



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



## **INVESTMENT IMPLEMENTATION POLICY**

As Amended through August 11, 2011

# DALLAS POLICE AND FIRE PENSION SYSTEM

## INVESTMENT IMPLEMENTATION POLICY

Adopted February 15, 1996  
As Amended Through August 11, 2011

### A. PURPOSE

The primary objective of this policy is to implement a plan of action that will result in the highest probability of maximum investment return from the System's assets available for investment within prudent levels of risk. The following Investment Implementation Policy provides guidelines on the amounts allocated to each asset class and style.

### B. ASSET ALLOCATION

The current investment managers are listed by name for informational purposes only. From time-to-time the Board may change any investment manager or add any investment manager without the necessity of amending this policy.

#### Global Equity

1. Public Equity: Approximately 27.0% of assets to be allocated to a combination of US and international equities selected by managers with a global mandate. The investment objective of the Global Equity is to achieve long-term capital appreciation. Global Equity will be diversified by allocating to a variety of different asset classes, such as large capitalization, small capitalization, Global REIT's and emerging markets equities.

	<u>% of Asset Class</u>	<u>% of Total Fund</u>	<u>Range %</u>
Small Cap-Eagle	14.81	4.0	3.5– 4.5
Global Growth-OFI	14.81	4.0	3.5 – 4.5
Global Growth-Walter Scott	14.81	4.0	3.5 – 4.5
Global Core-Pyramis	29.63	8.0	7.0 – 9.0
Global Value-Tradewinds	18.53	5.0	4.5 – 5.5
Global REIT-RREEF	7.41	2.0	1.0 – 3.0

2. **Private Equity:** Approximately 15.0% of the System's assets to be allocated to private funds opportunities to provide the System with the potential to earn higher rates of return. Private market opportunities will be approved on a case-by-case basis, such as, but not limited to, Venture, Growth Equity, Buyouts, Mezzanine, Distressed, Infrastructure, Natural Resources and Direct/Co-Investment. In addition, consideration will be given to vintage year allocations across the portfolio to further limit volatility of returns.

**Global Natural Resources:**

10.0% of the System's assets to be allocated to natural resources securities and private market opportunities in different asset classes, such as energy, sustainable assets, timber, and agricultural.

	<u>% of Asset Class</u>	<u>% of Total Fund</u>	<u>Range %</u>
Energy Manager -Mitchell Group	13.0	1.3	1.1 – 1.6
Energy Manager –Energy Opportunities	13.0	1.3	1.1 – 1.6
Alternative Energy & Sustainable Asset Manager -RCM	12.0	1.2	1.0 – 1.5
Sustainable Asset Manager -SAM	12.0	1.2	1.0 – 1.5
Timber Manager- RMK	16.0	1.6	N/A
Timber Manager- Forest IA	16.0	1.6	N/A
Agriculture Manager- Hancock	18.0	1.8	N/A

**Global Fixed Income:**

1. **Public Fixed Income:** Approximately 13.0% of the System's assets are to be allocated to an actively managed publicly-traded bond portfolio invested within a global fixed income universe, convertible bonds, local emerging market currency, high yield bonds, corporate debt securities, asset backed securities, and commercial mortgage-backed securities around the world. The portfolio will be diversified among countries, market sectors, maturities, coupons, and quality ratings and is expected to provide returns above a market index by capturing yield opportunities around the world.

	<u>% of</u> <u>Asset Class</u>	<u>% of</u> <u>Total Fund</u>	<u>Range %</u>
High Yield -Huff	24.0	3.0	2.0 - 4.0
Opportunistic-Loomis	38.0	5.0	4.0 - 6.0
Investment Grade-Mondrian	19.0	2.5	2.0 - 3.0
Investment Grade-Brandywine	19.0	2.5	2.0 - 3.0

2. Private Fixed Income: Approximately 7.0% of the System's assets are to be allocated to portfolios invested opportunistically in a variety of high yielding private fixed income securities. This private market segment will invest in fixed income related securities such as emerging market debt, corporate debt securities, bank loans, private placements, and distressed debt around the world. The expectation is that this debt segment will earn equity-like returns through fixed income investments, thus diversifying the equity segment of the System's portfolio.

	<u>% of</u> <u>Asset Class</u>	<u>% of</u> <u>Total Fund</u>	<u>Range %</u>
Distressed Debt-Highland Crusader	29.0	2.0	N/A
Private Debt-Oaktree	29.0	2.0	N/A
Multi Strategy-Highland Credit Opp.	13.0	1.0	N/A
Emerging Market Debt-Ashmore	14.5	1.0	N/A
Emerging Market Local Currency Debt-Ashmore	14.5	1.0	N/A

**Global Asset Allocation (GAA):**

Approximately 10.0% of the assets are to be allocated to portfolios invested globally using both strategic (long-term), and tactical (short-term) allocations. This GAA segment will be invested in a wide variety of assets and strategies across various global investment strategies. The goal of the GAA portfolio is to own investments that generate a low correlation with the other asset classes.

	<u>% of</u> <u>Asset Class</u>	<u>% of</u> <u>Total Fund</u>	<u>Range %</u>
Multi Strategy -Bridgewater	30.0	3.0	2.5 - 3.5
Risk Parity-Putnam	15.0	1.5	1.0 - 2.0
Global Tactical Allocators-GMO	30.0	3.0	2.0 - 4.0
Managed Futures-Transtrend	25.0	2.5	2.0 - 3.0

**Global Real Estate:**

Approximately 18.0% of the Systems Assets are allocated to real estate that is diversified by property type and geographic location. The objective of the real estate portfolio is to provide immediate protection against unexpected inflation, dampen overall asset volatility and provide diversification from traditional capital market exposure. The normal ranges for real estate investments are subject to wide variations during certain real estate cycle fluctuations.

	<u>% Range of Asset Class</u>
Core (Stable)	0 – 10 %
Value Added (Enhanced Return)	20 – 50 %
Opportunistic (High Return)	25 – 35%
Land	0 – 15%

APPROVED on August 11, 2011 by the Board of Trustees of the Dallas Police and Fire Pension System.

*[signature]*

---

George J. Tomasovic  
Chairman

ATTEST:

*[signature]*

---

Richard L. Tettamant  
Secretary