



Statement of Investment Policy & Objectives

Executive Summary

Missouri Local Government Employees Retirement System (“LAGERS”, “the System”, or “the Fund”) has developed the Statement of Investment Policy & Objectives (“Policy”) to serve as the official policy regarding the investment practices of LAGERS and is not to be deviated from by any responsible party without the written permission of the Board of Trustees. This document outlines a summary of important topics covered in the Policy and please refer back to the full Policy for further details. The policies covered in the document have been adopted by the Board of Trustees, who have the fiduciary duty of overseeing LAGERS’ investment program.

The goal of the Fund shall be to target a 10% standard deviation while achieving a rate of return, net of manager fees, of at least 7.25% per annum as measured over a full market cycle, usually 5-7 years. As this is a long-term projection and investments are subject to short-term volatility, the main investment focus of the Trustees and Investment Staff will be towards the Total Fund. Each asset manager, individual investment and/or security selection will be judged on performance relative to its asset class and to its relative benchmark over a full market cycle.

The Fund is invested with a long-term perspective and therefore will invest across a spectrum of assets with different liquidity time frames. LAGERS is dedicated to increasing risk awareness through regular monitoring of risks across the portfolio. These include but are not limited to inflation risks, interest rate risks, liquidity risks, leverage risks, and regulatory risks. A limit of 10% of the System’s assets, based on Net Notional Value, is established on the amount of capital allocated to each individual investment management company.

The Policy lays out the fiduciary responsibilities of members of the Board of Trustees, the Investment Staff, investment consultants, investment managers, prime brokers, and bank custodians. The Board has the fiduciary responsibility for managing the investment process and determining the appropriate delegations of authority in connection with investment management. In fulfilling its responsibility, the Trustees will establish, maintain, and oversee the asset and liquidity allocation targets and ranges for the Fund. The Investment Staff has a fiduciary duty to implement and monitor the investment policies and objectives delegated to them by the Trustees and to support the Trustees in all aspects of LAGERS’ investment process.

Asset Allocation Targets:

These allocations are based on the System’s Net Notional Value of its asset base.

Asset Class	Target Allocation % of Total	Minimum Allocation % of Total	Maximum Allocation % of Total
Equity	35.00%	30.00%	40.00%
Fixed Income	31.00%	26.00%	36.00%
Real Assets	36.00%	31.00%	41.00%
Strategic Assets	8.00%	5.00%	15.00%
Alpha Portfolio**	15.00%	10.00%	20.00%
Cash portfolio*	10.00%	See Note Below	
Leverage Portfolio*	-35.00%	-20.00%	-40.00%

* LAGERS targets 30% of the leveraged portfolio to be held in cash.

** Alpha Portfolio allocation is based on a volatility adjusted exposure targeting 8% overall.

Liquidity Allocation Targets:

Illiquid assets carry a theoretical illiquidity premium that is demanded by investors for securities that cannot be easily converted into cash. Consistent with LAGERS' liquidity requirements and long-term nature of the fund, LAGERS has established liquidity ranges. These allocations are based on the System's asset allocation based on Net Notional Value, excluding leverage and its associated cash collateral.

Liquidity Time Frame	Target Allocation % of Total	Minimum Allocation % of Total	Maximum Allocation % of Total
Short-Term (<1 week)	40.00%	35.00%	65.00%
Medium-Term (1 wk – 1 yr)	20.00%	0.00%	30.00%
Long-Term (>1 years)	40.00%	20.00%	50.00%

Fund Benchmark:

Both relative and absolute results will be considered in the evaluation of the total Fund's performance. The Fund's total return should exceed the total return of an index composed as below over a full market cycle, usually 5-7 years.

Asset Class	Asset Sub-Class	Benchmark	Weight
Equity	Domestic Equity	Russell 3000 Index	10.0%
	Private Equity	CPI + 5.5%	10.0%
	Global Equity	MSCI All Country World Index ND (non-hedge)	5.0%
	International Equity	MSCI All Country World Index ex US ND (non-hedge)	5.0%
	Emerging Markets Equity	MSCI Emerging Markets Index ND (non-hedge)	5.0%
Fixed Income	Long Duration Fixed	Barclays Capital US 20+ Year Treasury Bond Index	10.0%
	Private Fixed Income	CPI + 4.0%	7.0%
	US Fixed Income	Barclays Capital US Aggregate Bond Index	6.0%
	Global Fixed Income	Barclays Capital Global Aggregate Bond Index	4.0%
	Emerging Market Debt	40% JPM EMBI Global Div; 40% JPM CEMBI Broad Div; 20% JPM GBI-EM Global Div	4.0%
Real Assets	Real Estate	CPI + 4.5%	14.0%
	Infrastructure	CPI + 4%	7.0%
	Inflation Linked Bonds	Barclays Capital Global Inflation-Linked Bond Index	6.0%
	Commodities	Bloomberg Commodity Index	5.0%
	Timber	CPI + 2.5%	2.0%
	Natural Resources	CPI + 5%	2.0%
Strategic Assets	Private Strategic	CPI + 6%	5.0%
	Public Strategic	CPI + 4.5%	3.0%
Alpha	Alpha Portfolio	CPI + 3.5%	15.0%
Cash	Cash	CPI	10.0%
Leverage	Leverage	-(CPI+0.5%)	-35.0%