EMPLOYEES' RETIREMENT SYSTEM

The Maryland-National Capital Park and Planning Commission

STATEMENT OF INVESTMENT POLICY

I. INTRODUCTION

The Board of Trustees ("Board") of the Maryland-National Capital Park and Planning Commission (the "Commission") Employees' Retirement System ("ERS") has exclusive authority and discretion for managing the ERS' Trust Fund ("Trust Fund") under a Trust Agreement between the Board and Commission dated July 26, 1972 and amended June 13, 1979, November 15, 2000, and September 16, 2009.

II. PURPOSE

This Statement of Investment Policy ("Investment Policy") provides a framework for management of the Trust Fund and outlines the investment guidelines, objectives, and policies; serves as a governing document for the management of the assets; and defines the duties and responsibilities of the individuals and entities involved in the investment process.

As a fiduciary, the Board is responsible for general management of the Trust Fund and its fiduciary duties require the Board to:

- Manage the investment decisions in accordance with laws, regulations, the Trust Agreement, and this Investment Policy.
- Make all decisions solely in the interest of, and for the exclusive purpose of providing benefits to the members, retirees, and beneficiaries.
- Engage experts to make investment decisions and document the due diligence process in selection of prudent experts.
- Prudently diversify the investments of the Trust Fund to minimize the risk of losses.
- Reasonably defray administrative expenses.
- Monitor the activities of selected prudent investment managers, advisors, and service providers.
- Avoid conflicts of interest and prohibited transactions.

III. ROLES & RESPONSIBILITIES

Key parties that participate in the investment decision-making and oversight process follow:

A. Board of Trustees

The Board establishes and maintains broad policies and objectives for the Trust Fund; provides oversight of the investment decision-making; approves the retention and termination of Investment Managers, the Investment Consultant, and service providers; and enters and modifies contracts, side letters and subscriptions for all Investment Managers, advisors and service providers, who serve as fiduciaries.

B. Executive Director

The Executive Director has authority from the Board as summarized in the Governance Manual. In general, the Executive Director's responsibilities include managing the daily operations of the ERS; coordinating and monitoring directions and contractual requirements of Investment Managers, the Investment Consultant, and service providers to ensure optimal operation of the Trust Fund; serving as liaison in negotiating contracts and fees; working in consultation with the Investment Consultant to ensure portfolio funding, withdrawals, rebalancing, cash management, and capital calls as required.

C. Investment Monitoring Group

The Investment Monitoring Group ("IMG") has delegated authority from the Board as detailed in the IMG's Charter. In general, the IMG's responsibilities include making recommendations to the Board in consultation with the Investment Consultant, related to the Investment Policy, asset allocation, Investment Manager selection, Investment Manager Agreements, Investment Manager guidelines and investment objectives; monitoring of Investment Manager performance and compliance with policies and guidelines; retention and termination of Investment Managers and investment-related service providers; performing investment-related assignments as directed by the Board; and approving transition strategies as recommended by the Investment Consultant.

D. Investment Consultant

The Investment Consultant performs services as outlined in the Investment Consulting Agreement. In general, the Investment Consultant serves as a fiduciary providing expert knowledge, advice and development of policies, strategies, and procedures related to the investment program. The Investment Consultant is hired by the Board to work cooperatively and collaboratively with the Board, IMG, Executive Director and Staff.

E. Custodian Bank

The duties of the Custodian Bank are set forth in the Master Custody Agreement. In general, the Custodian Bank's responsibilities include safekeeping the ERS' assets; settling investment transactions and collecting income; preparing monthly and year-end accounting statements; serving as the official book and records for investment transactions and valuations; properly recording and reporting investment activities, transactions, income and valuations; and processing, recording and reporting proxy votes.

F. Investment Managers

Investment Managers serve as fiduciaries investing assets in accordance with contracts, side letters, governing documents and guidelines and this Investment Policy, where applicable.

IV. INVESTMENT OBJECTIVES

Collectively, Trust Fund assets should be invested to obtain an appropriate long-term total return consistent with prudent risk taking.

The long-term investment objective of the Trust Fund is as follows:

- Achieve a total rate of return, net of fees, which exceeds the actuarial return assumption used for funding purposes.
- Achieve a total rate of return, net of fees, which exceeds the Total Fund Target policy benchmark which is based on the asset class target exposures and corresponding benchmarks.
    - The Total Fund Target Policy benchmark is as follows:

U.S. Equity	Russell 3000 Index	23.0%
International Equity	MSCI AC World ex USA (Net)	11.0%
Private Equity	MSCI AC World Index (Net)	8.0%
U.S. Core Fixed Income	Bloomberg U.S. Aggregate	14.0%
U.S. TIPS	Bloomberg Barclays U.S. TIPS	4.0%
High Yield Fixed Income	Bloomberg U.S. High Yield	9.0%
Bank Loans	S&P LSTA Leverage Loan Index	5.0%
Emerging Market Debt ("EMD")	Emerging Market Debt Policy Index	3.0%
Global Opportunistic Fixed Income	Bloomberg Global Aggregate	10.0%
Private Real Assets	CPI[1] + 5%	13.0%

[1] *Standard broad measure of monthly Consumer Price Index*

In addition to the Total Fund Target policy benchmark described above which is constructed with the long-term target allocations, the Trust Fund also constructs an Actual Total Fund policy benchmark, as needed, representing how the Trust Fund is currently invested based upon certain asset class exposures including any deviations from Private Market exposures.

Long-term assumptions related to return and risk expectations for each asset class and total portfolio are in Appendix A.

V. ASSET ALLOCATION

Asset allocation is the process by which investors identify and set strategic long-term targets to meet investment objectives. This is one of the most important decisions an investor can make. To that end, an asset liability study is performed by the Investment Consultant approximately every three years or more frequently if deemed necessary by the IMG or the Board. Typically, the Board adopts an asset allocation based on recommendations from the Investment Consultant in collaboration with the IMG. The Board may direct the IMG to consider the asset allocation recommendations from the Investment Consultant and return with a recommendation to the Board for approval.

A. Policy Targets and Ranges

The Trust Fund shall be diversified across investment classes and among Investment Managers to achieve a return as compensation for investment risk. In accordance with this Investment Policy, the Board has established the following target allocations for each asset class, as well as permissible ranges. The size of the Permissible Range is generally determined by the volatility of the asset class and the weight of the target exposure.

Asset Class	Target Exposure	Permissible Range
U.S. Equity	23.0%	18.0% - 28.0%
International Equity	11.0%	6.0% - 16.0%
Private Equity	8.0%	5.0% - 12.0%
Total Equity	**42.0%**	**36.0% - 48.0%**
U.S. Core Fixed Income	14.0%	11.0% - 17.0%
U.S. TIPS	4.0%	1.0% - 7.0%
High Yield Fixed Income	9.0%	6.0% - 12.0%
Bank Loans	5.0%	2.0% - 8.0%
Emerging Market Debt (“EMD”)	3.0%	0.0% - 6.0%
Global Opportunistic Fixed Income	10.0%	5.0% - 15.0%
Total Fixed Income	**45.0%**	**39.0% - 51.0%**
Private Real Assets	13.0%	7.0% - 18.0%
Total Real Assets	**13.0%**	**7.0% - 18.0%**
Total Cash	**0.0%**	**0.0% - 3.0%**

Investment Managers will specialize in one asset class or investment style. Investment Manager mandates are expected to be fully invested with minimal cash or holdings outside the intended mandate.

B. Rebalancing, Cash Management, and Capital Calls

Asset allocation exposures are reviewed at least quarterly. Actual exposure reviews will consist of a comparison of each allocation to its target and expected range. If any allocation is out of its permissible range, action will be taken to move the allocation closer to the target, except for private market investments. Cash management requirements such as withdrawals for benefit payments, administrative expenses, and capital calls should be used to rebalance allocations closer to policy allocation targets. The Executive Director, in consultation with the Investment Consultant, is authorized to rebalance asset class exposures and transfer assets by purchase or sale between Investment Managers to accomplish rebalancing, cash management needs and to pay capital calls, as necessary and prudent and shall report any rebalancing activity to the Board.

VI. INVESTMENT PROGRAM STRUCTURE

Allocating funds to various types of investments is critical to structuring a diversified portfolio to meet investment objectives. Investments shall be diversified among asset classes to minimize the risk of loss from individual investments.

A. Risk Management

Risk management is central to managing the assets of the Trust Fund. The Board recognizes for the Trust Fund to achieve its investment objectives; a reasonable level of risk is required for generating excess returns. Therefore, the Board's policy regarding investment risk is to maintain a level of risk commensurate with the Total Fund Policy Benchmark and capable of achieving the actuarial rate of return.

B. Diversification

In addition to asset class diversification, the Board has adopted the following limits:

- No single active Investment Manager shall be allocated more than 20% of the asset value of the Trust Fund.
- No single actively managed product of an Investment Manager will be allocated more than 15% of the asset value of the Trust Fund.

C. Authorized Investments & Restrictions

Authorized investments and restrictions can be found in Section VII Asset Class Guidelines and within the separate Investment Manager guidelines, side letters and/or governing documents.

D. Benchmarks

Performance measurement and monitoring activities provide assessment of success or failure of the investment strategies and implementation of those strategies. Clear, unambiguous market-based benchmarks will be selected for each investment strategy, asset class and total portfolio. Benchmarks should be reviewed periodically to determine the quality level and appropriateness.

E. Liquidity

The Board recognizes and intends to maintain sufficient liquidity in the Trust Fund to meet pension benefit payments, capital calls and pay administrative expenses.

F. Tax Considerations

The Trust Fund is a qualified trust under Section 401(a) of the Internal Revenue Code (the "Code"), thereby all gains and income associated with the assets of the Trust Fund are exempt from federal income tax under Section 501(a) of the Code. Therefore, tax considerations do not represent a constraint on the portfolio. In addition, although not directly applicable, Investment Managers are expected to manage the portfolio in compliance with the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974. The Board has taken the position that Unrelated Business Income Tax is not applicable to the Trust Fund.

G. Proxy Voting

The following general policies apply to proxy voting:

- Investment managers shall vote on all proxies in the best interest of the ERS and Trust Fund and in a manner consistent with the Investment Manager's fiduciary duty to the ERS and the Trust Fund.
- Where the Board becomes aware of pending proxy issues of particular significance, the Board may direct the Executive Director to communicate instructions to the responsible Investment Manager(s).
- Investment Managers should be prepared to disclose and discuss their proxy voting decisions, upon request by the Board.

  Investment Managers are required to have proxy voting policies, where applicable, and shall provide the Board with copies of their policies, upon request.

H. Divestment

From time to time the Board may determine, consistent with the Board's fiduciary duties to the Trust Fund, that public policy considerations, including financial and reputational risks, warrant divestment from particular companies or regions. Divestment actions may be taken by the Board and memorialized in a resolution that then becomes a part of this Investment Policy, unless and until rescinded by subsequent action of the Board. Divestment is likely on implementable with separately managed accounts. Unless

impractical, the Board shall seek advice from legal counsel prior to making such Divestment actions.

I. Best Execution

Best price and execution is expected by Investment Managers by executing transactions on behalf of the portfolio in a manner that maximizes the risk-adjusted, investment value of their mandate, utilizing brokers and dealers that the Investment Managers deem appropriate to obtain the best price and execution of any transaction.

J. Soft Dollar Guidelines

Soft dollars are expended only for brokerage, research, or other services for the benefit of the investment program and are reasonable in relationship to the value of such services. Investment Managers should be prepared to disclose soft dollar usage and its direct benefit to the Trust Fund, upon the request of the Board.

K. Private Fund Advisory Board

The Board has determined that the benefits of Trustees participating on advisory boards far outweigh the risks or potential risks of not participating. As a result, the Board will assign a Trustee representative to an advisory board, if the appropriate protections for such members (e.g. with respect to fiduciary duty/standard of care, indemnification, confidentiality, etc.) are provided, and if the Board is awarded a seat on the advisory board.

L. Fees, Commission and Expenses

The Executive Director and Investment Consultant will work cooperatively to monitor and attempt to control investment costs by negotiating fees and expenses, whenever possible; transferring assets in-kind during investment manager transitions and restructuring of assets; instructing Investment Managers to minimize brokerage and execution costs; and utilizing passive investment strategies (where appropriate) in efficient asset classes.

VII. ASSET CLASS GUIDELINES AND OBJECTIVES

A. Public Equity Guidelines (US and International)

Public equities provide potential for long-term appreciation and growth of principal in exchange for assumption of moderate to high investment risk. The objective is to earn an equity risk premium to enhance long-term investment returns.

The following guidelines apply for investment in public equities:

- The U.S. and International equity asset classes are expected to be "fully" invested at all times. Under normal conditions no more than 5% of the value of each asset class should be held in cash equivalents at any time.
- The U.S. and International equity asset classes are expected to remain "broadly diversified" by economic sector, industry, and individual securities at all times. The asset classes should generally match the asset class benchmark in terms of capitalization and growth/value characteristics. Risk should be similar to that of the asset class benchmark.
- Any single issuer is not expected to exceed the greater of 5% of the market value of the U.S. or International equity asset class, or asset class benchmark weight plus 3%, at any time.

B. Private Equity Guidelines

The objective of this allocation is to provide return enhancement to the overall portfolio. When measured over the long term, returns are expected to exceed those available by investing in a diversified portfolio of publicly traded equity securities. Any uninvested portion of the private equity allocation should remain invested in publicly traded equity securities.

The total private equity asset class is expected to remain "broadly diversified" by geographic location, investment type, vintage year, and individual partnership investment at all times. The asset class is expected to be diversified by geographic location with the following weightings: North America (approximately 50%), Europe (approximately 30%), and the Asia-Pacific region and other emerging markets (approximately 20%). These weightings may be adjusted at the discretion of the Investment Manager in accordance with investment guidelines. The asset class is expected to be diversified by the following investment types: buyouts (a private equity investment in a mature business), venture capital (a private equity investment in a new business), growth equity (a private equity investment in a growing business), distressed (a private equity investment in operationally-sound companies in financial distress) and special situations (private equity-like investments, such as mezzanine debt, asset-intensive assets or royalty streams, and other opportunistic funds). The Investment Manager may invest in secondary fund investments and direct co-investments on an opportunistic basis with a combined maximum limit of 20%, subject to investment guideline authority. Investments should be diversified by vintage year. No single partnership investment is expected to be more than 20% of the total private equity asset class; however, it is recognized that this guideline shall not apply during initial funding.

C. Fixed Income Guidelines

Fixed income provides for modest returns by lending funds and collecting current income (i.e. from regular interest payments). Returns may be enhanced by assumption of various risks such as duration, credit quality, or leverage; however, any risks assumed should be considered in the context of the environment for such strategies.

The fixed income exposure is structured to include exposures to the following fixed income sub-classes:

- U.S. Core Fixed Income
- U.S. TIPs
- High Yield Fixed Income
- Bank Loans
- Emerging Market Debt ("EMD")
- Global Opportunistic Fixed Income (including illiquid / private fixed income investments)

The below guidelines apply for investment in fixed income. Additionally, specific guidelines are stated for fixed income sub-classes as applicable:

- Fixed income strategies are expected to be "fully" invested at all times. Short-term or cash equivalents investments may play an important role in managing fixed income investments. Therefore, the total fixed income exposure may have up to 20% of its value in cash equivalents at any time.
- The total fixed income exposure is expected to be broadly diversified by issuer, sector, quality, maturity, and duration structure. Except for securities issued by the US Government and / or its Agencies, any single issuer is not expected to exceed 5% of the market value of the total fixed income exposure at any time.
- The duration of each fixed income sub-class is expected to be similar to that of each sub-class benchmark however Investment Managers may be employed to adjust duration based on the outlook for interest rates. Unless intended otherwise as part of a particular Investment Manager mandate, duration of each fixed income sub-class should typically remain with +/- 1.5 years of the sub-class benchmark.
- The credit quality, as measured by recognized rating agencies such as Standard & Poor's, Moody's, or Fitch for each fixed income sub-class is expected to be similar to that of the designated sub-class benchmark.
- Build America Bonds (BABs) issued by Montgomery County, Maryland and Prince George's County, Maryland are prohibited investments.

Global Opportunistic Fixed Income

The objective of the Global Opportunistic Fixed Income allocation is to provide either return enhancement, diversification or enhanced income generation that is consistent with the long-term strategic objectives of the portfolio. This portion of the fixed income composite may contain opportunistic investments and distressed securities that are illiquid in nature. The implementation of this allocation will have flexible guidelines to invest globally, seeking to add value through a number of investment decisions such as duration management, yield curve positioning, sector/issue selection, country market selection and currency.

D. Private Real Assets Guidelines

The objective of Private Real Assets is to provide a real rate of return (i.e. after inflation) and also diversification relative to equities and fixed income.

Investments will be structured privately in the form of commingled or pooled vehicles such as limited partnerships and diversified among the following investment types: real estate, energy, mining, timber, agriculture, or infrastructure.

The Private Real Assets portfolio is expected to remain "broadly diversified" by geographic location, vintage year, and individual partnership investment at all times. The portfolio is expected to be diversified by geographic location with a general range of 50% - 70% invested in the U.S. and the balance invested outside the U.S. and generally no more than 30% invested in emerging markets. Investments should also be diversified by vintage year. Except for fund-of-funds, or core real estate, no single closed—end partnership commitment is expected to be more than 20% of the real assets' portfolio, and no single partnership commitment is expected to be more than 20% of the portfolio of a fund-of-funds manager.

VIII. INVESTMENT MANAGER GUIDELINES AND OBJECTIVES

Investment Manager Guidelines and Objectives shall be prepared for each Investment Manager, where applicable, when separately managed accounts are used. These statements shall contain investment objectives and risk control provisions, which are appropriate for each Investment Manager's mandate. Taken in the aggregate, these statements shall be designed to implement the overall policies and objectives of the Trust Fund.

In addition to complying with the appropriate Investment Manager Guidelines and Objectives, the role of each Investment Manager shall include:

- The exercise of a high degree of professional care, skill, prudence, and diligence in the management of assets under its direction.

- Thorough professional analysis and judgment with respect to all investments held in the account.
- Diversification of investments within the asset class or investment style.
- Full compliance with applicable fiduciary standards and any governmental regulations.

Investment Manager assignments may be implemented with pooled vehicles such as institutional commingled funds or 1940 Act mutual funds, and in both public and private market asset classes. In such instances, the ERS may not have control with respect to the strategies' investment guidelines and objectives since they are written broadly to accommodate multiple investors. Investments in commingled funds, mutual funds, or limited partnerships are expected to be invested in accordance with each applicable governing document, offering memorandum or prospectus.

IX. INVESTMENT MANAGER SELECTION

The process utilized in the selection of Investment Managers is intended to be a competitive, objective process designed to ensure that the ERS has access to a broad array of quality service providers.

When procuring investment management services, the Investment Consultant will evaluate a broad universe of applicable strategies, not excluding any firm based on its ownership status (e.g. minority owned or non-minority owned). Following the initial screening, the Investment Consultant will review, consolidate, and synthesize the appropriate information into a search document. The IMG will review the information received. The Investment Consultant and/or IMG may interview finalists, undertake site visits, contact references, confirm performance or other data, and conduct such additional due diligence as may be prudent under the circumstances. Upon completion of the due diligence, the IMG will provide the Board with its recommended selection(s).

Measures to Prevent Discrimination in the Selection Process

Minority Managers

It is the policy of the Board to encourage the participation of minority owned firms in its Investment Manager selection process. The Board requires the Investment Consultant to identify, research, and evaluate qualified minority owned managers. The Board requires that the Investment Consultant and IMG consider such minority owned firms in their efforts to fulfill the Board's investment objectives, but only in compliance with their respective fiduciary duties to the Trust Fund.

As used in this Investment Policy, a minority manager shall be defined as an Investment Manager that is U.S. domiciled and is majority-owned by one, or any combination, of the

following groups: African American, Asians (including Pacific Islanders), Native American, Hispanic American, women and disabled individuals.

In addition to the requirements above, any qualified Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940 or exempt from registration requirements.

Emerging Managers

It is also the policy of the Board to encourage the participation of emerging managers in its Investment Manager selection process. The Board requires the Investment Consultant to identify, research, and evaluate qualified emerging managers. The Board requires that the Investment Consultant and IMG consider such Investment Managers in their efforts to fulfill the Board's investment objectives, but only in compliance with their respective fiduciary duties to the Trust Fund.

As used in this Investment Policy, an emerging manager shall be defined as an Investment Manager that is U.S. domiciled and

- must be registered under the Investment Advisors Act of 1940 or be exempt there from (and will maintain such registration or exemption).
- must provide transparency of positions and transactions.
- must provide at least quarterly liquidity.
- must have a three-year historical performance record verified by at least one consultant or accounting firm in accordance with Global Investment Performance Standards (GIPS).
- must have no more than $3.0 billion of total assets under management when hired.

It is the Board's intention to give such firms consideration in their efforts to fulfill the Board's investment objective; however, the Board is not obligated to hire any qualified Investment Manager on behalf of the Trust Fund if such hiring is inconsistent with its fiduciary duty to the Trust Fund and its stakeholders.

To ensure the inclusion of qualified emerging and minority Investment Managers in the process, the IMG will seek to consider at least one such qualifying Investment Manager in its final evaluation process. A qualifying Investment Manager will still need to meet the minimum stated criteria established in the search process (e.g. assets under management, track record, etc.).

X. INVESTMENT MANAGER MONITORING

The Board will review the investment performance of the Trust Fund and compliance with the Investment Policy on a quarterly basis with the Investment Consultant, or more frequently as needed based on market conditions. The IMG and Investment Consultant will monitor the performance of Investment Managers in accordance with the Investment Manager Monitoring Policy.

XI. REPORTING

In addition to the reporting requirements outlined in the contract and/or governing documents, each Investment Manager shall provide, at least quarterly, if applicable based on the investment strategy: (1) a written commentary in sufficient detail of account activity and performance and any material changes in personnel, philosophy, investment strategy or process, growth, loss, level of commitment to product type or any organizational issues; and (2) a summary of transactions which lists brokers used, including minority and emerging broker usage, commissions generated, and soft dollar usage and benefit to the Trust Fund; and at least annually, listing of proxy votes, including no votes. Each Investment Manager is also directed to contact the Executive Director with any information of an important nature that is causing or could cause material impact on the Trust Fund or the Investment Manager.

XII. AMENDMENTS

This Investment Policy shall be reviewed annually by the IMG in consultation with the Investment Consultant to determine whether any modifications are needed and to make a recommendation to the Board for approval of such modifications, as appropriate.

This Investment Policy does not restrict or limit the Board from taking any action it deems appropriate.

If, at any time, an Investment Manager feels that the objectives cannot be met or that the guidelines unduly restrict performance, the Executive Director should be notified in writing. Each Investment Manager is encouraged to suggest changes in the specific objectives and guidelines for their mandate or the overall Investment Policy.

APPENDIX A

The following chart details long-term assumptions used as a proxy for the return and risk expectations for each asset class and the total portfolio. The asset class expected returns are provided by the Investment Consultant based on its 2025 Asset Liability Study.

Asset Class	Expected Return (%)	Expected Volatility (%)
U.S. Equity	8.4	17.0
International Equity (non-U.S.)	8.7	18.0
Private Equity	11.2	25.0
U.S. Core Fixed Income	5.3	4.0
U.S. TIPS	5.0	7.0
High Yield Fixed Income	7.1	11.0
Bank Loans	6.8	10.0
Emerging Market Debt ("EMD")	6.8	11.0
Global Opp. Fixed Income	9.1	15.0
Private Real Assets	8.8	17.1
Total Fund	**8.3**	**11.7**

The expected returns in the above table reflect market returns only. They do not include any excess return which may be generated through the use of active management within the ERS.

[1] Asset class return and risk assumptions are 'long-term' beta forecasts that cover at least the next twenty years.

APPROVED BY:

The Investment Monitoring Group:	The Board of Trustees:
February 20, 2018	Approved May 6, 2014
September 20, 2022	Amended February 3, 2015
December 20, 2022	Amended April 4, 2017
November 19, 2024	Amended March 6, 2018
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