INVESTMENT OBJECTIVES & POLICIES
August 16, 2018

I. MISSION

The Retirement Benefits Investment Fund (RBIF) was established to provide investment management services for trusts created by public agencies to fund retiree health care subsidies.

The investment program is to be managed for the exclusive benefit of the RBIF’s participating agencies. Any money in the fund must be invested in the same manner as money in the Public Employees’ Retirement fund is invested. All investments must be made within the framework of the Nevada Revised Statutes, specific policies and directives adopted by the Board.

The purpose of this document is to define the Board’s investment objectives and policies and to delineate the duties and responsibilities of the entities involved in the investment process.

II. OBJECTIVE

The investment objective of the Retirement Benefits Investment Fund is to:

- Invest in a diversified portfolio with a similar asset allocation that produces long-term total return and risk objectives consistent with the PERS Fund;

- Invest so that the short-term volatility of returns will not cause the System to alter its long term strategy; and,

- Structure a simple investment program to control the ability to meet long-term return and risk objectives.

III. INVESTMENT PHILOSOPHY

Maintain consistent exposure to capital markets and systematically buy assets low and sell them high. To implement this strategy, we emphasize a simple, low cost structure that relies primarily on intelligent asset allocation and rebalancing.

- Consistently Apply Time Tested Investment Principles
  - Focus on the long term
  - Maintain consistent exposure to the capital markets
  - Buy weakness, sell strength
Broadly diversify
Implement changes intelligently – act from a position of strength
Align strategy with risk tolerance and goals
Emphasize an uncomplicated structure
Keep costs low

• Implementation
  Primary focus on asset allocation
  Make asset allocation changes at opportune points in the market cycle
  Emphasize index management
  Adhere to an intelligent, disciplined rebalancing process
  Utilize fewer portfolios/managers
  Keep manager and asset turnover low
  Emphasize higher quality assets

IV. POLICIES

A. Retirement Benefits Investment Board (Board):

  1. Each member of the Board shall discharge duties with respect to the fund solely in the interest of the members and benefit recipients, and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

  2. The Board shall:

      a. Make investment decisions recognizing the Fund’s objectives and in accordance with these Investment Objectives and Policies or adopt necessary revisions;
      b. Employ Investment Consultant (Consultant) and Investment Counsel (Counsel) services as well as Investment Staff (Staff) to ensure the System’s funds are invested effectively and with proper risk control;
      c. Issue Interim Directives that provide for the dispersal of funds;
      d. Enter into written agreements covering performance expectations with Staff, Consultant, and Counsel; and
      e. Formally review the Fund’s Investment Objectives and Policies at least annually.

  3. The Board and its individual members are not liable for investment decisions made by Counsel if they obtain qualified Counsel, establish proper Investment Objectives and Policies, issue appropriate Interim Directives, and monitor Counsel.

B. The Fund’s Staff shall:

  1. Provide advice and recommendations to the Board on all investment matters and discharge their investment duties solely in the interest of the members and benefit recipients with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Make sufficient information available so that Board members can reasonably be expected to make prudent investment policy decisions.

3. Prepare necessary revisions to Investment Objectives and Policies, Interim Directives, and other operating guidelines for Board consideration and adoption and effectively implement the Policies, Plans and Directives.

4. Ensure that monitoring programs, including performance reporting that incorporates Global Investment Performance Standards where appropriate, are in place in order to adequately inform the Board.

5. Review asset allocation annually.

C. Consultants and Counsel:

1. Consultants and Counsel are fiduciaries and shall discharge their duties with respect to this fund solely in the interest of the members and benefit recipients with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Counsel shall be liable for any investment decision that is not made in accordance with Investment Objectives and Policies and applicable Interim Directives established by the Board.

3. Qualified Consultants include those professionals with the background, expertise, and demonstrated success as institutional investment consultants for at least five years, and research/data base access, to provide investment program advice, including selection of qualified Counsel.

4. Qualified Counsel includes SEC registered investment advisors, banks, or insurance companies recognized by the Fund's Consultant and the Board as providing investment expertise with demonstrated success for at least the prior five years.

5. The Board's hiring process shall include directing Staff and Consultant to:
   a. Screen manager profiles which shall include, but not be limited to:
      - Investment style/process
      - Assets under management
      - Return/risk criteria/tracking error
      - Organization/personnel
      - Trading capabilities
   b. Staff shall meet with semi-finalists and recommend finalists for consideration by the Board.
   c. The Board review staff’s written recommendations in a public meeting and take action as they deem appropriate.
   d. Existing managers for the PERS, LRS and JRS investment programs will be given priority when investment counsel is selected.
6. Staff and Consultant shall provide evaluations to the Board at any time it is not likely that Counsel will achieve the System's performance objectives. The Board shall then take action which may include, but not be limited to, more frequent special reporting, on-site staff reviews, or termination. Prior to termination, staff shall notify the custodian of potential action. Upon termination staff shall notify the custodian as soon as possible to sever account trading authority as appropriate.

7. The combined PERS, Legislators', Judicial and RBIF assets shall not permanently constitute more than 30% of any firm's assets within the asset class (equity, bonds, real estate, or alternative investments) managed. Staff shall provide an annual report of combined assets to the Board consistent with this policy.

8. Staff shall provide a report to the Board of investment costs including management fees and commission costs annually.

9. Securities and foreign exchange transactions are considered by the Board to be investment decisions. As such, they will be carried out at the discretion of Counsel for the benefit of RBIF with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to RBIF. Any commission arrangements (including commission recapture) are to be between the broker and Counsel. No person engaged in business as a broker or dealer in securities or who has a direct pecuniary interest in any such business who receives commissions for transactions performed as agent for the Board is eligible for employment as investment counsel for the Board. Counsel will select brokers based on:

- Execution capability;
- Transaction size/execution difficulty;
- Research services;
- Institutional experience/firm infrastructure; and
- Commission rates.

Staff and Counsel shall annually provide a written report of brokerage activity which staff will summarize and submit to the Board. The report shall include:

Bonds:
- Total transactions detailed by brokerage firm.

Stocks:
- Total transaction and commission activity, including commissions per share, and commissions as a percent of total, detailed by brokerage firm.

Foreign Exchange
- Total transactions detailed by brokerage firm.

Commingled accounts:
- Account transaction activity, detailed by percent allocation to brokerage firm.

For any soft dollar arrangements used provide the following:
- A description of goods and services obtained.
- How the goods and services directly benefited the Nevada Judges' fund.
- Names of applicable brokers.
- The total costs.
- The percentage cost paid by the Fund.
10. All investment transaction decisions shall be made by qualified counsel.

11. Proxy voting is considered by the Board to be a component of the investment decision process, therefore, Counsel is responsible for voting all proxies in a manner consistent with the best economic interest of the RBIF fund. Counsel shall provide an annual report of proxy votes to PERS’ staff.

12. In the event of a change in a security's characteristics such that it is no longer compliant with the System's policies, the security shall be liquidated within 90 days of the date of the change. Counsel shall notify staff of policy violations as soon as possible.

13. The Fund's assets must not be loaned to the State of Nevada or invested to purchase any obligations of the State of Nevada.

14. The System shall monitor security class action lawsuit settlements and file as necessary to ensure the RBIF receives damages to which it is entitled, unless RBIF investment counsel deems another course of action is in the best financial interest of the System. Monitoring, filing and collection of class action proceeds shall be coordinated by the Fund’s custodian bank.

V. ASSET ALLOCATION

A. The asset allocation shall be as follows:

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<tr>
<th></th>
<th>Target</th>
<th>Rebalance Trigger</th>
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<tbody>
<tr>
<td>U.S. Stocks</td>
<td>50.5%</td>
<td>48.0%-55.5%</td>
</tr>
<tr>
<td>International Stocks</td>
<td>21.5%</td>
<td>19.5%-24.0%</td>
</tr>
<tr>
<td>U.S. Bonds</td>
<td>28%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

Assets shall be rebalanced only if the actual allocation reaches the rebalance trigger. When a trigger is hit, asset classes shall be brought all the way back to the allocation target. The funding source/destination shall be those asset classes that are the farthest from their policy target.

Contributions/Distributions of assets will be added/removed proportional to the actual asset allocation at the time of the cash flow.

The total fund market objective shall be comprised of market index returns (as defined in Section VI below for each asset class) weighted consistent with the above allocations.

B. Portfolios shall be invested consistent with the following targets.

1. Stocks -

   a. U.S. Stocks shall be invested in:
      100% S & P 500 Index
b. International Stocks shall be invested in:
   100% MSCI World ex USA Index

2. Bonds:
   a. U.S. Bonds shall be invested in:
      100% Barclays U.S. Treasury Index

VI. OBJECTIVES & POLICIES BY INVESTMENT CATEGORY

A. Short-term Investments:
   1. The objective of short-term investments is to produce a return that equates to prevailing short-term rates applicable to the quality specified below.
   2. All monies not deployed in permanent investments shall be invested in short-term investment vehicles as provided below.
   3. Money market instruments shall include:
      a. Direct obligations of the U.S. Treasury including bills, notes, and bonds, and repurchase agreements secured by those obligations.
      b. U.S. Treasury money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard and Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the System's overall short-term investment criteria.

B. Bonds:
   1. The investment objective of the U.S. Bond portfolio is to produce a total return (time weighted rate of return), which captures the return of the Barclays U.S. Treasury Index with commensurate volatility.
   2. The following dollar denominated securities are authorized:
      Direct obligations of the U.S. Treasury, including bills, notes, and bonds, and repurchase agreements secured by those obligations.
   3. Short selling and the use of leverage are not permitted.

C. Stocks:
   1. The investment objective of the U.S. Stock portfolio is to produce a total return (time-weighted rate of return), which captures the return of the Standard and Poor's 500 Index with commensurate volatility. Investment is limited to S&P 500 index constituent securities and all securities that have been publicly announced for inclusion in the S&P 500 Index. Counsel is permitted to hold a security that has been removed from the S&P 500 Index up to a maximum holding limit of 10 business days.
   2. The investment objective of the International Stock portfolio is to produce a total return (time-weighted rate of return), which captures the return of the Morgan Stanley
World ex USA (MSCI World ex USA) Index (unhedged) with commensurate volatility. Investment is limited to securities within the MSCI World ex USA Index and all securities that have been publicly announced for inclusion in the MSCI World ex USA Index. Counsel is permitted to hold a security that has been removed from the MSCI World ex USA Index up to a maximum holding limit of 10 business days. American Depository Receipts (ADR) are permitted when appropriate locally domiciled security is suboptimal and foreign currency deposits (non-USD securities) in countries in the MSCI World ex USA Index.

3. Counsel is permitted to purchase/sell the appropriate Exchange Traded Fund index tracking security (ETF) to maintain exposure to the index for the purpose of managing cash.

4. Short selling and the use of leverage are not permitted.