EXHIBIT A

THE CITY OF KNOXVILLE EMPLOYEES' PENSION SYSTEM

STATEMENT OF INVESTMENT POLICY

Amended and Restated November 3, 2009

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I. PURPOSE

The purpose of this Statement of Investment Policy ("Policy" or "Statement") is to define the investment policy for the City of Knoxville Employees' Pension System ("Fund") and to set forth its goals, objectives and guidelines for the Fund in order that:

- Appropriate investment authority be conveyed by the Council of the City of Knoxville ("City Council") to the City of Knoxville Pension Board ("Board") in accordance with the City of Knoxville Charter ("City Charter");

- The fiduciaries and service providers to the Fund be provided guidance on their respective duties and responsibilities to the Fund;

- There be a clear understanding of the financial needs of the Fund;

- There be a determination of the collective risk tolerance of the Board;

- The investment managers and other investment advisors be provided guidance and appropriate limitations on the investment of Fund assets; and

- The Board be provided a meaningful basis for evaluating the effectiveness of investment strategy, the achievement of goals and objectives, and the performance of investment managers so that the Board can meet its fiduciary responsibility to prudently monitor the Fund's investments.

It is the Board's intent in establishing this Policy to state the objectives, goals, guidelines, and a philosophy concerning the investment of Fund assets so that the desired investment results can be achieved. It is also the Board's intention that the investment policies be sufficiently specific to be meaningful but adequately flexible to be practicable. However, the policies stated herein are not to be deviated from by any responsible party without the written permission of the Board.

II. RESPONSIBILITIES

A. Board - The Board is charged by the City Charter with the responsibility of administering and managing Plans A, B, C, G and F of the Fund's pension plans (the "Plan" or "Plans"). The primary responsibilities of the Board are:

- as a primary objective, to ensure that sufficient assets are available to provide the benefits promised to the Fund's participants and beneficiaries at the time they are payable;
- as a secondary objective, to achieve an optimum level of return within specified risk tolerances; and
- to do so effectively and prudently, in full compliance with all applicable laws and regulations.

Specific responsibilities of the Board in the investment process include:

- complying with all applicable laws, regulations and rulings appropriate thereto;
- maintaining all records dealing with the Fund, with such records being kept and maintained at the Board's offices, and/or at the discretion of the Board, in the office of the Board's duly appointed agent;
- determining the Fund's projected financial needs and communicating such to the Fund's actuary, investment consultant, investment managers and other service providers as necessary;
- establishing realistic investment goals and objectives, as well as reasonable investment policies and limitations;
- establishing the Fund's asset allocation (defined as determining an appropriate mix of the Fund's assets between various asset classes and investment styles) in a manner to achieve the Fund's goals and objectives without excessive risk;
- expressing the collective risk tolerance of the Board, primarily through the Fund's asset allocation;
- communicating clearly the major duties and responsibilities of those accountable for achieving investment results and to whom specific responsibilities have been delegated;
- providing a semi-annual reporting to City Council of the condition of the Fund as of December 31 and June 30 of each year, which shall include the Board's then current and target asset allocations for the Fund;
- selecting and maintaining a qualified actuary, investment consultant, investment managers, trustees, custodians and other service providers;

- monitoring and evaluating results to ensure compliance with policy guidelines and that performance objectives are being met;
- taking appropriate action to add or replace investment managers, advisors or other service providers as the Board determines is necessary or in the best interest of the Fund; and
- undertaking such work, studies and education as may be necessary to keep the Board adequately informed as to the status of Fund assets.

To more effectively discharge its investment responsibilities, the Pension Board has established and appointed an investment committee ("Investment Committee") for the purpose of providing assistance and advice to the Pension Board on investment matters related to the Fund's assets. The Investment Committee's function and duties shall be delegated to the committee by the Board under the committee's charter, which the Board may amend from time to time. A copy of the Investment Committee's charter is attached as an addendum to this Policy.

Delegation of Responsibilities

Under the City Charter, the Board is authorized to delegate certain responsibilities to qualified agents to assist it in properly meeting its fiduciary duties and responsibilities as outlined above. Specifically, the Board has appointed trustees, investment managers, an investment consultant, legal counsel and actuary to perform various functions. These fiduciaries, and other service providers who may be appointed by the Board from time to time, shall have the duties and responsibilities specifically assigned to them as provided below.

B. Trustee or Custodian - The Fund shall retain one or more trust companies or banks to act as trustee or custodian for the Fund's assets. The duties and responsibilities of each such fiduciary with respect to the Fund's assets it holds shall include, but not be limited to the following:

- safekeeping of Fund assets under trust or custodial arrangement;
- except to the extent delegated to the investment managers, perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence or indebtedness and common and preferred stock;
- provide the Board, investment consultant and managers a regular valuation, transaction listing, and accounting of Fund assets. Such valuation, listing, and accounting shall occur at least on a monthly basis;
- settle all purchases and sales of securities and other related transactions by the investment managers employed by the Fund;
- sweep all Fund accounts daily into a cash management account to ensure no Fund assets are left uninvested;

- make available and return all securities eligible to participate and loaned through the securities lending agent employed by the Fund;
- manage all uninvested cash and cash awaiting disbursement to the Fund's investment managers in liquid, safe, interest-bearing instruments;
- provide all other custodial services not mentioned above necessary for the efficient investment, custody and administration of Fund assets;
- unless and until assumed by the Board, process all benefit distributions to retirees and beneficiaries in a timely manner; and
- unless and until assumed by the Board, provide annual tax reporting to the Internal Revenue Service and to retirees and beneficiaries in a timely manner.

C. Investment Consultant - The designated investment consultant shall have the following responsibilities:

- The primary duty of the investment consultant is to work with the Board and Investment Committee, supporting the Board's management of the investment process. This includes meeting regularly with the Board and Investment Committee to provide information, perspective, and evaluation as to the Fund's goals, objectives, investment structure, and investment managers that encompass the development, implementation, and monitoring of a properly diversified investment portfolio.
- Specific duties of the investment consultant include, but are not limited to, the following:
  - Make recommendations to the Board of appropriate actions that will enhance the probability of achieving overall objectives, such as use of various asset classes, implementation of investment strategy, changes in investment policy and changes in investment managers or other service providers;
  - Assist the Board in developing an appropriate asset mix through the use of regular studies that employ analysis of both the assets and liabilities of the Fund;
  - Assist the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
  - Provide comprehensive evaluation of the investment results of the total Fund and individual investment managers, in light of the investment guidelines and performance standards contained in this Policy;
  - Notify the Board of changes in the structure, personnel, ownership, investment philosophy or process of investment managers serving the Fund and present a course of corrective action when necessary;

- Provide ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs;
- Assist the Board in screening and selecting investment managers and trustees and such other advisors to the Fund as the Board may request;
- Monitor and evaluate each investment manager's performance under and adherence to this Policy and any applicable manager Instructions (as defined below);
- Monitor performance of the capital markets, the Fund's assets relative to applicable targets and allowable ranges, the Fund's investment managers relative to applicable targets and allowable ranges, and make rebalancing recommendations to the Board or Investment Committee as necessary; and
- Monitor the capital market environment, investment community, and the Fund's investment managers in order to keep the Board and Investment Committee informed of any developments that may adversely impact on the Fund or any of its investment managers and to recommend any necessary actions.

- Within the duties and responsibilities outlined above, the investment consultant shall act in a fiduciary capacity.

D. Investment Managers – Each investment manager shall be charged with adhering to the requirements of this Policy as well as a set of individualized investment manager instructions ("Instructions") that are to be developed for each investment manager by the investment consultant and approved by the Board. Such instructions will contain the manager's benchmark by which its performance is measured, any internal account restrictions or limitations, and any necessary exceptions to this Policy that the Board determines are prudent under the circumstances. The designated investment managers are charged with the following responsibilities:

- Adherence to this Policy and Instructions:
  - Each separate account investment manager shall respect and observe the specific limitations, guidelines, and philosophies expressed herein, or as expressed in any written amendments of this Policy, and all applicable manager Instructions.
  - The investment manager's acceptance of the responsibility to manage assets of the Fund will constitute an acceptance of this Policy, affirming the belief that the manager is realistically capable of achieving the Fund's objectives within the guidelines and limitations stated herein.

- Discretionary Authority:
  - The investment managers will be responsible for making all investment decisions on a fully discretionary basis regarding all assets placed under its control and will be held accountable for achieving the investment objectives indicated. Such discretion shall include decisions to buy, hold, and sell securities in amounts and proportions that are reflective of the investment manager's current investment strategy and compatible with the Fund's investment guidelines.
  - The investment managers will construct and manage investment portfolios consistent with the investment philosophy, style and discipline for which they were retained. They will also execute trades and allocate brokerage commissions according to this Policy and any applicable manager Instructions.
  - The investment managers shall invest and manage Fund assets as prudent investors would, by considering the purposes, terms, distribution requirement, and other circumstances of the Fund but subject to the requirements of this Policy and any applicable Instructions.
- Communication:
  - Investment managers will keep the Board and investment consultant informed on a timely basis of: major changes in their investment outlook, investment strategy, or asset allocation; significant changes in the ownership, organizational structure, financial condition, or professional staffing of the investment management firm or investment product utilized (including client service personnel); and other matters affecting their investment policies or philosophy.
  - Whenever investment managers believe that any particular guideline should be altered or deleted, it will be the investment manager's responsibility to initiate written communications with the Board expressing its views and recommendations.
  - Unless otherwise waived by the Board, investment managers will meet with the Board or the Investment Committee at least annually, at which time they shall review changes within the firm, review past investment performance and performance attribution, evaluate the current investment outlook, and discuss portfolio structure and any inherent or specific tactics (for example the significant over/under weighting of an economic sector relative to a market benchmark) in the portfolio as well as investment strategy with the Board.
- Reporting:

- The investment managers shall provide the Board and its investment consultant with timely notices of transaction activities as may be required, as well as quarterly performance reports, commission summaries, and reports on proxy voting.
- In addition, any information needed to assist the Board in conducting its evaluation of the investment manager's performance as it relates to Fund assets will be presented on a timely basis.

- Compliance with Appropriate State and Federal Laws:
  - The investment managers are responsible for strict compliance with the provisions of the Tennessee statutes including without limitation, the Tennessee Uniform Prudent Investors Act of 2002, as amended (T.C.A. Section 35-14-101 et seq.), the City Charter, and all other applicable state and federal laws, rules and regulations as they pertain to the investment manager's duties and responsibilities as a fiduciary.
  - Each investment manager shall acknowledge in writing its recognition and acceptance of full responsibility as a fiduciary under applicable federal or state law with regard to Fund assets.
- Investment Transactions:
  - All transactions shall be completed on a best price, best execution basis.
  - Understanding that the investment managers, as fiduciaries, have the responsibility to execute every transaction in the best interest of the Fund, the Board reserves the right to set specific brokerage policies, which shall be contained in the manager's investment Instructions.

E. **Actuary -** The Board's designated actuary shall have the following responsibilities:

- Prepare an annual valuation of all the Fund's assets and liabilities. Such valuation shall be provided to the Board to determine the financial condition of the Plans both individually and collectively and determine the contribution rates necessary to fully fund each Plan.
- Recommend to the Board adoption of certain assumptions including those concerning contribution rates, death, disability, withdrawal, retirement, and investment returns.
- Conduct, on a frequency determined by the Board but not less than once each six years, a study of the actual assumptions adopted by the Board and the actual Fund experience to determine the appropriateness of such assumptions.
- Assist the investment consultant in the preparation of all asset-liability studies and, specifically, the analysis of the Fund's liabilities and Plan provisions.

- Provide guidance and perspective regarding special actuarial studies, experience studies, benefit changes and all things of an actuarial nature as may be required by the Board from time to time.

F. Legal Counsel - The Board's designated legal counsel will advise and represent the Board in all matters requiring legal insight and advice.

G. Benefit Payment Administration - The Board may contract for benefit payment administration services to handle various benefit payment functions required by the Fund, which may include without limitation, the processing and distribution of benefit payments to retirees and participants and providing tax reporting to the Internal Revenue Service and to retirees and beneficiaries in a timely manner. All such services shall be specified in a written contract with a qualified and reputable provider and shall contain appropriate provisions to safeguard Fund assets.

III. INVESTMENT OBJECTIVES AND GOALS

The primary investment objective of the Fund is to ensure, over the long-term life of the Fund, an adequate level of assets to fund the benefits guaranteed to Plan members and their beneficiaries at the time they are payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk.

In addition, a secondary investment objective of the Fund is to earn a total rate of return after all expenses that equals or exceeds the actuarial investment return assumption. The Board, with help from its actuary and investment consultant, will use the Fund's asset allocation as the primary tool to achieve this objective. As this is a long-term projection and investments are subject to short-term volatility, the main investment focus of the Board towards the total Fund's assumed rate of return and that of each investment manager will be on performance relative to the appropriate asset class, mix of asset classes, and peer performance over relevant time periods. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

With these investment objectives and limitations in mind, it is the Board's general goal to maintain a fully funded status, to the extent possible and taking into account plan amendments and investment performance that may from time to time affect that goal. The Board's commitment to maintain a fully funded condition allows the adoption of a long-term investment time horizon, which is consistent with the long-term nature and liabilities of the Fund without undue concern for short-term variation in the market value of the Fund's assets. The Fund also has the following specific investment goals:

- ♦ Total Fund: It is **expected** that the Fund shall achieve an annualized total rate of return, net of fees, over a investment planning time horizon (generally 10 years) which:
  - Meets or exceeds the annual actuarial investment return assumption;
  - Meets or exceeds the return of a Policy Index, such index being comprised of the returns of the various broad market benchmarks representing each asset class in which the Fund is invested and weighted to reflect the Fund's target asset allocation. Changes to the Policy Index will be made by the Board when new asset classes are funded or the target allocation changes.

  Note: The term "annualized total rate of return" used above and throughout this Policy, is defined as total rate of return, including all dividend and interest income and both realized and unrealized capital gains or losses, as measured on a compounded or time-weighted (geometric mean) basis. This does not include investment management fees, but does include transaction costs. For comparison purposes, performance will be reviewed gross of fees; however, for goal/objective evaluation purposes, performance will be reviewed net of fees.

- Investment Managers:

  - It is expected that each active investment manager shall achieve an annualized total rate of return, over a market cycle (generally 3-5 years) which exceeds a broad market benchmark, net of fees and ranks above median in a style peer performance universe. The broad market benchmarks shall be set by the Board for each investment manager in the manager's Instructions.

  - It is expected that each passive investment manager shall achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark.

IV. ASSET STRUCTURE

Based on its determination of the appropriate risk posture for the Fund and its related long-term return expectations, the Board, along with the investment consultant and actuary, will periodically review and establish asset-mix guidelines for the Fund, based on market values, which shall comply at all times with the authorized limits set by City Council through this Policy. The City Council's authorized investment limits for the Fund's assets are prescribed as follows:

ASSET CLASS	AUTHORIZED LIMITS
Equity (Domestic, International and Private)	0-75%
Fixed Income	0-75%
Hedge Funds	0-15%
Real Assets	0-20%
Cash	0-100%

The asset-mix guidelines established by the Board from time to time shall include current long term targets as a percentage of total Fund assets and current target ranges for each of the Fund's investment classes. The asset-mix guidelines shall serve as a strategic asset allocation and shall be based upon the most recent asset-liability study performed by the investment consultant and as adopted by the Board from time to time. Both the target allocations and target ranges should be adhered to under normal circumstances and should always remain in the authorized limits specified above. However, because the target allocations and target ranges are long term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered tactical asset allocation or market timing and is not viewed as such by the Board.

The Board, with the advice and assistance of its investment consultant and actuary, is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore should be limited to five percent (5%) of its portfolio market value. Therefore, each manager's portfolio is to be fully invested, although cash can be held briefly when a security is sold prior to reinvestment. An exception to this will be when cash is used as part of a duration or term-structure strategy of a fixed income manager. This exception is consistent with the Board's decision to have managers avoid market-timing decisions stated above. Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various portfolios back to the target allocation shall be implemented as necessary by the Board.

The strategic allocation provides reasonable assurance that the Fund's investment objective can be achieved based on historic relationships of asset class performance. Liquidity is required only to meet defined payout needs, unless the managers are otherwise advised by the Board.

Should an independent manager deem an asset structure outside the tactical range to be appropriate, the investment manager may deviate from these guidelines only with the approval of the Board.

V. INVESTMENT GUIDELINES

A. DOMESTIC EQUITY

Permissible Investments

Unless otherwise authorized in writing by the Board, domestic equity managers are allowed to invest only in separate accounts or commingled vehicles made up of the security types listed below:

- Domestic Common Stocks
- Domestic Preferred Stocks
- Convertible Preferred Stocks
- Convertible Bonds
- Stock Index Futures
- American Depository Receipts
- Real Estate Investment Trusts
- Derivatives, including swaps, futures and options if used to protect the portfolio.

Role in the Portfolio

The principal purpose of equity investments is to provide capital appreciation over the long term. The low correlation between stocks and bonds, real assets, hedge funds or cash equivalents also helps create a portfolio with acceptable volatility.

A convertible securities portfolio may also be held, and if so, shall be included in the 75% maximum equity allocation for the Fund. The principal purpose of convertible securities is to provide equity-like returns (through their equity conversion feature) with less than equity-like volatility (through downside protection of the bond feature). Unless expressly permitted by the Board, convertible portfolios shall be limited to domestic common stocks (not to exceed 30% of the portfolio at market value), domestic convertible bonds and preferred stocks, foreign issue convertible bonds and preferred stocks denominated in U.S. dollars and traded on U.S. exchanges, as well as short-term cash reserves. Below investment grade (BB/Bb or below) convertible bonds shall be permitted, however the overall credit rating of the portfolio shall remain at investment grade (BBB-/Baa- or above). All other equity restrictions and limitations shall apply.

Restricted Investments

With the exception of holdings in a Board approved Private Equity or Hedge Fund portfolio, the following are restricted:

- Letter stock
- Short sales or margin transactions
- Investments in commodities or commodity contracts
- Unregistered securities and private placements (except those securities regulated by SEC Rule 144A)
- Derivatives unless used as noted above and with advance written permission from the Board.

Limitations

* Diversification: All equity portfolios should be well-diversified according to each manager's internal guidelines to avoid excessive exposure to any single economic sector, industry group, or individual security.
* The overall equity portfolio should be diversified by style and capitalization also to avoid excessive risk.
* Capitalization: Equity investments should be made in seasoned companies whose market capitalization is at least .as large as that of each manager's underlying index.
* Exchange Traded Funds: In an effort to avoid high cash allocations, equity managers may hold up to 5% of their portfolio at market vale in exchange traded funds replicating the manager's underlying index.

Investment Goals

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the total rate of return of the domestic equity composite after fees should exceed the total rate of return of the Russell 3000 Index or other suitable broad index specified by the Board.

B. FIXED INCOME

Permissible Investments

Unless otherwise authorized in writing by the Board, fixed income managers are allowed to invest only in separate accounts or commingled vehicles made up of the security types listed below:

- U.S. Treasury and Agency Bills, Notes and Bonds
- Corporate and Municipal Notes and Bonds
- Mortgage-Backed Securities
- Asset-Backed Securities
- Convertible Securities
- Cash-Equivalent Securities
- Money Market Funds
- Derivatives, including swaps, futures and options if used to protect the portfolio.

Role in the Portfolio

The principal purpose of fixed income investments is to provide relative safety of principal and a predictable source of income.

Restricted Investments

With the exception of holdings in a Board approved Private Equity or Hedge Fund portfolio, the following are restricted:

- Derivatives unless used as noted above and with advance written permission from the Board.
- Direct loans or extension lines of credit to any interested party
- Private placement bonds or unregistered securities (except those securities regulated under SEC Rule 144A)
- Non-U.S. Dollar bonds
- Leverage

Limitations

- Unless expressly permitted by the Board, fixed income securities shall be limited to those with a credit rating of investment grade (BBB-/Baa-) or above. Investment managers shall immediately notify the Board of any investments that are downgraded below investment grade, provide a plan for holding or disposition, and report their status regularly to the Board.

- Unless expressly permitted by the Board, the overall portfolio credit rating shall remain A or better at all times.
- Investments in any one issuer (excluding obligations of the U.S. Government, either direct or implied) shall not exceed 5% of any fixed income portfolio's market value, unless otherwise authorized by the Board.
- Without specific written permission by the Board, the effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the manager's broad market benchmark.
- Collateralized mortgage obligations shall not be more sensitive to interest-rate changes than the underlying mortgage-backed security.

<u>Special Exceptions</u>

On an opportunistic basis and only after express written permission by the Board, the following exceptions to the Restricted Investments and Limitations stated above may be permitted:

- Below investment grade credits rated BB, B, CCC
- Non U.S. Dollar bonds and emerging market debt
- The aggregate of below investment grade, non-dollar and emerging market debt shall not exceed 30% of the manager's portfolio
- Interest rate futures used to adjust portfolio duration

<u>Investment Goals</u>

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the total rate of return of the fixed income composite after fees should exceed the total rate of return of the Lehman Brothers Aggregate Bond Index or other suitable broad index specified by the Board.

C. REAL ASSETS[1]

Permissible Investments

Real assets, for purposes of this Policy, shall consist of investments in real estate, real estate securities (REITS), timberland, commodities, energy, and master limited partnerships (MLPs). Ownership may include direct investments, index investments, publicly traded securities, private investments, and commingled funds. Investment vehicles may include: units of or partnership interests in pooled fund(s), insurance company separate accounts, limited partnerships, open-end or closed-end funds, public or private real estate investment trusts or real estate securities. Derivatives, including swaps, futures and options may be used if used to protect the portfolio or where direct investment in the underlying physical property is impractical.

Role in the Portfolio

The principal purpose of real assets is to provide low correlation to the equity portfolio thereby reducing overall Plan volatility. Real estate and timber investments may be included to provide a steady source of income over time, with volatility of returns between that of domestic equities and bonds. The purpose of commodities, energy and MLPs is to provide an inflation hedge, a source of income, and low correlation to other assets classes.

Restricted Investments

Derivatives unless used as noted above and with advance written permission from the Board.

Limitations

- At least 50% of the real assets portfolio shall be invested in core investments including real estate investment trusts. Core investments are equity ownership interests primarily in existing properties, which are substantially leased, located in economically diversified metropolitan areas with credit quality tenants and a staggered lease maturity schedule.
- Leverage on core investments should not exceed 35% of the fund or investment.
- Core investments should also offer broad

[1] Real Assets are interests in physical or tangible property or investments in financial vehicles backed by physical or tangible property

diversification as a primary objective. Diversification should be by both property type including: retail, office, multi-family and industrial, and by geographic region.

- Up to 50% of the overall real assets portfolio may be invested in specialty or value-added strategies. Specialty or value-added strategies represent investments in properties that require specialized acquisition and management expertise or skill to mitigate the business, leasing or development risk that may be associated with individual investment opportunities. These investments have greater associated volatility, as well as the possibility of loss of principal, compared to core investments and as such provide expected yields higher than those associated with core investments.
- Leverage on value-added or specialty investments should not exceed 75% of the fund.
- Value-added funds should be diversified by property-type and geographic location but may be more concentrated than core investments and may include other property types, such as hotels, storage facilities, and senior housing. Specialty investments, by definition, are not diversified by property type, but typically dedicated to one or two property types.
- Limitations for other real asset investments shall be established by the Board on a case-by-case basis according to the type of investment and contained in a set of Manager Instructions.

Investment Goals

Primary emphasis is to be placed on absolute rates of return. Over a market cycle (5-10 years), the total rate of return of the real assets portfolio should achieve at least a 5% real rate of return and outperform the full NCREIF index for value-added investments and the NCREIF ODCE Index for core real estate investments. Investments in other real assets should exceed the return of an appropriate index established for each investment by the Board over a market cycle.

D. INTERNATIONAL EQUITY

Permissible Investments

Unless otherwise authorized in writing by the Board, international equity managers are allowed to invest only in separate accounts or commingled vehicles made up of the security types listed below:

- Common and preferred stocks issued by non-U.S. corporations domiciled in developed and emerging market countries
- Forward foreign currency exchange contracts for hedging purposes
- American and Global Depository Receipts or similar instruments
- Units of commingled or mutual funds investing in substantially the same permissible investments
- Derivatives, including swaps, futures and options if used to protect the portfolio.

Role in the Portfolio

The principal purpose of international equity investments is to provide capital appreciation and diversification. A low correlation to both domestic equity and bonds creates reduced portfolio volatility.

Restricted Investment

- Derivatives unless used as noted above and with advance written permission from the Board.
- Any investment restricted by the domestic equity restrictions provisions

Limitations

- Each portfolio will be diversified by country, economic sector, industry, number of issues held and other investment characteristics.
- Use of derivatives such as options and futures to establish unleveraged long positions are permissible.
- Net short foreign currency positions may not be taken.
- Currency management is at the discretion of each manager.

- On an opportunistic basis, developed country managers may invest in common and preferred stocks issued by non-U.S. corporations domiciled in emerging markets, not to exceed 15% of any manager's portfolio

Investment Goals

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the total rate of return of the international equity composite after fees should exceed the total rate of return of the MSCI ACWI-EX US or other suitable broad Index specified by the Board.

E. CASH EQUIVALENTS

Types of Securities	Debt securities of any U.S. entity not otherwise prohibited, with maturities of less than one year.
Diversification	No more than 10% of the cash portfolio shall be invested in Certificates of Deposit or Banker's Acceptances issued by any single bank. No more than 35% of the cash portfolio shall be invested in commercial paper, with no more than 5% of the portfolio invested with any single issuer of commercial paper.
Quality	Only cash equivalents with the following minimum quality ratings are eligible for inclusion in the portfolio: • Commercial Paper: A1/P1 or equivalent • Certificates of Deposit and Banker's Acceptances: AA-, Aa3 or equivalent • Repurchase Agreements: U.S. Government or agency secured
Pooled Funds	Pooled funds or other commingled investment vehicles may be utilized that are invested in substantially the same manner and same investments as stated above. Investing through a pooled fund vehicle means the investments will be governed by that fund's own set of guidelines and restrictions as set forth in Section V.F. of this Policy ("Pooled or Commingled Funds").

F. POOLED OR COMMINGLED FUNDS

The Fund may invest in pooled or commingled vehicles such as mutual funds, commingled fund or common trust funds that are invested in substantially the same manner and same investments as stated in this Policy. When utilizing such a pooled or commingled vehicle, however, the portfolio will be managed according to such fund's applicable prospectus, offering memorandum or trust document. In the event any such prospectus, offering memorandum or trust document conflicts with this Policy, the prospectus, offering memorandum or trust document will control and the areas of conflict will be outlined in detail by the manager for the Board. In such events, the investment consultant shall advise the Board whether such differences are reasonable and whether the Fund's adoption of the conflicting provision is recommended. The investment manager shall immediately notify, and if possible provide advance warning to the Board should investment guidelines in the prospectus, offering memorandum or trust document change.

G. SECURITIES LENDING

Borrowers

Only institutions meeting defined and agreed upon credit standards will be eligible to borrow securities from the Fund. The Trustee, or a securities lending agent designated by the Board, shall advise the Board of the lender's credit standards and lending policies, and once approved by the Board, shall monitor the borrower's compliance with such standards and policies.

Quality

All borrowers shall have a credit rating not less than the quality ratings required by this Policy for active Fixed Income holdings.

Collateral

The lending agent shall obtain from such borrower collateral in an amount equal, as of such date, to 102% in the case of securities on U. S. issuers, and 105% in the case of securities of non-U.S. issuers, of the market value of any securities loaned, including any accrued interest. On a daily basis, each security shall be marked to the market. In the event the market value of the collateral falls below 101.5% of the market value of the loaned securities of U.S. issuers or 104.5% of the market value of the loaned securities of non-U.S. issuers, the lending agent shall require such borrower to deliver additional collateral at the rates required above. The collateral shall be invested in sufficiently liquid, short-term securities such as, but not limited to:

- Commercial Paper (minimum credit quality of A1/P1) or equivalent;
- Repurchase Agreements;
- U.S. Treasury bills, notes and bonds;
- Other obligations issued by the U.S. Government, its agencies and instrumentalities; and
- Corporate debt rated "A" or better at time of purchase.

Collateral other than corporate debt or that issued by the U.S. Government, its agencies and instrumentalities, must also be rated "A" or better at time of purchase.

Diversification by credit quality, issuer and security type within the Collateral Pool is desirous. To that extent, the pool will maintain an average credit quality of "AA" on that portion of the pool, which consists of securities with maturities longer than one year. An average credit quality rating of A1/P1 will be maintained on the remainder of the pool. Aside from U.S. Government securities, and money market mutual funds whose limit is 10%, no more than 5% of the pool will be invested in securities of any one issuer. Additionally, the pool will be prudently diversified by security type so as not to bring undue risk upon the Fund.

<u>Pooled Funds</u>

Pooled funds or other commingled investment vehicles may be utilized that are invested in substantially the same manner and same investments as stated above. Investing through a pooled fund vehicle means the investments will be governed by that fund's own set of guidelines and restrictions as set forth in Section V.F. of this Policy.

<u>Other</u>

At no time shall the value of the borrowed securities exceed 30% of the market value of the Fund's assets.

H. HEDGE FUNDS

<u>Permissible Investments</u>

1. Hedge funds are portfolios of primarily publicly traded securities, including all types of stocks, bonds, currencies and derivative instruments managed using a variety of active strategies designed to achieve particular market exposure and in aggregate minimize or hedge market related risks.

2. The Plan may invest directly with individual hedge fund managers or invest in one or more hedge fund-of-funds vehicles. However, in order to quickly build a diversified program of hedge fund managers, each using different strategies, fund-of-funds vehicles will primarily be used. Fund-of-funds are either separate or commingled accounts managed by a fund-of-funds manager. Although fees charged by the fund-of-funds vehicle are possibly higher than those charged by long-only equity managers or direct hedge fund managers, the Board believes using the fund-of-funds vehicle is initially the most attractive option for achieving diversified hedge fund exposure due to the diversification of strategies and managers, as well as the fund-of-funds manager's expertise in the due diligence process of evaluating, hiring, terminating and monitoring individual hedge funds. If a fund-of-funds is used, the fund-of-funds manager is solely responsible for selection of the underlying strategies and the hiring and terminating of managers who carry out those strategies. The Board shall establish investment guidelines for the hedge fund portfolio in aggregate and shall select fund-of-funds investment or direct hedge fund managers to achieve the stated objectives.

3. Each fund-of-funds manager shall be an investment fiduciary to the Plan and a registered investment advisor under the Investment Advisers Act of 1940.

4. Preference shall be given to those fund-of-funds managers who commit a significant amount of their own capital together with the Plan in the fund-of-funds vehicles.

5. The underlying managers contained within the overall hedge fund portfolio shall employ a variety of skill-based and generally proprietary strategies. All strategies are permitted and are generally defined as Relative Value strategies (equity market neutral, convertible arbitrage and fixed income arbitrage), Event-Driven strategies (merger arbitrage and distressed securities), and Opportunistic strategies (long/short equity, short-biased and global macro).

6. Short-term strategies, especially trading-based strategies, may also be used. Accordingly, the following is permitted: short sales of securities; purchase and sale of options, commodities, futures and private placements, all types of publicly traded securities and currencies; and the use of leverage and derivatives. Further definitions of permissible strategies are contained in specific hedge fund or fund-of-funds manager Investment Instructions.

<u>Role in the Portfolio</u>

The long-term role of hedge funds as an asset class in the overall portfolio is to improve the risk-adjusted returns of the overall portfolio by reducing market risk, providing low correlation with traditional asset classes and providing consistently positive nominal returns. The goal of the hedge fund portfolio is to provide a "fixed income surrogate", offering fixed income-like volatility but low equity-like returns over a market cycle.

<u>Restricted Investments</u>

1. The Board's investment in any single fund-of-hedge funds vehicle shall not exceed 10% of the market value of that fund-of-funds (including all its feeder funds).

2. Each fund-of-funds shall be diversified according to each Investment Manager's internal policies regarding permissible strategies, asset classes, and risk management (strategy concentration, manager concentration, and level of leverage). Accordingly, at the composite level, no limitations are imposed on exposure to any single: strategy, economic sector, hedge fund manager, use of derivatives, or use of leverage within strategies. However each fund-of-funds manager is responsible for managing these exposures and its accompanying risks and shall outline such limitations contained within its internal policy, which shall be enumerated in their fund-of-funds manager instructions.

3. Financial leverage at the fund-of-funds level is prohibited, unless specifically permitted by the Board. Leverage at the manager or strategy level shall be fully disclosed and regularly updated.

4. Lock-up periods shall not exceed one year. Thereafter, at least quarterly liquidity is preferred.

5. In the event any fund-of-funds manager invests any Board assets in any hedge fund, strategy or manager in which the fund-of-funds manager has an ownership interest or stands to materially benefit from or which presents the Board with a conflict of interest, such investment shall be

fully disclosed to the Board by the fund-of-funds manager.

Investment Goals

It is expected that the hedge fund composite (the aggregation of all hedge funds employed by the Board) should achieve a return goal of LIBOR (30 day) + 4%, net of fees, over rolling 3-5 year periods with 4-6% standard deviation of returns over similar periods. Where possible, peer comparisons will be made using statistically valid performance universe(s), e.g. appropriate HFR index comparisons, with the expectation that performance will rank above median over rolling 3-5 year periods.

I. PRIVATE EQUITY

Permissible Investments

1. Private equity investments generally involve the privately negotiated purchase primarily of unlisted, illiquid common and preferred stock; subordinated and senior debt of mostly privately held companies; and distressed debt of both private and public companies. Private equity investments may also include providing mezzanine financing and other growth capital to both public and private companies. These investments are generally made in blind-pool limited partnerships and fall under the strategies generally known as venture capital, acquisition/buyouts/ growth capital, restructuring, distressed debt, mezzanine financing and special situations.

2. Investments in private equity shall be made only through professionally managed, institutional, limited partnership or limited liability company vehicles. Direct investments in privately held companies are prohibited.

3. The private equity portfolio in aggregate will be prudently diversified by having broad exposure across the strategies listed above, but in general, more heavily weighted in venture capital and acquisition/buyout. Further, the private equity portfolio in aggregate shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and time. Investment in non-US limited partnerships is permitted. The long-term nature of private equity investments and vintage year diversification shall be emphasized so that the Plan, as a long-term investor, may properly take advantage of the private negotiation of transactions and the liquidity premium associated with private equity investments.

4. In private equity investing there is the risk, especially in venture capital investments, of sustaining a complete loss on any of the individual company investments. The Board understands and expects that while specific investments may incur losses of all or part of invested capital, a diversified portfolio of holdings should produce a positive rate of return in excess of that available from public equities. Therefore, the Plan shall prudently diversify its private equity program in a manner consistent with professionally managed institutional private equity programs so as to decrease the likelihood of loss.

5. The implementation of the private equity program by the Plan shall be made over time so as to increase vintage year diversification. The timing

of new commitments shall be spread out so as to avoid undue concentration of commitments in any one year. Over long-term, it is expected that approximately equal amounts of new funding will be committed each year to increase diversification. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private equity in order to achieve the target allocation and subsequently maintain it. The Investment Consultant shall monitor the amount of capital committed, drawn, invested and distributed and make a recommendation to the Board as to the amount of new commitments to be made each year.

6. In order to quickly build a diversified program of private equity managers/limited partnerships, the Plan may invest in private equity investments through institutional, commingled private equity fund-of-fund vehicles ("fund"). These will be managed by the fund-of-funds manager ("Investment Manager"). The Investment Manager shall be a Registered Investment Advisor registered under the Investment Advisors Act of 1940 and shall act as a fiduciary. Although fees charged by the fund and Investment Manager are possibly higher in total than fees from directly investing in limited partnerships, the Board believes using the fund-of-funds approach is currently the most attractive option to the Board for achieving the prudent diversification described above as well as obtaining the Investment Manager's access to new, as well as proven, top tier general partners (e.g. deal flow); expertise in due diligence process of general partner evaluation and selection; monitoring of individual investments and partnerships; and valuation of investments.

7. The Investment Manager has full discretion with respect to the management of the fund, subject to operating parameters contained in the fund's legal documents. The Investment Manager is solely responsible for the selection of the underlying partnerships and strategies utilized in the fund.

8. The Board shall establish guidelines for the private equity portfolio in aggregate and select Investment Managers to achieve the stated performance objectives. Preference shall be given to Investment Managers who commit a significant amount of their own capital together with the Plan in the fund.

9. Each Investment Manager shall be expected to achieve the investment goals stated above. In addition, the Board shall monitor each fund's interim performance at least annually. It is expected that each fund shall produce a dollar-weighted internal rate of return, net of fees, in excess of

those available in public markets over rolling 5-year periods and rank above median in vintage year private equity universe peer comparisons.

Role in the Portfolio

The long-term role of private equity as an asset class in the overall portfolio is to improve the risk-adjusted returns of the overall portfolio by increasing the long-term expected return and possibly reducing year-over-year portfolio volatility. The Board understands that there are certain additional risks associated with investing in private equity, such as: the long-term nature and illiquidity of the investment; the complexity of the strategies employed; the delay of investment return to the Plan (e.g. "J-curve effect"); the possible lack of full public disclosure of certain financial information; and the labor intensive nature of private equity programs for plan sponsors to implement and monitor. However the Board has determined that possible rewards outweighs the possible risks and has also determined that the long-term role of private equity stated above is consistent with this Policy and its objectives.

Investment Restrictions

Each fund-of-funds shall be invested and diversified according to that fund's legal documentation. Accordingly, at the composite level, no limitations shall be imposed on any single partnership, strategy, or investment.

Monitoring and Reporting

The private equity fund-of-funds managers will monitor and administer the underlying limited partnership investments in a prudent manner, in part, by:

1. Administering capital calls and distribution,

2. Employing financial monitoring and reporting Plans,

3. Maintaining an understanding of the limited partnership's holdings and activities, including periodic discussions with the general partners and attending partnership investor meetings as appropriate,

4. Attending to partnership amendments or other matters related to the underlying partnerships in the best interest of the investors,

5. Liquidating stock distributions, and

6. Except as provided for in liquidating distributions, providing a cash-to-cash service to the Plan.

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

- A listing of assets with historical cost and market valuations by security and in total
- Holdings by sector segmentations
- Performance results for the month, quarter-to-date, fiscal year-to-date and since inception
- Dealings with minority and woman–owned businesses
- Firm composition specifying majority, minority, and women personnel by management category
- Changes in personnel or firm composition
- Investor purchases and sales
- Major changes in market conditions

It is expected that the fund-of-funds' Investment Managers will meet with the Board, its Investment Committee or the Investment Consultant as reasonably required and at least annually.

Investment Goals

It is expected that the private equity composite (the aggregation of all private equity investments employed by the Plan) should produce a dollar-weighted internal rate of return (IRR) that exceeds the S&P 500 Index by 3-5%, net of fees, over the life of the investment (typically 10-12 years). Where possible, peer comparisons will be made using statistically valid private equity performance universe(s) with the expectation that performance will rank above median in vintage year periods.

VI. REVIEW AND EVALUATION

Total Fund investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Goals section above as well as comparisons to other public pension funds with similar market value and asset allocation.

Investment manager investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Goals section above and any applicable manager Instructions.

Investment performance will be compared using a statistically valid universe provided by the investment consultant as authorized by the Board.

Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below:

- Change of Board's investment philosophy;
- Unacceptable justification for poor results;
- Failure to meet stated performance goals;
- Failure to meet Board's communication and reporting requirements;
- Deviation from the stated investment philosophy or style of the investment management firm; or
- Change of decision-making personnel or ownership of the investment management firm.

VII. INVESTMENT ADMINISTRATION

Documentation

The investment managers are requested to submit a written statement to the Board describing their proposed investment strategy and tactics for achieving the investment goals and objectives that are required in this Statement of Investment Policy. They should also submit suggested revisions to this Policy whenever their strategy or tactics change significantly as a result of changing market conditions or other factors.

Statements are to be supplied quarterly by the investment managers indicating:

1. The portfolio composition (i.e., asset mix at book and at market values) for each major class of security, including cash equivalents;
2. Position, by individually named securities and/or by appropriately described units of collective funds, showing both book and market values of individually invested securities;
3. All transactions in descriptive detail;
4. Investment performance for the quarter, year-to-date, annualized trailing 1, 2, 3, 4, 5 year periods and since inception;
5. Economic sector allocation, portfolio characteristics, and ten largest positions compared to the benchmark; and
6. Economic and market outlook.

Regular Review Meeting

The investment manager will be expected to meet regularly with the Board, its Investment Committee, or the Investment Consultant. The agenda for these meetings shall include, but not be limited to:

1. A presentation of investment results in light of the stated objectives of this Statement of Investment Policy;

2. A discussion of investment strategies currently being executed by the manager; and

3. Communication of material changes in policy, objectives, staffing or business condition of the investment manager.

VIII. INVESTMENT MANAGER’S ACCEPTANCE AGREEMENT

The undersigned investment manager hereby acknowledges its appointment as a named fiduciary to the Plan and agrees that this Statement of Investment Policy (Amended and Restated on November 3, 2009) shall be incorporated as a part of the investment manager’s Advisory Agreement with the Board or if no Advisory Agreement is utilized by the Board, as part of the Investment Manager’s Instructions. This Statement of Investment Policy shall be substituted for any previous Statement of Investment Policy, if any, agreed to by the Board and the investment manager.

If at any time the investment manager believes that the objectives and guidelines contained in this Statement of Investment Policy cannot be met or performed in strict compliance with this Statement, the investment manager agrees to promptly notify the Board in writing. In consideration of the investment manager’s initial engagement by the Board and the investment manager’s ongoing relationship as an investment advisor for the Board, the investment manager hereby acknowledges a complete understanding of the objectives and guidelines of this Statement and agrees to abide by each of said requirements during the course of the investment manager’s engagement.

____________________________ ____________________
(INVESTMENT MANAGER) (DATE)

CCG\Pension Board\Investment Policy\Investment Policy (11-03-09)

ADDENDUM TO STATEMENT OF INVESTMENT POLICY

CITY OF KNOXVILLE PENSION BOARD

INVESTMENT COMMITTEE CHARTER

I. AUTHORITY

Section 1350.2(A) of the City of Knoxville Charter and T.C.A. § 35-14-111 of the Tennessee Uniform Prudent Investor Act.

II. PURPOSE

The Investment Committee (the "Committee") is a standing committee of the City of Knoxville Pension Board (the "Pension Board") created and appointed by the Pension Board in accordance with this committee charter for the purpose of providing assistance and advice to the Pension Board on all matters related to the investment of the City of Knoxville Employees' Pension Fund (the "Fund") and to perform the duties that are delegated to the Committee by this committee charter.

III. APPOINTMENT AND STRUCTURE

A. All members of the Committee shall be appointed by the Pension Board in accordance with this committee charter, except for the ex-officio members of the committee, who shall serve by virtue of their office.

B. The Committee shall be comprised of not less than three nor more than five voting members of the Pension Board that shall include the City of Knoxville's Director of Finance, who shall serve as a voting ex-officio member of the Committee and at least one additional member of the Pension Board, who must be elected by the City of Knoxville employees to the Pension Board. The Pension Board's Executive Director shall also be a non-voting ex-officio member of the Committee.

C. Except for the Executive Director and the City of Knoxville's Director of Finance, who shall serve as ex-officio members of the Committee, Committee member terms shall normally be staggered for three years commencing on the first day of January following appointment. Committee appointments shall be made by the Pension Board at its December meeting. Notwithstanding their appointment to a three year term, all Committee members excluding the ex-officio members shall serve at the pleasure of the Pension Board and may be removed with or without cause at any time by vote of the Pension Board and no Committee member's term shall extend beyond his or her term as a member of the Pension Board.

D. Vacancies on the Committee shall be filled by the Pension Board for the remainder of the Committee member's term.

E. The Executive Director shall serve as chair of the committee. The Committee shall by a majority vote elect a vice-chair and a secretary for a term of office expiring at the end of the year for which the officer is elected to serve. A quorum, which shall be a majority of the voting Committee members, is required for an official meeting of the Committee. Actions of the Committee require a majority of the voting members present.

IV. DUTIES

A. Operate under this committee charter, which it will review each year at or near the beginning of each calendar year and make any recommendations for revisions to the Pension Board for the board's consideration.

B. Recommend to the Pension Board appointment and removal of the Fund's Trustee/custodian, Investment Consultants and Investment Managers.

C. Review each year the Investment Policy for the Fund and make any recommendations for revisions to the Pension Board for its consideration.

D. Develop, review and recommend for Pension Board consideration such procedures for the investment, management, supervision and control of the Fund and its investment advisors as the Committee deems necessary or convenient to properly oversee and manage the investment functions of the Fund.

E. Communicate as necessary the Fund's investment policy to Investment Managers.

F. Review the performance of and make recommendations to the Pension Board regarding the hiring, retention and dismissal of the Fund's investment consultants as the Committee deems necessary.

G. Monitor and report to the Pension Board the performance of the Fund's Trustee/custodian, Investment Consultant and Investment Managers on a regular basis and make such recommendations for action to the Pension Board as the Committee deems appropriate.

H. Periodically review the Fund's permitted and targeted asset allocations as authorized by the Fund's investment policy and make such recommendations to the Pension Board as the Committee deems appropriate to properly manage the Fund in accordance with such policy.

V. LIMITATIONS

A. The Committee shall not supervise, hire, fire, or discipline Pension Board employees.

B. The Committee shall not negotiate or contract with third parties, nor shall it incur unauthorized expenses on behalf of the Pension Board or otherwise obligate or commit funds of the Pension Board.

VI. MEETINGS

Committee meetings will be held periodically on an announced basis or as needed and shall be open to the public and comply with all applicable state laws regarding open meetings of like governmental bodies. Regularly scheduled meetings, if any, will be scheduled by vote of the Committee and appropriate public notice of the same shall be given. Special meetings may be called at any time by the Executive Director, the vice-chair or any two members of the Committee provided proper public notice of the meeting and its purpose is given under the circumstances.

VII. REPORTS

The Committee will be expected to furnish oral or written reports at Pension Board meetings, when requested, which shall include any Pension Board action requested or recommended by the Committee. Minutes of all Committee meetings shall be maintained and furnished to the Pension Board on a timely basis.

Revised by Pension Board: July 9, 2009

__City of Knoxville Pension Board__

__Target Asset Allocation as of November 3, 2009__

Asset Class	Current Long Term Target as % of Total Assets	Current Target Range	Authorized Limits
Equity	**60%**	**55--65%**	**0-75%**
Large Cap Stocks	17%	12-22%	
Small-Mid Cap Stocks	7%	2-12%	
Developed Int"l Stocks	20%	15-25%	
Emerging Markets Stocks	7%	2-12%	
Convertible Securities	4%	0-9%	
Private Equity	5%	0-10%	
Fixed Income	**19%**	**13-23%**	**0-75%**
Core Bonds	6%	1 -11%	
Long Bonds	6%	1-11%	
High Yield Bonds	2%	0-7%	
TIPS	5%	0-10%	
Hedge Funds	**5%**	**0-10%**	**0-15%**
Real Assets	**15%**	**10-20%**	**0-20%**
Real Estate	10%	5-15%	
Energy/Commodities	5%	0-10%	
Cash	**1%**	**0-5%**	**0-100%**

Policy Index
As of November 3, 2009

Russell 3000 Index	33%
MSCI ACWI-Ex US	27%
NCREIF ODCE Index	15%
Lehman Aggregate Index	19%
HFR FoF Composite Index	5%
Treasury Bills	1%