

**Adams County Retirement Plan
Strategic Asset Allocation and Investment Structure
June 2015**

Purpose of the Strategic Asset Allocation and Investment Structure

This document is intended to supplement the Statement of Investment Policy ("IPS") of the Adams County Retirement Plan. The IPS is long term in nature while this Strategic Asset Allocation and Investment Structure ("Investment Strategy") document is designed to be reviewed, and if necessary revised, annually by the Board of the Adams County Retirement Plan ("Board").

The Investment Strategy includes the following:

- Actuarial assumed rate of return,
- Strategic asset class targets and ranges, refined within the IPS allowable ranges,
- Liquidity Policy,
- Investment structure and performance benchmarks for the Total Plan and subcomponents, and
- Contact information for vendors involved with the investments of the Plan.

Actuarial Assumed Rate of Return

The current actuarial assumed rate of return is 7.5%

Strategic Asset Class Targets and Ranges

<u>Asset Class</u>	Current Target	Allowable Range
Private Equity	5%	0% - 10%
Public Equities	<u>50%</u>	<u>40% - 55%</u>
Total Equities	55%	40% - 65%
Hedge Fund-of-Funds	10%	5% -15%
Real Estate	20%	10% - 25%
Fixed Income	15%	10% - 25%

Liquidity Policy

The IPS states that the Executive Director of the Plan will determine the appropriate level of cash reserves depending on the anticipated liquidity needs. Based on the current liquidity requirements, the Executive Director has determined that the current liquidity requirements are \$1 million. When the balance exceeds \$1.5 million, excess reserve cash will be transferred into the invested assets. When the balance falls below \$200,000, the cash reserves will be replenished to \$1 million by liquidation of invested assets. The Executive Director, with the assistance of the Investment Consultant, will coordinate all investment manager cash inflows and outflows with the effected products and with the Plan's custodial bank.

Investment Structure and Performance Benchmarks

The Plan's investments, in total, by asset class and individual manager, will be measured against appropriate benchmarks. Unless otherwise stated, performance will be compared on a net-of-investment management fees basis.

Total Plan Benchmarks:

Absolute Return:	7.5%		
Relative Return:	Public Defined Benefit Pension Plans		
Benchmark Index:	55%	MSCI All Country World	(Equities)
	10%	HFRI Fund of Funds	(Hedge FOF)
	10%	NFI ODCE Net of Fees	(Private Core Equity Real Estate)
	5%	NCREIF Property	(Private Value-add Equity Real Estate)
	5%	8% Net of Fees	(Private Debt Real Estate)
	10%	Barclays Capital U.S. Aggregate Bond	(Core and Core Plus Bonds)
	5%	Credit Suisse Leverage Loan	(Floating Rate Loans)

Investment Management Structure and Benchmarks:

Investment Manager	Investment Product	Fee Structure	Investment Style/Universe	Benchmark Index	Target Allocation
Private Equity Program	Multiple Managers/Products	Varies	Private Equity		5%
Dimensional Fund Advisors	DFA World ex-US Value fund, Ticker DFWVX	0.60% Expense Ratio	Non-U.S. Equity Value	MSCI ACW ex-US Value	7.5%
American Funds	EuroPacific Growth fund – R6, Ticker RERGX	0.49% Expense Ratio	Non-U.S. Equity Core Growth	MSCI ACW ex-US	7.5%
Aberdeen Asset Management	Aberdeen Emerging Markets Equity fund, Ticker ABEMX	1.10% Expense Ratio	Non-U.S. Equity Emerging Markets	MSCI Emerging Markets	5%
State Street Global Advisors	S&P 500 Flagship Commingled Fund: (IRS Rev. Rul. 81-100 fund)	0.05% of first \$50 million 0.04% on next \$50 million	U.S. Equity S&P 500 Index	S&P 500	15%
Pyramis Global Advisors	Smid Cap Core Commingled fund: (IRS Rev. Rul. 81-100 fund)	0.65% of Assets	U.S. Equity Smid Cap Core	Russell 2500	5%
Tortoise Capital Advisors	Master Limited Partnership (MLP) Separate Account	0.75% of Assets	U.S. Equity MLPs	Alerian MLP	10%
GAM Limited	GAM US Institutional Trading II L.P.	1.2% of Assets	Hedge Fund of Funds - Macro	HFR Fund of Funds – Macro	5%
Grosvenor Capital Management	Grosvenor Institutional Partners, L.P.	1.25% on first \$25 million 1.00% on next \$25 million	Hedge Fund of Funds Multi-Strategy	HFR Fund of Funds - Diversified	5%

Investment Manager	Investment Product	Fee Structure	Investment Style/Universe	Benchmark Index	Target Allocation
Principal Real Estate Investors	Principal U.S. Property Account: Insurance SA	1.1% under \$10 million 1.0% over \$10 million	U.S. Private Core Equity Real Estate	NFI ODCE	10%
Harbert Management Corporation	Harbert United State Real Estate Fund V – Commingled fund	1.5% of Committed/Managed Assets 20% incentive over 9% Preferred	U.S. Private Value-add Equity Real Estate	NCREIF Property	5%
Principal Real Estate Investors	Principal Real Estate Debt Fund – Commingled fund	0.65% of Assets 15% incentive over 8% Preferred	U.S. Private Debt Real Estate	8% Net of Fee	5%
Denver Investments	Separate Account	0.30% on first \$25 million 0.25% on the balance	Core Fixed Income	Barclays Govt./Credit	5%
PIMCO	PIMCO Total Return fund – Institutional, Ticker PTTRX	0.46% Expense Ratio	Core Plus Fixed Income	Barclays Aggregate	5%
Babson Capital Management LLC	Floating Rate Income Fund – Commingled fund	0.48% of Assets	Senior Secured Floating Rate Loans	Credit Suisse Leverage Loan	5%

Private Equity Program Structure:

Management Firm	Investment Product	Vintage	Investment Fees	Investment Style
Mesirow Private Equity Investments	Equity Partnership Fund III, L.P.	2005 - 2007	1.0% of Committed Capital	Private Equity Multi-Strategy FOF
	Equity Partnership Fund IV, L.P.	2007 - 2009	1.0% of Committed Capital	Private Equity Multi-Strategy FOF

Management Firm	Investment Product	Vintage	Investment Fees	Investment Style
Adams Street Partners	Partnership Fund Program – 2012 Global Offering	2012 – 2014	0.5% Year1, 0.75% Year 2, 1.0% on first \$25 million, 10% decline per year after year 7	Private Equity Multi-Strategy FOF
NGP Energy Capital Management	NGP Natural Resources XI, L.P.	2015 – 2017	1.5% of Committed Capital 20% Carry over 8% Preferred	North American Energy
Strategic Value Partners, LLC	Strategic Value Partners Special Situations III, L.P.	2015 – 2017	1.75% of Committed Capital 20% Carry over 8% Preferred	Global Distressed Debt and Special Situations