MEETING OF INVESTMENT AND FINANCE COMMITTEE
JUNE 7, 2017

Action Requested: Approve:

- Modest changes to the asset allocation for the Long Term Endowment Pool, Diversified Intermediate Portfolio, and the Operating Portfolio (referred to collectively as the “Portfolios”) as described below:
  - **Long Term Endowment Pool**
    - Increase core fixed income from 3% to 10% and eliminate the allocation to short term fixed income
    - Add new allocation of 3% to US mid cap equity and reduce total US equity by 5%
    - Add new allocation of 3% to non-US small cap and reduce total non-US equity by 5%
    - Eliminate allocation to opportunistic real estate and increase allocation to core real estate from 5% to 10%
    - The allocation to private equity will increase from 17% to 25% and new commitments to private equity will be made over time.
  - **Diversified Intermediate Portfolio**
    - Add 17% allocation to intermediate fixed income
    - Eliminate the 10% allocation to TIPS
    - Reduce the allocation to short term investment vehicle to 3%
    - Reduce total fixed income by 5%
    - Add new allocation of 5% to global low volatility equity
    - Eliminate the 10% allocation to public REITs and add a 10% allocation to core real estate
  - **Operating Portfolio**
    - Increase core fixed income allocation to 25%
    - Add a new allocation to intermediate fixed income of 20%
    - Eliminate the allocation to TIPS
    - Reduce the allocation to short term investment vehicle to 20%
    - Reduce the total allocation to fixed income by 2.5%
    - Add new allocation of 5% to global low volatility equity
    - Eliminate the allocation to public REITs and add a dedicated allocation to core real estate of 5%

- Investment manager additions as shown below:
  - Core and Intermediate Fixed Income: MacKay Shields
  - Senior Secured Loans: Symphony Asset Management
  - Global Low Volatility: Acadian Asset Management
  - Core US Real Estate: Morgan Stanley PRIME Fund and UBS Trumbull Property Fund

- Index Funds:
  - Add Vanguard Mid Cap Index Fund
  - Replace SSgA MSCI ACWI ex-US Index Fund with SSgA MSCI ACWI ex-US IMI Index Fund