INVESTMENT POLICY STATEMENT
CITY OF BURLINGTON, VERMONT
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Adopted March 19, 1987
Revised November 2, 1989
Revised May 28, 1992
Revised September 24, 1992
Revised October 28, 1993
Revised September 18, 1996
Revised June 27, 1997
Revised February 2, 2000
Revised June 23, 2005
Revised December 3, 2009
Revised November 19, 2015
I. OVERVIEW

The Burlington Employees' Retirement System ("BERS" or the "Plan") is a defined benefit pension plan established to provide retirement benefits to participants in accordance with the benefit structure adopted by the City of Burlington, Vermont.

The Plan is governed by Chapter 24 of the City of Burlington Code of Ordinances as authorized by Title VII of the City of Burlington Charter.

This Investment Policy Statement (the "IPS") shall establish the process to be followed in making and executing investment policy. The various outcomes of this process -- the assumed investment return, asset allocation, and measurement criteria -- shall be included in the investment addendum.

This IPS amends, supersedes and restates in its entirety all prior BERS Investment Policy Statements.

II. STANDARDS AND DUTIES

A. Fiduciary Standards

Assets of BERS shall be managed in a manner consistent with fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of BERS’ financial assets (the “Fund”), including:

1. Setting of investment policy;
2. Choosing an asset allocation to balance risk and return;
3. Selecting and evaluating professionals to manage those assets;
4. Communicating guidelines to those professionals.

III. INVESTMENT GOAL
The long-term goal of the portfolio is to earn the actuarial return assumption net of fees over a long period of time such as 20 years while assuming only as much risk as the Board believes is needed to achieve that return.

The following philosophy should be followed in pursuing that goal:

**A. Philosophy**
1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Use simple investment structures that the Trustees understand;
5. Minimize investment costs.

The following strategy should be followed in implementing this philosophy:

**B. Implementation Strategy**
1. Diversify;
2. Focus primarily on asset allocation;
3. Rebalance to targets, selling on strength and buying on weakness;
4. Emphasize index management;
5. Keep manager and asset turnover low.

**IV. INVESTMENT GUIDELINES**

The Trustees understand that should Burlington choose to invest in a commingled fund, the investment policies governing that fund take precedence over the policies in this IPS. When investing in any commingled structure, the Trustees should consider whether those guidelines are sufficiently compatible with BERS own goals.

Should the Trustees decide to invest in any individual account that must conform to standards set forth in this IPS, those standards shall be set forth in the manager’s contract and attached to this IPS following the Investment Addendum.
INVESTMENT APPENDIX

The following sets out the Board’s current choices regarding the actuarial assumption, asset allocation and performance measurement standards.

A. Actuarial Assumption: 8%

B. Asset Allocation

The asset allocation and allowable ranges are:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Large Cap Equity</td>
<td>30%</td>
<td>5%</td>
</tr>
<tr>
<td>Domestic SMID Cap Equity</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>Foreign Developed Equity</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Foreign Emerging Market Equity</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Timber</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Core Fixed Income and Cash</td>
<td>20%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Cash flow should be managed to maintain each allocation close to the target. Rebalancing becomes mandatory if an allocation falls outside the range.

C. Performance Measurement

1. Time Period. Measurement of return for both the portfolio and for individual managers will be over a market cycle assumed for simplicity to be 3-5 years. Trustees are encouraged to make judgments over time periods sufficiently long to encompass both up and down market trends.

2. Portfolio Goal. The short-term goal of the portfolio is to rank in the upper half of a universe of similar portfolios. The long-term goal of the portfolio is to earn the actuarial assumption over a long period of time such as 20 years while assuming only as much risk as needed to achieve that return.

3. Manager Goals. Each manager shall be measured by an assigned benchmark. Active managers are expected to outperform their benchmark over a market cycle net of fees, and to perform in the upper half of a universe of managers in a similar style. Passive managers are expected to nearly match their benchmark on a monthly basis gross of fees.