

Investment Policy

Development of the Investment Policy Statement (IPS) is the critical first-step for any successful program, A well-conceived, actionable plan developed in close collaboration with the client, the IPS sets forth your goals and objectives within risk tolerances and investment constraints. Studies have demonstrated that fiduciaries that exercise superior governance practices achieve better financial results.

Serving as the investment program's blueprint, the IPS defines asset classes and investment managers, an asset allocation target, investment guidelines and restrictions, including rebalancing guidelines and performance benchmarks, and the roles of the plan's fiduciaries and reporting requirements. Equipped to understand the overall mission and strategic objectives of these institutions. A well-designed Investment Policy connects these strategic considerations to the practical application of managing risk within the portfolio. It should set forth measurable objectives relative to the unique liabilities of the financial assets

ASSET ALLOCATION

As approximately 90 percent of the variability of investment return is determined by asset allocation, * Our internal team constantly evaluates market and vehicle performance to understand direction and performance of the selected strategy, making course corrections as necessary resources to our internally developed and verified asset allocation analysis. We also employ some of the most sophisticated modeling software programs to complement our in-house model. We do not strictly utilize past returns when running our asset allocation scenarios. Instead, we rely on our proprietary capital market assumptions to forecast 10-year expected returns for each asset category based on current market valuations. While adhering to the strategic asset allocation ranges of the portfolio, we overweight the portfolio to asset categories we believe are undervalued and poised to outperform over the next decade.

Manager Selection

Searching for and selecting investment managers who precisely fit the unique needs of each institution is one of the most important aspects of controlling investment program quality.

The repercussions of the 2008 crisis continue to plague financial markets and underscore the need to constantly assess the specific capabilities of managers, their operations and their staff. We utilize Morningstar and other 3rd party sources to round out our understanding .

Investment portfolio reporting

We understand that merely purveying numbers with no distillation or interpretation is of little use to you. One of the characteristics that separate CAIN from our competitors is the level of details in the reports we provide to clients.

The full quarterly report, including diagnostics and attribution, is available no later than 45 days after the close of each quarter, again depending on the timeliness and accuracy of the provider reports. Our quarterly investment performance reports include detailed, customized checklists to ensure that all aspects of the portfolio are in compliance with stated policies and guidelines. They cover four basic areas:

- Time-weighted and money-weighted rates of return**
- Comparisons of returns to benchmarks and a statistical universe of similar portfolios**
- Diagnostic risk analyses**
- Compliance with relevant policies and objectives**

The compliance monitoring is presented in a summary format, intended to highlight quickly any potential violations or "red flags" that warrant the attention of committee members and staff.

Beyond a statistical universe, our investment performance reports include details about portfolio risk exposures across traditional and alternative investments, giving client staff and committees crucial

aggregate portfolio information to make informed Decisions about portfolio structure.

CAIN & CO.