

## 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	BofA ML High Yield Master II Constrained Index
Real Estate	US REITs
Infrastructure	67%/33% mix of public infrastructure equity and Treasury Inflation-Protected Securities (TIPS)

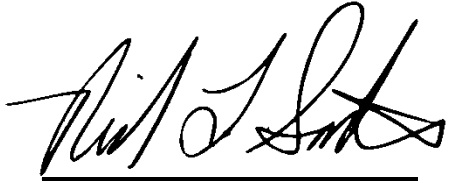
#### **Review**

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

#### **History**

Adopted by the Retirement Board on 02/28/17  
 Revised 05/28/2019  
 Revised 01/26/2021

*Stanislaus County Employees' Retirement Association Investment Policy Statement  
Directive #3 Proxies for Illiquid Strategies*

A handwritten signature in black ink, appearing to read 'Richard Santos', written in a cursive style. The signature is positioned above a horizontal line.

Richard Santos, Executive Director

POLICY/DIRECTIVE APPROVAL DATE: January 26, 2021