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Implementation

LASERS recognizes that special expertise is required to properly invest the majority of the assets described. However, certain highly-efficient, passively-managed investment strategies lend themselves to internal management, resulting in lower management fees for the Fund as a whole. Where appropriate, LASERS will manage these assets internally, so long as the same level of care, prudence, and oversight is maintained that an outside professional investment advisor would typically provide.

Rebalancing

The CIO will review LASERS asset allocation at least quarterly to determine if it is consistent with the exposure ranges established for LASERS described herein. The CIO will direct staff and investment managers to transfer funds to rebalance the asset allocation as necessary. The CIO will consider market conditions and transaction costs, as well as any other relevant factors when rebalancing.

VII. Risk Management

It is recognized that risk issues permeate the entire investment process, and risk is considered throughout the investment process from asset allocation to performance evaluation. Ongoing monitoring will be accomplished through a "mosaic" approach, in which various forms of analysis and reporting contribute to the total picture. Inspection of levels of diversification, nominal risk exposures, risk/return plots, Sortino ratio, Value at Risk, tracking error, and worst-case scenarios modeling form the core of the monitoring process.

VIII. Manager Selection

LASERS reserves the right to retain managers to oversee portions of the System's assets. Manager selection is accomplished in accordance with the vendor selection criteria in LASERS Board Governance Policy.

LASERS will not consider the selection of any manager without first setting a target allocation to a particular asset class and determining that a manager is needed to implement that allocation strategy. Once LASERS has determined that a manager search is warranted, it will establish certain minimum criteria for a manager to be considered eligible to participate in the search. LASERS intends that any qualified candidate receive fair consideration. As such, industry recognized databases will be used for screening purposes to ensure that an unbiased and objective search process is achieved.

In selecting investment managers LASERS will follow a due diligence process, so as to avoid selecting managers on an ad hoc basis. The process will involve analyzing investment manager candidates in terms of appropriate criteria. LASERS shall strive to hire investment managers who offer the greatest incremental benefit to the Fund, net of fees and expenses, in accordance with, but not limited to, the due diligence criteria listed below:

Qualitative Factors

- Appropriateness of investment philosophy and process,
- Fit between product and existing plan assets, liabilities, and objectives,