

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: *INVESTMENTS*

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THE INVESTMENT “OUTCOMES”

This policy defines the desired outcome of the investment program for the investment of funds for the legislatively created defined benefit plans. It will be the Board’s responsibility to carry out the following duties with the assistance of staff:

RETURN OBJECTIVE

Based on actuarial assumptions adopted by the Board effective 2/22/2013, it is estimated that the portfolio must generate the compound annual return on invested assets shown in Appendix I in order for WRS to accumulate the assets needed to meet benefit obligations.

INVESTMENT PHILOSOPHY & CORE BELIEFS

WRS’ investment philosophy is based upon a set of factors that have a widely accepted theoretical basis.

1. The Board recognizes that strategic asset allocation has the most significant impact on investment results and will develop and maintain a strategic asset allocation that strives to optimally fulfill investment objectives.
 - Strategic asset allocation sets the amount of resources (risk) spent on each asset class.
 - Strategic allocation determines downside risk and portfolio volatility.
2. Some markets are efficient while others are less so, or inefficient. As such, investment strategies will reflect a mix of active and passive investments.
3. Costs have a meaningful impact on returns. Investment strategies will utilize the most cost effective approaches.
4. Performance measurement and monitoring activities provide an assessment of the success of WRS investment strategies and implementation of those strategies. Clear benchmarks will be selected for each investment strategy.
5. Use of tactical or Risk Overlays adjusts the portfolio (based on fundamental and/or economic theory), making tilts explicit versus implicit.

6. WRS believes the fund should be invested for the future and not rely solely on historical investment data to structure the portfolio. There is value in forecasting and making an effort to determine the most critical factors that will affect assets and liabilities in the coming years. This forecasting will be part of the discussion and asset allocation process.
7. Diversification is critical because the future is unknown.
8. WRS believes that, over the long term, there is a relationship between the level of investment risk taken and the rate of expected investment return. It believes the assumption of a moderate level of risk is reasonable and justified to enhance potential long-term returns, understanding that it will produce a wider range of expected returns than more conservative asset mixes.

STRATEGIC ASSET ALLOCATION (SAA)

It will be the Board's responsibility to carry out the following duties in consultation with staff and the external investment consultant:

1. Develop a Return Objective (RO) with a goal to:
 - a. Keep contribution rates reasonably level over long periods of time subject to and recognizing that changes made in the law, actuarial assumptions and benefit levels will impact contribution rates.
 - b. Adequately fund aggregate liabilities.
2. Establish a Strategic Asset Allocation that is expected to meet the RO while minimizing the impact of the fund's volatility on the contribution rate. Secondary considerations include, but are not limited to, the expected rate of return for each asset class, the expected risk of each asset class, the correlation between rates of return among the asset classes, liquidity of the fund, and the investment objectives and risk constraints of the fund.
3. Monitor costs associated with the efficient implementation of the Strategic Asset Allocation through the use of internal and external resources.

The Board has adopted the SAA as shown in Appendix I. This table outlines the Board authorized Strategic Asset Allocation investment categories and the Strategic Asset Allocation weights which will be used to measure performance. This asset allocation is expected to fulfill WRS' need to meet its Return Objective. These are strategic allocations. As investments in non-public markets can take some time to implement, the Board recognizes that this asset allocation is a long term goal, and that short term positions may represent an intermediate point in the process of attaining these targets.

TACTICAL ASSET ALLOCATION (TAA)

The Board has granted the Chief Investment Officer (CIO), subject to approval by the Executive Director, the authority for establishing the Tactical (sub-asset class) Asset Allocation (TAA) of the portfolio within broad ranges approved by the Board. The CIO will make Tactical Asset

Allocation decisions away from the Target Asset Allocation only in consultation with the external investment consultant and Executive Director and with approval from the Executive Director that the change is in compliance with the Board's policy. Occasionally, the CIO may elect to deviate from the allowed allocation bands by +/- 10% in a particular asset class. If this occurs, the Executive Director must approve the deviation and the variance must not last for more than one year. The minimum and maximum allocations are meant to serve as guidelines for allowing the assets to fluctuate before the CIO must consider re-allocation of assets from one asset class to another and to allow for tactical asset allocation, when deemed appropriate.

Based on a variety of considerations, the Board has selected the Tactical Asset Allocation ranges that are allowable. These ranges are outlined in the table shown in Appendix I.

COMPONENTS OF INVESTMENT RETURN:

The approved Strategic Asset Allocation categories and their Tactical Asset Allocation sub-sectors are:

1. TACTICAL CASH

2. FIXED INCOME

Fixed Income may include the following sub-asset classes among others, and may at times include exposure to any such sub asset class opportunistically:

a. U.S. Treasury and non-U.S. Government bonds

This sub-asset class is designed to provide a source of current income and to reduce overall fund volatility. In addition, investments in this category will maintain the highest correlation with the value of the plan liabilities. Investments in this category may include, but are not limited to, U.S. Treasuries, agencies and highly rated securities issued by other non-U.S. sovereign nations.

b. Investment Grade bonds

This sub-asset class is expected to generate current income and have limited risk of principal loss. Bonds in this category will be issued by corporations with strong balance sheets and adequate debt coverage ratios. The rating agencies will generally rate securities in this category at BBB or better.

c. High Yield bonds

This sub-asset class seeks to provide capital appreciation within the portfolio through investment in below investment grade debt instruments and debt considered to be "opportunistic" in nature. Generally, it is expected that securities in this asset class will be in "current pay" status with superior coupon cash flow because of the lower credit

quality bias. Investments in this portfolio may include non-investment grade debt of both U.S. and non-U.S. issuers.

d. Mortgages

This sub-asset class will generally consist of securities that represent an interest in a pool of mortgage loans. These instruments may be issued by a wide variety of financial institutions, including several government sponsored agencies. While they usually have some income producing features, mortgages contain prepayment risk thus making cash flows less predictable than other fixed income securities.

e. Emerging Market debt

This sub-asset class encompasses bonds issued by less developed countries. It does not include borrowing from government, supranational organization such as the IMF, or private sources, though emerging market loans that are securitized and issued to the markets would be included. Emerging market debt tends to have a lower credit rating than other sovereign debt because of the increased economic and political risks. For these reasons this sub-sector will generally have higher coupons and higher potential capital appreciation than other sub-sectors of fixed income.

f. TIPS

This sub-asset class is designed to provide a source of current income to the portfolio, while providing a hedge for the inflation sensitivity of the system's liabilities. TIPS are fully guaranteed by the full faith and credit of the U.S. government and are highly liquid. Additionally, the specific guidelines for the TIPS portfolio allows for the inclusion of a small portion (a maximum of 10%) of non-guaranteed securities that must also be structured to provide inflation protection but may be of agency quality or corporates of AAA or AA credit quality. Other instruments which are allowable holdings may include international inflation protected securities, nominal treasuries, swaps, forward contracts, and inflation futures.

3. EQUITY

a. Domestic Equity

This sub-asset class seeks to provide a combination of long-term capital appreciation and dividend income that in aggregate is expected to exceed the rate of inflation. It is expected that investments in this class will perform well during periods of rising economic growth. Investments in this sub-asset class may include a variety of U.S. stock investments with varying characteristics related to market capitalization and investment style, including long/short hedged equity.

b. International Equity - Developed Markets

Like the Domestic Equity sub-asset class, International Equity – Developed Markets seeks to provide long-term capital appreciation and dividend income that in aggregate are expected to exceed the rate of inflation. Investments in this category will be made through a diverse group of strategies varying in size, investment style, and exposure to opportunities in a large group of developed countries. It is expected that investments in this sub-asset class will perform well during periods of rising economic growth; however, because of the non-US nature of these investments, they will also include non-dollar currency exposure not found within the US equity portfolio. This currency exposure during periods of dollar weakness will improve this portfolio's performance, and to the contrary, during periods of dollar strength it is more likely that these investments will lag the US equity sub-asset class

c. Emerging Markets

This sub-asset class seeks to provide long-term capital appreciation in excess of inflation primarily through non-U.S. equity investments in countries outside of those included in the MSCI EM Index.

4. MARKETABLE ALTERNATIVES

The purpose of employing Marketable Alternatives is to provide incremental diversification with the goal of targeting opportunistic investments and attractive risk adjusted strategies. .

a. Absolute Return

This sub-asset class provides diversification to the total portfolio and strives to reduce total fund volatility. This area will include investments in a group of skill-based managers using a variety of strategies such as: Global Macro, Long/Short Equity (net exposure <50%), Managed Futures, Event Driven Risk Arbitrage, Market Neutral, and Dedicated Short Bias. Please see Appendix IV for detailed descriptions of the strategies. At any given point in time, the number of managers and types of investments and strategies being utilized may include the entire universe of available investment options. In addition, a variety of marketable alternative strategies may be utilized within this sub-asset class including, but not limited to hedged equity, convertible arbitrage, event driven, relative value, global fixed income/currencies, managed futures, and commodities.

b. Opportunistic/Directional

This sub-asset class provides exposure to investment opportunities that will not typically be targeted by traditional managers. These funds will typically have a higher risk/return profile than more heavily hedged funds such as market neutral funds. Fund strategies in this subclass may include: Long/Short (net exposure >50%), Multi-strategy, Distressed Equity, Activist Equity and Convertible Arbitrage.

c. Enhanced Fixed Income

This sub-asset class provides exposure to fixed income investments that will not typically be targeted by traditional managers, such as marketable distressed fixed income securities. Fund strategies in this subclass may include: Distressed Credit and Fixed Income Arbitrage.

d. Global Asset Allocation (GAA)

This sub-asset class represents a diversifying core liquid asset allocation approach designed to generate an asymmetric return profile and limit exposure to drawdowns. Portfolios have the ability to depart from traditional benchmark constraints and express “best ideas” across a global opportunity set. This strategy provides a more timely exploitation of market opportunities with both top-down asset class selection and security selection. These multi-asset strategies are a core allocation that improves the risk balance for the entire portfolio by providing meaningful exposures to risks under-represented in traditional allocations. Portfolios can be designed around different benchmarks and return goals. More traditional allocations tend to have a traditional 60% global stocks/40% global bonds benchmark. Strategies include dynamic allocation funds and risk parity.

5. PRIVATE MARKETS

a. Private Real Assets

This sub-asset class is expected to perform well in periods of rising inflation. There are several types of real asset investments that may be included in this sub-asset type. The most common are outlined below and comprise our blended benchmark. However, from time to time other real assets may be identified that do not fit nicely into one of these buckets. In these instances it is expected that the investment will be assessed based upon its risk, return, and diversification characteristics relative to the buckets identified and only made if it is expected that the asset improves the overall risk adjusted return of the portfolio.

- 1) *Infrastructure*: The infrastructure portfolio will be comprised primarily of investments in public assets which enjoy semi-monopoly positions such as toll roads, electricity generators and distributors, seaports and airports, pipelines, rail links, royalties, public/private partnerships and similar assets. The primary investment vehicle is expected to be commingled funds. The long run objective of this asset class is to provide returns in excess of investment grade bonds with volatility substantially less than the equity markets.
- 2) *Natural Resources/Commodities*: would be expected to provide superior returns during periods of unexpected inflation. Investments in this category might include a variety of derivative instruments including futures, total return swaps, options, and

forward contracts, as this is how most commodities exposure is obtained. It is also possible that this category might include limited partnerships and/or commodity trading advisors (CTAs) who seek exposure to various types of commodities and commodity-related investments, including oil, gas, and other energy investments.

b. Private Real Estate

Private real estate is expected to provide a relatively high level of income and provide diversification to the overall fund. Real estate includes real estate investment trusts (REITS), opportunistic real estate funds, and direct real estate holdings.

c. Distressed/Private debt

This sub-asset class is expected to generate high returns with commensurately high risk. Generally, private investments are long term and illiquid in nature.

Private debt would be expected to provide equity-like returns by purchasing debt securities to gain controlling interest in companies at a significant discount to fair value. Investments include debt instruments of U.S. and international companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments and bank loans. Equity exposure is acceptable in this sub-asset class as debt positions are often converted to equity during the bankruptcy reorganization process.

d. Private Equity

This sub-asset class is expected to generate high returns with commensurately high risk. Generally, private investments are long term and illiquid in nature.

Private Equity would be expected to provide high real returns over long periods of time while providing additional diversification to the fund even though it is understood that the diversification benefit is likely due to the lack of market pricing on these investments as opposed to a “true” diversification characteristic of these investments. Investments in this category are expected to be very illiquid and long term in nature. Investments in this category include corporate buyout, venture capital, and opportunistic/special situations. These opportunities may be identified domestically or on a global basis.

6. OVERLAY

The overlay program is an overarching approach to total plan portfolio management using systems and analysis to operate an array of investments to achieve a desired effect of portfolio rebalancing, risk management, and tactical flexibility (including cash flow management). Asset allocation is a key component of an overlay program that consists of investment decisions, tactical expression of asset class opportunities that arise through an

investment cycle and risk management. Additionally, an overlay program's allocation expresses the logistical aspects of portfolio management, i.e. rebalancing and cash flow management. The use of an overlay manager to adjust any under or over exposure of an asset class to its strategic allocation should, under normal circumstances, keep the portfolio within the minimum and maximum allocations of each class. The CIO will review the asset allocation levels and the overlay positions regularly and report to the Board. Should the value of an asset class exceed the minimum or maximum range of the policy before the adjustments by the overlay, the CIO may rebalance the portfolio by moving assets either into or out of the identified asset class by half of the deviation from target to restore the asset class allocation to within guidelines. At all times the cost, timeliness and liquidity of the rebalancing shall be a consideration. The CIO shall report to the Board any rebalancing actions taken.

Periodically payroll needs require the liquidation of assets from the portfolio. The CIO shall identify the most appropriate asset to liquidate to provide the cash needed. The CIO shall report to the Board any liquidation action taken.

PERFORMANCE OBJECTIVES

WRS' success in achieving the Return Objective (RO) shown in Appendix I will be evaluated over reasonably long time periods (5 to 10 years). The reason for the long-term focus on this objective is to preclude the temptation to overreact to events in the marketplace that have no relevance in long-term asset/liability management. The resulting dilemma is the conflicting need to evaluate investment policy implementation decisions over shorter time frames while maintaining the longer-term focus necessary to manage and measure the fund's performance relative to the RO.

To address this problem, the Board evaluates performance relative to SAA and TAA benchmarks which help to evaluate the Board's broad asset allocation decisions and the staff and external investment consultant's tactical and implementation decisions.

The Strategic Asset Allocation measures the broad investment opportunities of each asset class in which WRS has chosen to invest.

The Tactical Asset Allocation represents decisions made by the CIO to tactically deviate from the midpoint of the SAA within each sub-asset class. The returns of the tactical benchmarks are determined based upon the actual weight of the asset class multiplied by the appropriate benchmark.

The SAA and TAA benchmarks are used in the following manner to evaluate decisions made by the Board and the CIO:

- Board Decisions - The value added through Board policy decisions is measured by the difference between the Strategic Asset Allocation return and the RO. This difference

captures the value added by the Board through their broad asset allocation decisions relative to the required rate of return objective necessary to meet the actuarial assumptions. A SAA return greater than the RO reflects value added through Board decisions. A SAA return less than the RO reflects losses or shortfalls in performance in funding the liabilities of the system. These policy decisions are measured over long periods of time (5-10 years).

- CIO Decisions - There are two components to decisions made by the CIO that are monitored by the Board on an ongoing basis. These include 1) Tactical Asset Allocation decisions made by the CIO with the approval of the Executive Director and, 2) implementation decisions which include manager hiring and termination decisions made by the CIO with the approval of the Executive Director.

Tactical Decisions are sub-asset class allocation choices made by the CIO with the approval of the Executive Director to deviate from the Strategic Asset Allocation weight. The value added through these decisions to overweight or underweight these sub-asset classes is measured by the difference between the TAA benchmark return and the SAA benchmark return. This difference captures the value added by the CIO through sub-asset class Tactical decisions relative to the Board's broad asset allocation decisions. Tactical Asset Allocation returns greater than the Strategic Asset Allocation returns reflects value added through the sub-asset class allocation decisions. Tactical Asset Allocation returns less than the Strategic Asset Allocation returns reflect losses to the fund's performance based upon tactical decisions. Tactical decisions should be measured over all periods of time, with majority weight placed on outcomes that have occurred over a market cycle (5-7 years).

Implementation Decisions are money manager selection choices made by the CIO with the approval of the Executive Director. The value added through these manager selection decisions is measured by the difference between the actual portfolio return and the Tactical Asset Allocation return. This difference captures the value added through these manager hiring decisions. An actual portfolio return greater than the TAA benchmark return reflects value added through these manager selection decisions. An actual portfolio return less than the TAA benchmark return reflects losses to the fund's performance based upon implementation decisions. Implementation decisions should be measured over all periods of time, with a majority weight placed on outcomes that have occurred over a market cycle (5-7 years).

The Board receives performance information on a quarterly basis to help ensure adequate monitoring of the fund's overall performance objectives.

At the broad asset class level, Strategic and Tactical benchmarks have been established to measure Board, tactical, and implementation decisions. At the manager level, performance is measured against appropriate benchmarks for each particular investment mandate. Investment guidelines have been established for each manager outlining specific expectations for each portfolio. In addition, many managers are employed with performance-based fee structures which help to align the managers' interests with the total fund's objectives.

MANAGER ASSET POLICY

WRS has adopted the following general policies to be used in limiting exposure to any single manager or product. The Board may override these policies under special circumstances:

1. The maximum allocation to a single active manager in its own investment products is 15%. This implies that a single active manager could manage up to 15% of the aggregate market value of the Fund. The maximum allocation to a single passive manager in its own products is 25%. This implies that a single passive manager could manage up to 25% of the aggregate market value of the Fund. In the event that an investment manager is used for both active and passive mandates, the maximum exposure for that manager is 25% of the aggregate market value of the Fund with no more than 15% of the aggregate market value of the Fund allocated to active strategies.

The maximum allocation to a single active management product is 10%. This limitation applies to any non-index investment product. Therefore, the WRS portfolio will not account for greater than 10% of an investment manager's investment product when hiring an investment manager. This will be monitored over time to make sure that changes to assets under management within the investment manager's product do not result in the WRS portfolio growing to more than 10% of the asset base in the manager's product.

INVESTMENT MANAGER GENERAL GUIDELINES

Scope

1. The manager shall have full discretion to direct and manage the investment and reinvestment of assets in accordance with this document, applicable federal and state statutes and regulations, and the executed contract. Guidelines will be detailed in each individual manager contract.
2. The manager will adhere to the style concepts and the investment principles that were in use at the time WRS appointed the firm to manage WRS assets.

Proxy voting is a function and duty of the investment manager which shall be executed in accordance with WRS guidelines.

Communication

The firm must provide notification to WRS within two (2) days of any changes in the firm's organizational relationships, professional staff, or services that impact or could be reasonably expected to impact the service of the account.

Derivatives Policy

A derivative is a security or contractual agreement which derives its value from some underlying security, commodity, currency or index. WRS's investment managers may be permitted to use derivative instruments as set forth in each Investment Management Agreement (IMA) or other investment contract to control portfolio risk, implement asset allocation changes in a cost-effective manner or reduce transaction costs or taxes. WRS's exposure to economic risk through the use of derivatives must be consistent with Wyoming law, this Investment Policy and the individual manager's specific investment guidelines.

Where appropriate, investment managers may be given permission to use derivative securities for the following reasons:

- *Hedging.* To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers may be permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- *Creation of Market Exposures.* Investment managers may be permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
- *Management of Country and Asset Allocation Exposure.* Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes may be permitted to use derivative contracts for these purposes.

The types of derivatives that a separate account manager may employ shall be identified in WRS's contracts with those managers. Managers shall notify the CIO and obtain approval prior to modifying the types of derivatives used for a particular investment strategy.

Managers are specifically prohibited from using derivative or synthetic securities that expose WRS to potentially high price volatility or are either speculative or leveraged, or whose marketability may become severely limited.

Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties contracting directly with WRS must have commercial paper credit ratings of at least "A2" or its equivalent by at least one nationally recognized rating agency at the time the related derivative is entered into. If the term of the derivative contract exceeds one year, an analysis shall be conducted to determine the counterparty's long-term rating and risk exposure. Documentation relating to each derivative shall require that upon the downgrade to a specified level or withdrawal of the rating of such counterparty, the CIO or an external manager acting on behalf of WRS, as applicable, may elect to terminate the derivative or to cause the related counterparty to collateralize its obligations under such derivative with cash or securities acceptable to WRS. Counterparty exposure should be evaluated with respect to concentration and diversification.

Ineligible Investments

No transactions shall be approved which are prohibited by law, including any federal law or Wyoming Statute.

Additionally, unless specifically approved by the CIO and the Executive Director or elsewhere in this Investment Policy, the following securities or strategies shall not be purchased for or employed by the Plans and Trust:

- Derivative instruments except as permitted in the Derivatives Policy or as specifically provided in the investment management agreement (“IMA”) for a particular external investment manager that is approved by the Executive Director and the CIO.
- Non-taxable municipal securities, unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.

Liquidity Requirements

External investment managers will be given adequate notice of WRS’ cash needs and an estimation of liquidity requirements. External investment managers will be expected to manage their funds to provide for anticipated withdrawals without impairing the investment process.

Commingled Funds

Mutual funds and other types of commingled investment vehicles (such as commingled investment funds (“CIFs”), private equity funds, hedge funds, and ETFs), can provide lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives. However, mutual funds and commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. WRS is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds. Therefore, mutual funds and commingled investment vehicles shall be exempt from the policies and restrictions specified herein but shall otherwise satisfy all requirements imposed by law.

REVIEW PROCESS

- On a quarterly basis, the CIO will review and report to the Board the actual results achieved to determine whether the managers have performed in accordance with this Investment Policy and the return objectives as set forth herein.
- Annually, the Board will review the asset allocation guidelines and make any necessary Strategic Asset Allocation changes.
- Annually, the Board will review each asset class, its role in the portfolio, the strategic objectives and any planned changes for the asset class.
- Annually, the CIO, in conjunction with the external investment consultant, will perform a comprehensive review of the suitability of its managers.

- The Board through the investment committee will periodically invite managers to Board and/or Investment Committee meetings, where they will have the opportunity to review their approach, results, and perceptions of the market.
- The Board, the CIO, the Executive Director and external investment consultant will monitor the portfolio on an ongoing basis for the purpose of determining whether any ad hoc meetings are required. Such situation might occur, for example, in the event of a dramatic market move, or if disturbing news were to emerge with respect to an investment manager.
- The Board will monitor performance through periodic reports that will allow assessment of Strategic Asset Allocation decisions, Tactical Asset Allocation decisions, and implementation decisions.
- All performance shall be calculated using time-weighted rate of return methodology.
 1. Not less than quarterly, the CIO will submit a report to the Board addressing WRS' success or lack thereof in accomplishing the investment "outcomes" based on the benchmarks described within this policy at the total fund level and asset class levels. This report will also include a summary of due diligence meetings held throughout the quarter, and will also provide the Board with a brief commentary by the CIO and/or external investment consultant which summarizes their thoughts on the market and key strategic decisions made in the quarter along with justification for those decisions.
 2. Not less often than every five years, a formal asset/liability study will be conducted. In the interim, the CIO shall submit an opinion to the Board on an annual basis, at the first board meeting following the beginning of the new fiscal year that addresses the continued prudence of the current asset mix in achieving the RO.

PROXY VOTING REQUIREMENTS:

The Investment Managers shall:

Vote all common stocks in the portfolio in accordance with policies to protect the financial interest of WRS participants and report semi-annually (reflecting votes cast through June and December of each year) to the Executive Director and CIO including:

- A. Affirmation that all stock holdings with votes due had, in fact, been voted.
- B. A description of any proposed changes in proxy voting policies or procedures.
- C. Confirmation that all votes cast were consistent with established policy.
- D. An explanation of any votes not cast or of any votes cast that were not consistent with established policy.
- E. A summary listing of all votes cast.

STATUTORY AND REGULATORY COMPLIANCE

Each investment manager, trustee, consultant or other agent of WRS is strictly responsible for compliance with all relevant statutory and regulatory requirements as those requirements pertain to their duties and responsibilities as fiduciaries.

APPENDIX I – Adopted December 4, 2009, Revised: April 22, 2011; May 25, 2012; February 22, 2013, February 28, 2014, May 22, 2014, February 25, 2015, February 25, 2016, February 16, 2017

Return Objective: **7.75%** net of expenses

Asset Class	Strategic Asset Allocation Weight	Tactical Asset Allocation Range ⁽¹⁾	Asset Class Benchmark Index
Tactical Cash	0.0%	0.0% - 5.0%	Barclays Short Treasury - Unhedged
Fixed Income	20.0%	15.0% - 25.0%	Blended Benchmark
Core Plus	7.5%	+ / - 7.0%	Barclays Multiverse (hedged)
US Government Debt	10.0%	+ / - 7.0%	Barclays Government
Opportunistic Credit	2.5%	2.5% - 9.0%	
Equity	45.0%	40.0%-50.0%	Blended Benchmark
Domestic Equity	22.5%	+ / - 10.0%	Russell 3000
International Developed Equity	17.5%	+ / - 10.0%	MSCI EAFE IMI, Net Dividend (70% hedged)
Emerging Markets Equity	5.0%	+ / - 10.0%	MSCI EM IMI, Net Dividend
Marketable Alternatives	17.5%	12.5% - 22.5%	HFRI FoF Index
Opportunistic/Directional		0.0%-10.0%	
Absolute Return		5%-15.0%	
Enhanced Fixed Income		0.0%-10.0%	
Global Asset Alloc. (GAA)		2.5%-12.0%	
Private Markets	17.5% ⁽²⁾	12.5% - 24.0%	Vintage Year Blend
Private Real Assets (Natural Resources, Infrastructure)		0.0%-7.5%	
Real Estate		2.5%-7.5%	
Private Debt		2.5%-7.5%	
Private Equity (buyout, venture, distressed)		2.5%-12.5%	

⁽¹⁾ Current exposure for Fixed Income, Marketable Alternatives, and Private Markets. Long-term exposure to Equity.

⁽²⁾ Tactical Asset Allocation Range is based on percentage of total assets.

⁽³⁾ Represents long-term target for Private Markets and the subcategories. The short-term target for Private Markets is 13.5% with a short term range of 8.5%-18.5%. The 4% excess exposure between the long-term and short-term target for Private Markets will be invested in Equity which is the most comparable asset class. The Private Markets and Equity Tactical Asset Allocation ranges will be adjusted proportionally (e.g. the short term Equity Strategic Asset Allocation Target will be 49.0% with a Tactical Asset Allocation range of 44.0%-54.0%). There are no short term targets for Private Markets' subcategories.

APPENDIX II – Adopted October 15, 2010, Revised: August 21, 2013

Wyoming Retirement System

DEFINED BENEFIT PLAN LIQUIDITY POLICY

A. Objectives

The liquidity policy is intended to provide limitations on less liquid assets so as to ensure adequate liquidity for plan needs. Adequate liquidity is defined primarily as the amount necessary to meet the immediate obligations for plan benefits and operation. Secondly, adequate liquidity should be maintained to accommodate rebalancing and reallocation during most economic environments.

B. Limitations

- **Minimum current liquidity** – At least 30% of the current market value of the plan should be in assets or collective investment vehicles that can be liquidated at fair market value within 30 days.
- **Maximum private investments** – New investments in private markets (investment terms greater than or equal to five (5) years) shall not be made that would cause allocation to exceed the following limits:

1. Invested Capital –

Private Debt	> 10% of Total Fund AUM
Private Equity	> 10% of Total Fund AUM
Infrastructure/Real Estate/Other	> 10% of Total Fund AUM

2. Committed Capital – Market value of invested capital plus total value of future commitments should not exceed:

Private Debt	>15% of Total Fund AUM
Private Equity	>15% of Total Fund AUM
Infrastructure/Real Estate/Other	>15% of Total Fund AUM

- **Monitoring** –

Ongoing – liquidity schedule will be determined for all potential investment disciplines by the CIO. Compliance with stated limitations will be confirmed prior to further commitments to private investments.

Annual – A liquidity study will be constructed by the CIO and Investment Consultant for presentation to the Board at least annually. This study will identify allocation of assets by their defined liquidity provisions and confirm compliance with this policy.

APPENDIX III – Adopted December 3, 2010

Wyoming Retirement System

SECURITIES LITIGATION

The Wyoming Retirement Board (Board) owes a fiduciary responsibility to the members and retirees of the Wyoming Retirement System (WRS) to manage System assets. That responsibility includes the duty to evaluate and monitor securities class actions in which WRS may be a member of the class. The Board recognizes that resources devoted to securities class actions may reduce resources needed to satisfy other fiduciary duties. The Board thereby delegates to the Executive Director of WRS the responsibility to monitor and evaluate potential actions and recommend to the Board class actions in which the probable benefits to the System outweigh the costs, both financial and otherwise, of participating in the action. In appropriate cases, the Board will direct WRS to take reasonable steps to reduce attorney's fees awards, increase class recoveries, obtain monetary recoveries from individual corporate wrongdoers and achieve appropriate corporate governance.

In order to adequately monitor and evaluate potential class actions, the Executive Director of WRS may exercise discretion to retain one or more experienced outside service providers to monitor class action filings and to estimate losses incurred by the System. The Executive Director of WRS may, with approval from the Wyoming Attorney General, retain one or more private law firms to advise and/or represent the Board in class action matters.

WRS Legal Counsel, in conjunction with retained outside counsel, shall monitor all cases determined to have merit and in which it is estimated that the System has sustained a loss. Active monitoring shall include periodic status reports to the Board, coordination with class counsel and participation in significant motions and settlement discussions.

The Executive Director of WRS may, with approval from the Wyoming Attorney General and in coordination with WRS Legal Counsel and retained outside counsel, seek lead plaintiff status in cases determined to have significant merit and in which it is estimated that the System has sustained a loss.

WRS Legal Counsel shall report to the Board at least on a quarterly basis the status of cases under active monitoring and cases in which WRS has been named lead plaintiff.

APPENDIX IV – Adopted May 22, 2014

Marketable Alternative Fund Strategy Descriptions

Long/Short Funds

Long/short equity funds typically invest in both long and short sides of equity and credit markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations. Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

Global Macro Funds

Global macro funds typically focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate and commodity markets. Managers typically employ a top-down global approach to concentrate on forecasting how political trends and global macroeconomic events affect the valuation of financial instruments. Profits can be made by correctly anticipating price movements in global markets and having the flexibility to use a broad investment mandate, with the ability to hold positions in practically any market with any instrument. These approaches may be systematic trend following models, or discretionary.

Multi-Strategy Funds

Multi-strategy funds typically are characterized by their ability to allocate capital based on perceived opportunities among several hedge fund strategies. Through the diversification of capital, managers seek to deliver consistently positive returns regardless of the directional movement in equity, interest rate or currency markets. The added diversification benefits may reduce the risk profile and help to smooth returns, reduce volatility and decrease asset-class and single-strategy risks. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.

Managed futures funds

Managed futures funds (often referred to as CTAs or Commodity Trading Advisors) typically focus on investing in listed bond, equity, commodity futures and currency markets, globally. Managers tend to employ systematic trading programs that largely rely upon historical price data and market trends. A significant amount of leverage may be employed since the strategy involves the use of futures contracts. CTAs tend not to have a particular bias towards being net long or net short any particular market.

Event Driven Distressed Funds

These funds typically invest across the capital structure of companies subject to financial or operational distress or bankruptcy proceedings. Such securities often trade at discounts to intrinsic value due to difficulties in assessing their proper value, lack of research coverage, or an inability of traditional investors to continue holding them. This strategy is generally long-biased in nature, but managers may take outright long, hedged or outright short positions. Distressed managers typically attempt to profit on the issuer's ability to improve its operation or the success of the bankruptcy process that ultimately leads to an exit strategy.

Fixed Income Arbitrage Funds

Fixed income arbitrage funds typically attempt to generate profits by exploiting inefficiencies and price anomalies between related fixed income securities. Funds often seek to limit volatility by hedging out exposure to the market and interest rate risk. Strategies may include leveraging long and short positions in