

Alameda County

401(a) and 457(b) Plans Investment Policy Statement

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Alameda County
Investment Policy Statement

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Alameda County Investment Policy Statement

INTRODUCTION

Alameda County, a municipal corporation in California, is committed to providing state-of-the-art services to its employees. In order to recruit and retain qualified personnel, the County of Alameda maintains a 401(a) defined contribution pension plan and a 457(b) deferred compensation plan (Plan) to provide County employees with a tax-deferred savings program to supplement their retirement income.

Alameda County's Deferred Compensation Plan Officer (Plan Officer), in recognition of their fiduciary obligation to responsibly manage the County's 401(a) and 457(b) retirement plans, will develop and maintain an Investment Policy Statement (IPS) that defines the investment objectives and constraints of the Plans. Moreover, the IPS will provide a structured process to be applied to Plan Investment Menu (Menu) decisions.

The IPS provides:

- A documented process for making Menu decisions over time
- Clarification of the Plan's investment-related goals and objectives, including the number and types of investment options to be offered
- A framework and guidelines for evaluating Plan investment options
- Continuity in decision-making as Plan fiduciaries or decision-makers change
- Actions available should changes to the Menu be desired or needed.

The IPS will be reviewed annually and revised as needed. Revisions should be considered when changes occur to one or more of the following:

- Employer's retirement benefit offering
- Plan investment objectives or funding policies
- Available investment options
- Service providers or Plan administrators
- Plan's acceptable level of risk
- Industry standards for evaluating investment performance
- Retirement plan regulations
- Significant economic or market events impacting retirement plans

Overall, the goal of the IPS is to assure the Plan is administered in the best interest of Plan participants and compatible with the overall mission and philosophy of the Plan Sponsor.

I. OBJECTIVES OF THE PLAN

The Plan is a long-term retirement savings program intended to provide retirement income for eligible Plan participants and their beneficiaries. The Menu should cover a broad range of investment options appropriate for this type of retirement savings program. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

II. PERMISSIBLE INVESTMENTS

The Plan shall utilize pooled investment vehicles, mutual funds, or collective investment trusts. Insurance company general accounts and fixed annuities as well as stable value funds specifically designed for defined contribution retirement plans are permitted investments.

If a Self-Directed Brokerage Account (SDBA) is offered, assets held in the SDBA outside of the core investment Menu are NOT subject to this IPS and neither RPA nor the Participating Employer accept any oversight or fiduciary role relative to SDBA assets.

III. PLAN INVESTMENT MENU

The IPS provides:

- Guidelines for the development and maintenance of a Menu that will allow Plan participants to invest in a portfolio that meets their individual investment objectives and risk tolerances
- A description of the investment categories and options to be offered
- A process for making disciplined Menu decisions over time, including adding and deleting investment options
- Guidelines for monitoring, evaluating, and reporting on the Menu

Responsibility for the number, type, and status of individual investment offerings rests with the Plan Officer and/or its Advisor.

In general, the Plan Officer and/or its Advisor will seek to offer a sufficient number of passive and active investment options to allow each participant to construct a diversified portfolio consistent with their reasonable investment objectives.

The Menu may include at least one option from each of the following categories:

- “Do-it-for-me” investment solutions (at least one):
 - Target date funds (TDFs)
 - Risk-based portfolios
 - Managed accounts
- Core investment options:
 - Stable value
 - Bond/fixed income
 - U.S. Large Cap equity
 - U.S. Mid Cap equity

- U.S. Small Cap equity
- International equity

The Plan Officer may also consider including investment categories that align with the Plans' objectives and the County's mission and vision. Categories may include Environmental, Social, and Governance ("ESG") and Impact Investing.

IV. INVESTMENT OPTION GUIDELINES

The Plan's investment options will be selected to provide:

- Exposure to a diversified range of investment options that allows participants to create an individual portfolio with an asset allocation appropriate to their investment objectives, time horizon, and risk tolerance
- Competitive and consistent risk-adjusted returns as compared to similar investment options
- Reasonable value to participants with respect to total administrative, management, and investment expenses

The primary guidelines for evaluating investment options are:

- Qualitative assessments including:
 - Tenure and experience of the investment manager and team members
 - Ability to recognize important market changes, differentiation, economic rationale of an investment thesis relative to sector allocation, and individual security selection
 - How investment ideas are implemented into the portfolio, measurements of risk, number of positions, portfolio turnover, capacity of the strategy, and whether the process is repeatable
- Costs, including the fund expense ratio and any other fees
- Operational criteria
- Quantitative screens including:
 - Historical performance over multiple time frames
 - Relative and absolute returns
 - Risk and volatility
 - Modern portfolio theory statistical measures

The Plan Officer should seek the services of an investment advisor and/or investment manager with specific expertise in public sector retirement plans to assist them in meeting Plan objectives.

Additional "Do-It-For-Me" Guidelines:

Menu "do-it-for-me" options are comprehensive investment solutions designed to match Plan demographics and/or individual participant investment/retirement goals to the individual. Therefore, these options are evaluated differently than core individual investment options which have a stated investment objective and performance benchmark unrelated to the investor.

Evaluating "do-it-for-me" solutions includes overall portfolio construction and the probability of

Plan participants being in a reasonably appropriate asset allocation given their unique circumstances. Important considerations include but are not limited to:

- *TDFs*: the appropriateness of the glide path in conjunction with other employer-provided retirement benefits
- *Risk-based models*: the underlying construction of the model portfolios as well as the ability of the participant to identify and maintain the appropriate model throughout their investment horizon
- *Managed accounts*: the underlying construction of the individual portfolios as well as the ability of the overall managed account program to engage the participant in planning their retirement and dynamically maintaining an appropriate portfolio model throughout their investment horizon

Core Investment Options – Quantitative Screens:

The Plan Officer and/or its Advisor maintain different performance guidelines for selecting and deselecting core investment options.

To be added to the Menu, the Plan Officer and/or its Advisor seeks funds with:

- A rate of return in the top quartile of funds within its asset class during the previous 3- or 5-year peer rankings
- A rate of return in the top half of funds within its asset class for two of the three 1-, 3-, and 5-year peer rankings
- A ranking in the top half for the prior 3- or 5-year periods of risk-adjusted return rankings

To assist in their evaluation, the Plan Officer and/or its Advisor may use other industry-recognized quantitative measures in lieu of or in addition to those outlined above.

Active status performance guidelines:

- A rate of return in the top half of funds within its asset class for two of the three previous 1-, 3-, and 5-year rankings
- Risk-adjusted return rankings (as measured by the Sharpe Ratio) in the top half of funds within its asset class for the prior 3- or 5-year periods
- The fund's actual investment style relative to its asset category to ensure it remains representative of its asset category

To assist in their evaluation, the Plan Officer and/or its Advisor may use other industry-recognized qualitative and quantitative measures in lieu of or in addition to those outlined above.

If the overall assessment of the investment option satisfies the Active status guidelines, no further action is required. Investment options failing to satisfy Active status guidelines may be placed on Watch or Warning status, or be removed from the Menu.

Watch status performance guidelines:

When an investment option is placed on Watch, the Plan Officer and/or its Advisor will closely monitor the investment team, operations, and performance for a period of not less than 12 months. The Plan Officer recognizes that investment performance is subject to short-term volatility and a

long-term focus must be maintained. During the Watch period, the Plan Officer and/or its Advisor will determine if an option should be retained or deselected.

Investment options which, in the opinion of the Plan Officer and/or its Advisor, fail to satisfy the above Watch guidelines for an extended period of time without showing meaningful indications of improvement may be placed on Warning status and potentially removed (deleted) from the Menu.

Warning status:

When the Plan Officer and/or its Advisor are no longer confident that an investment option meets the guidelines of the IPS, the investment is placed on Warning status. Once an investment is on Warning status, the Plan Officer and/or its Advisor explore deleting/replacing it within 12 months.

If an investment is identified for deletion from the Menu, Plan participants will be given reasonable notice and time to transfer their account value to a different approved option. If a participant does not act within the specified time frame, all remaining assets will be transferred and future contributions directed (mapped) to a Plan investment selected by the Plan Officer and/or its Advisor.

Investment performance is only one of several criteria and is not, in itself, sufficient reason to select or delete an investment option. The failure of an investment option to meet the above guidelines does not, in itself, require Plan action.

V. INVESTMENT PERFORMANCE REVIEW

The Plan Officer will periodically (at least annually) review the Plan and its investment options. The ongoing monitoring of investments will be a disciplined process occurring on a regular basis in accordance with the Plan's IPS.

The Plan Officer retains the right to waive any of the above policies if it deems that such waiver is in the best interest of the Plan and/or its participants.

Signed by:

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Alameda County Deferred Compensation Plan Officer

4/1/2025

Date