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INVESTMENT ALLOCATION

The Investment Policy of the Fund establishes asset allocation targets and ranges for each asset class to achieve risk and return objectives. Fund staff, in collaboration with the Fund's investment consultant, monitors the investment allocation monthly. Rebalancing is normally recommended by the consultant when variances approach 5% over or below the targets. In addition, strategic withdrawals for payment of benefits are used to fine-tune the allocations.

INVESTMENT MANAGEMENT

The Fund's stated investment objective is to maximize the rate of return within a prudent level of risk. During 2025, the Board of Trustees and investment staff, with the assistance of Fund's investment consultant, Marquette Associates, undertook the following investment activities related to the Fund's stated investment objective:

- In January, the Fund issued an RFP for investment management firms interested in providing Infrastructure products. In Q4 2025, the Board entered a contract with IFM Investors for a commitment of $40 million. The search process was concluded in Q1 2026 when the Board approved a contract for a $40 million commitment with Brookfield Asset Management. The combined allocation of $80 million represents approximately 5% of total Fund assets.

- In March, The Fund received a $30.0 million transfer of budgetary reserves from the District. These funds were fully invested in accordance with the Fund's target asset allocation. The capital was deployed across three passive mandates with State Street, an active fixed income mandate with Neuberger Berman, and active domestic equity mandates with Wasatch Global Investors and MetLife Investment Management.

- In January and October, the Fund received partial redemptions from the UBS Trumbull Property Fund; total redemptions received during the year were $1.4 million.

- In January, June and August, funded capital calls with Brightwood Capital Advisors totaling $9.8 million. At year-end, the total Fund contribution was 98% of the $35.0 committed capital. The unfunded commitment was $700,000.

- Investment withdrawals for benefit payments and expenses during the year were approximately $72.0 million.