

# ***Stanislaus County Employees' Retirement Association***

## **INVESTMENT POLICY STATEMENT DIRECTIVE 3 - ILLIQUID STRATEGIES**

September 25, 2018





## Investment Policy Statement – Directive # 3

### Proxies for Illiquid Strategies

#### Background

Because real estate, infrastructure, private equity and private credit (collectively private market) strategies typically require years to draw committed capital and because they typically begin returning capital before ever being fully funded, it is necessary to identify proxy strategies so that the Plan achieves its desired asset allocation. The identified proxy strategies work in concert with the private markets strategies to fulfill capital calls, absorb distributions, and contribute the desired risk and return characteristics to the investment program.

The Executive Director and any other Investment Staff shall have discretion to select the specific investment vehicle based on available options, market conditions and the expected time horizon that the proxy is expected to be in use.

#### Directive

This investment strategies identified in this Directive are to serve as proxy strategies listed in the following table:

<b><u>Private Market Strategy</u></b>	<b><u>Public Market Proxy</u></b>
Private Equity	Russell 3000 Index
Private Credit	Bloomberg Barclays US High Yield 2% Cap Index
Real Estate	US REITs
Infrastructure	US REITs

## II. Review

This Board shall review this policy / directive at least every three years.

## III. History

Adopted by the Retirement Board on 02/28/17

Reviewed and Amended by the Board of Retirement on 9/25/2018



Adopted by the Board of Retirement

A handwritten signature in black ink, appearing to read "Rick Santos".

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Rick Santos, Executive Director

Approval / Adoption Date: 9/25/2018