purchase. Commercial paper must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively. Bankers' acceptances and certificates of deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Uninvested cash reserves should be kept to minimum levels.

Other Restrictions

Investment managers will not purchase assets other than those mentioned above without the written consent of the Trustees.

Voting of Proxies

Investment managers shall vote any and all proxies solicited in connection with securities held by the Fund. Managers shall produce a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit the report to the Trustees summarizing votes cast upon request.

Communications

Investment managers must promptly provide to the Trustees and Investment Consultant information about changes in the manager's investment philosophy, management, ownership and key personnel in a timely fashion, which is not to exceed one month from

the change. Investment managers are required to give the Trustees and any consultant delegated by the Trustees a quarterly portfolio review detailing investment performance (time-weighted), strategy, and portfolio value.

Investment managers shall be required to participate in meetings to discuss:

1. The manager's investment performance and risk levels in light of the stated policies and objectives.
2. The manager's views on important developments within the economy and securities markets, and their potential effect on the investment strategy, asset allocation, and portfolio performance.
3. The effects of changes within the manager's organization on investment philosophy, strategy, and performance.
4. Proposed amendments to the policies and objectives presented in this statement.

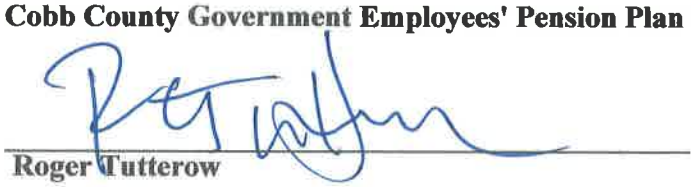
Meetings

The investment managers are expected to meet with the Trustees upon request to review the portfolio and to discuss the investment environment, outlook and results within the context of these objectives and policies.

Adoption

The foregoing Investment Policy Statement was unanimously adopted by the Trustees of the Cobb County Employee's Government Pension Plan on the 6th day of December, 2017, and replaces the previous Investment Policy dated September, 2017.

Cobb County Government Employees' Pension Plan



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