

STATEMENT OF INVESTMENT POLICY

FOR THE

CITY OF CAPE CORAL

FIREFIGHTERS' PENSION FUND

Adopted: August 27, 2024

Introduction

The Board of Trustees of the City of Cape Coral Firefighters' Pension Fund has established this Statement of Investment Policy. This policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Board determined this policy after evaluating the implications of increased investment return versus increased variability of return for a number of potential investment policies with varying commitments to different asset classes.

This Statement of Investment Policy is intended to complement the investment guidelines provided in applicable State Statutes, and local ordinances. The purpose of this Statement is to:

- 1) Provide the investment manager a more accurate understanding of the Trustees' investment objectives and,
- 2) Indicate the criteria by which the investment manager's performance will be evaluated.

INVESTMENT MANAGER RESPONSIBILITIES

- 1) Within the guidelines and restrictions set forth herein, it is the intention of the Board to give the investment manager full investment discretion, with respect to assets under its management. The investment manager shall discharge its responsibilities in the same manner as it would if the Fund were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Although the Fund Trustees acknowledge that ERISA does not apply to a governmental fund, it hereby imposes the fiduciary provisions of ERISA upon the investment manager whose performance shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. The investment manager shall acknowledge, in writing, that it is a named fiduciary of the Fund.
- 2) The investment manager is expected to provide any reasonable information requested by the Board of Trustees. At a minimum, each manager shall provide a quarterly report detailing their investment activity, the portfolio's current value, and any changes in investment philosophy or strategy. The Firm's investment manager is expected to meet with the Board of Trustees at least once per year. A designated representative will meet with the Board of Trustees, as requested.
- 3) Unless otherwise provided by the Custodian, the investment manager will monitor portfolio activity to minimize non-invested cash balances.
- 4) The investment manager shall be responsible only for those assets under its management.
- 5) It will be the responsibility of the investment manager to review the monthly valuations provided by the Custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

Florida Statute 112:

1. **EXPECTED ANNUAL RATE OF RETURN:** With consideration to rates of return from different asset classes, the Board of Trustees has crafted its investment program in order to deliver an expected rate of return similar to that of the actuarial assumed rate. The Board shall determine for each actuarial valuation, the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. The total expected annual rate of return is anticipated to be similar to the actuarial assumed rate of return. This determination is to be filed with the Department of Management Services and with the plan sponsor and consulting actuary.
2. **CONTINUING EDUCATION:** The Board of Trustees relies on its consultants and professionals to provide continuing education on pension and investment issues. The Board of Trustees also recognize state and regional conferences as a source of continuing education. The Trustees are encouraged to attend conferences, schools, and other functions periodically in order to fulfill this requirement.
3. **FILING OF INVESTMENT POLICY:** The investment policy is to be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of the investment policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

Florida Statute 215:

1. Direct investment in “Scrutinized Companies” identified in the periodic publication by the State Board of Administration (“SBA List”, updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010. For securities identified after January 1, 2010 that were not deemed “Scrutinized Companies” at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investments in accordance with the prudent man standard of care, but no additional investment may be made unless authorized by law or ordinance. An action plan outlining the investment “hold or sell” strategy shall be provided to the Board immediately. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security.
2. For indirect investments in “Scrutinized Companies”, the Investment Consultant, on behalf of the Plan, shall send a letter to any pooled fund referring the investment manager to the listing of “Scrutinized Companies” by the State Board of Administration (“SBA list”), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the Plan shall replace all applicable investment s with investments in the similar fund in an expedited timeframe consistent with the prudent investing standards. For the purposes of this section, a private equity fund is deemed to by an actively managed investment fund. However, after sending the required correspondence, the Plan is not required to sell the pooled fund.

COMPLIANCE WITH CHAPTER 2023-28, LAWS OF FLORIDA

The Board and its investment managers shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662, along with regulations adopted by the Department of Management Services.

1. Definition of pecuniary factor: The term “pecuniary factor” is defined as a factor that an investment fiduciary “prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests.” [112.662(1)]
2. Exclusive consideration of pecuniary factors: Only pecuniary factors may be considered, and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]
3. Proxy voting: Only pecuniary factors may be considered when voting proxies. [112.662(3)]
4. Filing requirements: The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. Investment managers and the Board’s investment consultant shall assist in the preparation of required reports and shall annually confirm to the Board their compliance with Chapter 2023-28.

5. Contracting and external communication requirements: Manager contracts shall comply with Section 215.855 as follows:

Any written communication made by an investment manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:

The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida.

6. The Investment Consultant will provide Investment Managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes §112.662.
7. If a Request for Proposals document is issued for Investment Manager services, the solicitation document must include the following:

The Board of Trustees may not request documentation of or consider a vendor's social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor's social, political, or ideological interests.

GENERAL OBJECTIVES

The primary investment objective of the City of Cape Coral Firefighters' Pension Fund is to achieve the absolute return objective over near-term, intermediate-term, and longer-term time periods. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of returns.

To achieve these objectives, the Board seeks to create a conservative, diversified and balanced portfolio of equity, fixed income, real estate, alternative strategies and money market securities. The Board has determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

INVESTMENT OBJECTIVES

Investment objectives are intended to provide quantifiable benchmarks to measure and evaluate portfolio return and risk. Most investment styles require a full market cycle to allow an investment manager to demonstrate his abilities. A full market cycle is defined as a three to five-year time period. As a result, performance objectives will be measured over three to five-year periods. Monitoring shorter periods may be used to determine the trend of performance premiums or deficiencies. The specific investment objectives of the City of Cape Coral Firefighters' Pension Fund are as follows:

Absolute Return Objective: The Goal of the Cape Coral Firefighters' Pension Fund shall be to achieve an average annual rate of return greater than the current *applicable actuarial assumed rate of return* over the longer-term. This absolute return objective will be evaluated in the context of the prevailing investment market conditions.

Market Return Objective: In order to provide a reference of fund return and risk relative to a similar basket of passive assets, the board has developed a "Target Index". The target index has been developed to shadow the actual asset allocation of the total fund. The fund's objective is to achieve a rate of return over the long term (3 to 5 years), which exceeds the return of a Target Index.

The Target Index for the City of Cape Coral Firefighters' Pension Fund is defined as a passive mix of indexes according to the target weightings shown in the table in **Exhibit A**.

Peer Return Objective: It is expected that the total rate of return earned by the Fund and the returns earned by the stock, bond and other portions of the portfolio will each rank in the **top 50%** when compared to a representative universe of other, similarly managed portfolios.

Volatility: The volatility of the Fund's total returns is expected to be similar to that of the Target Index and will be evaluated accordingly.

The above investment objectives have been established for the entire City of Cape Coral Firefighters' Pension Fund. The specific investment objectives for each investment manager will be outlined in **Exhibit B**.

INVESTMENT GUIDELINES

The Board of Trustees has established the target asset allocation for the entire Cape Coral Firefighters' Pension Fund investment account as outlined in **Exhibit A**.

REBALANCING:

It is the Board's intention to allocate the assets similarly to the Target Index but understands that the assets will fluctuate over time based on normal market volatility. In order to control risk, the permissible ranges included in **Exhibit A** have been identified as a tool to assist in rebalancing the total portfolio. The Board of Trustees intend to review and rebalance the portfolio periodically. From time to time, if any asset class fall outside its permissible range the Board of Trustees does not consider this a technical default of the Investment Policy. The Board will utilize plan outflows to rebalance the portfolio back to portfolio targets whenever possible.

Specific investment manager assignments within broad asset classes including specific benchmarks are reflected in **Exhibit B**.

The aggregate portfolio of assets in each asset class listed below should, in aggregate, comply with these guidelines:

PUBLIC EQUITY SECURITIES & FUNDS:

- 1) Investments in equity securities or funds representing public equity shall not exceed the limits shown in **Exhibit A**.
- 2) Direct equity investments by separate account portfolio managers shall be limited to fully and easily negotiable equity securities.
- 3) The board may achieve diversification in foreign equity through commingled fund or institutional mutual fund vehicles. These pooled investments are considered investments in foreign securities and shall not exceed **25%** of the market of the total investment portfolio.
 - a) American Depositary Receipts (ADRs) and foreign ordinary securities traded on domestic exchanges are United States dollar-denominated securities listed and traded on a United States exchange and are considered part of the ordinary investment strategy of the Board. These securities are not considered foreign securities and may be purchased by separate account managers without limitation.
- 4) The maximum allocation to any one issuer is the greater of **10%** or **150%** of that issuer's weighting in the benchmark index at purchase. Notwithstanding this limitation, no liquidation of investment shall be required solely due to changes in market value.
- 5) Equity strategies purchased in commingled, mutual fund, or limited partnership structures are guided by the prospectus, subscription agreement, or governing document of that investment, and the Board recognizes that no further restrictions can be put on these investments.

FIXED INCOME SECURITIES & FUNDS:

- 1) Separate account fixed income managers are to comply with the following guidelines:
 - a. The average credit quality of the bond portfolio shall be **"BBB"** or higher.
 - b. The duration of the fixed income portfolio shall not exceed **135%** of the duration of the market index. The market index is defined as the Bloomberg US Aggregate Bond Index.
 - c. Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
- 2) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- 3) Fixed income strategies purchased in commingled, mutual fund, or limited partnership structures are guided by the prospectus, subscription agreement, or governing document of that investment, and the Board recognizes that no further restrictions can be put on these investments.

REAL ESTATE:

- 1) All real estate investments shall be made through participation in diversified commingled funds of real properties. These funds shall be broadly diversified as to property type and location.
- 2) Experienced and professional real property investment managers shall manage all real estate investments.

ABSOLUTE RETURN:

- 1) The Board may invest in alternative asset classes and strategies through open-ended, commingled funds, and institutional mutual fund vehicles or limited partnerships.
- 2) The Board will endeavor to consider those investments that offer transparency, liquidity and low relative fees.

PRIVATE EQUITY:

- 1) The Board may invest in private strategies through limited partnership vehicles.
- 2) The Board will endeavor to consider those investments that offer transparency, liquidity and low relative fees.

PRIVATE CREDIT:

- 1) The Board may invest in private strategies through limited partnership vehicles.
- 2) The Board will endeavor to consider those investments that offer transparency, liquidity, and low relative fees.

CASH EQUIVALENT SECURITIES:

- 1) The investment manager may invest only in the following short term investment vehicles:
 - a. The money market or STIF provided by the Plan's custodian.
 - b. Direct obligations of the United States Government with a maturity of one year or less.
 - c. Commercial Paper with a maturity of 270 days or less that is rated A-1 by Standard & Poor's or P-1 by Moody's.
 - d. Bankers Acceptances issued by the largest 50 banks in the United States (in terms of total assets).

PROHIBITED SECURITIES:

Only those derivative securities expressly described herein are permissible. Venture capital, trading on margin and short selling are prohibited in separate account portfolios.

MUTUAL FUNDS / COMMINGLED FUNDS:

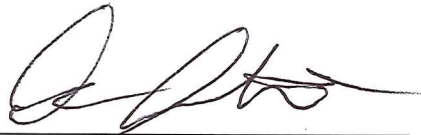
The Board of Trustees recognizes and accepts that commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them. The guidelines herein for equity securities and fixed income securities do not apply to mutual fund or commingled fund investments. The decision to make a direct investment in any commingled or mutual fund will only be made by the Board of Trustees after a thorough review of the policies and/or prospectuses of those funds and after it has been determined that those policies are appropriate and consistent with the investment objectives of Cape Coral Firefighters' Pension Board.

REVIEW OF POLICY

It is the intention of the Board of Trustees of the City of Cape Coral Firefighters' Pension Fund to review this Statement of Investment Policy periodically to amend it to reflect any changes in philosophy or objectives. However, if at any time the investment manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, the Board shall be so notified in writing.

The investment consultant shall endeavor that all investment managers are aware of the current Investment Policy guidelines.

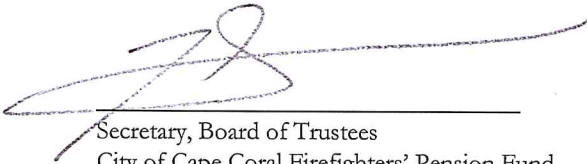
Adopted this 27th day of August 2024.



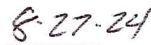
Chairman, Board of Trustees
City of Cape Coral Firefighters' Pension Fund



Date



Secretary, Board of Trustees
City of Cape Coral Firefighters' Pension Fund



Date

CCF IPS FINAL FOR SIG 8-27-24

EXHIBIT A

ASSET ALLOCATION				
Asset Class	Target Index (at market)	Minimum Allocation (at market)	Maximum Allocation (at market)	Representative Benchmark(s)
Public Equity:				
Large Cap Domestic Equity	40%	30%	50%	Russell 1000
Small/Mid Cap Domestic Equity	10%	5%	15%	Russell 2500
Foreign Equity	5%	0%	15%	MSCI EAFE
Total Public Equity	55%	65% Max Limit		
Alternative Strategies				
Private Real Estate	10%	5%	20%	NCREIF ODCE
Absolute Return**	10%	0%	15%	CPI + 3%
Private Credit*	5%	0%	10%	CPI + 3%
Private Equity*	10%	0%	20%	CPI + 3%
Total Alternative Strategies	30%			
Fixed Income & Cash				
Fixed Income	10%	2%	20%	Bloomberg US Agg
Cash & Equivalents	0%	0%	10%	T-Bills
Total Fixed Income & Cash	10%			

*Private Equity / Private Credit are being funded through capital calls. The Target Index may not be changed until the target weightings are achieved.

**Absolute return strategies may include public equity exposure.

EXHIBIT B

Actively managed strategies / funds are expected to meet or exceed the stated policy benchmark and to rank above average to its comparative universe over a three to five-year period. Passive investments are expected to replicate their respective benchmarks and will be ranked against comparative universes for informational purposes. Passive funds are not expected to rank above average -v- a sample of active managers. The Board of Trustees will place an actively managed strategy “under review” if these performance expectations are not met over a 3-5-year period. The Board of Trustees may place an actively managed strategy “under review” if the standard deviation of returns is considered inappropriate based on the unique characteristics of each strategy.

Asset Manager	Policy Benchmark	Comparative Universe
Rhumblin Russell 1000	Russell 1000 Index	Domestic Large Cap Universe
William Blair (Growth Equity)	Russell 1000 Growth	Domestic Large Cap Growth Universe
Polen Capital (Growth Equity)	Russell 1000 Growth	Domestic Large Cap Growth Universe
DePrince Race & Zollo (Value Equity)	Russell 1000 Value Index	Domestic Large Cap Value Universe
Great Lakes (Value Equity)	Russell 1000 Value Index	Domestic Large Cap Value Universe
Eagle Capital (Value/Core Equity)	Russell 1000 Value Index	Domestic Large Cap Value Universe
Vanguard Small Cap Index	Russell 2000 Index	Domestic Small Cap Universe
Waycross Partners (Core Equity)	Russell 1000	Domestic Large Cap Core Universe
American Funds EuroPacific Growth Fund	MSCI EAFE Index	International Equity Universe
Oppenheimer Intl Growth Y	MSCI EAFE Index	International Equity Universe
Vanguard Developed Markets Index	FTSE Developed All Cap ex-US Index	International Equity Universe
CS McKee	Bloomberg US Aggregate Bond Index	Core Domestic Fixed Income Universe
Serenitas Credit Gamma / Dynamic Alpha	Bloomberg US Aggregate Bond Index / CPI + 3%	Core Domestic Fixed Income Universe
American Core Realty	NCREIF ODCE	Domestic Real Estate Universe
JPM SSPF (Value Add)	NCREIF ODCE	Domestic Real Estate Universe
Cohen & Steers RE Oppty (CEF Private RE)	CPI + 3%	NA
Affiliated Housing (CEF Private RE)	CPI + 3%	NA
Blackrock Systematic Multi Strategy (ASR)	CPI + 3%	NA
Columbia Adaptive Risk (ASR)	CPI + 3%	NA
Cohen & Steers Infrastructure (ASR)	CPI + 3%	NA
Taurus Fund I (Private Equity)	CPI + 3%	NA
Taurus Fund II (Private Equity)	CPI + 3%	NA
JPM PEG Global Private (Private Equity)	CPI + 3%	NA
Capital Dynamics Global Secondaries (Private Equity)	CPI + 3%	NA
Constitution Ironsides VI (Private Equity)	CPI + 3%	NA
Churchill MM SR III (Private Credit)	CPI + 3%	NA
ATEL Private Debt III (Private Credit)	CPI + 3%	NA