



Agenda Item No. (7)

To: OPEB Retirement Investment Trust Board
Meeting of March 26, 2026

From: Cody Smith, Director of Accounting
Grant Martinez, Director of Budget and Financial Analysis
Jennifer H. Mennucci, Auditor-Controller

Subject: **APPROVE AMENDMENTS TO THE INVESTMENT POLICY STATEMENT**

Recommendation

Staff recommends that the OPEB Retirement Investment Trust Board (“Trust Board”) amend the Investment Policy Statement (“Policy”) based on PFM Asset Management’s (“PFMAM”) proposed edits, as summarized below.

Summary

PFMAM conducted its annual review of the Policy, which was last amended in October 2022. PFMAM recommends amending the Policy to modify the following:

1. **Changes to Asset Classes.** Proposed changes include expanded utilization of global infrastructure, listed real estate, and high-yield fixed income. Consistent with this change, the updated Policy establishes tactical ranges for listed real estate assets and introduces a dedicated target allocation to high-yield fixed income.
2. **Asset Holding Groupings.** PFMAM will be onboarding a new performance reporting platform, which employs a more specific investment hierarchy and asset-class classification framework than has been used historically. As a result, categories previously grouped under “Other Growth,” or in some cases “Other,” will now be assigned specific definitions and targets.
3. **Benchmark Definitions.** Satellite benchmark targets are being revised for both listed real estate and listed infrastructure. Additionally, for domestic fixed income, the Policy now designates the *ICE BofA High Yield Index* as the benchmark for high-yield exposure. The intermediate term fixed income benchmark has also been updated to reflect the current sponsorship of the Bloomberg U.S. Aggregate Bond Index; prior references to Barclays Capital are no longer applicable.

Copies of the redlined and clean versions of the revised Policy are attached for your reference.

Fiscal Impact

There is no fiscal impact associated with this report.

Attachment 1: PFMAM Memo re Investment Policy Review and Proposed Changes

Attachment 2: Investment Policy Statement – Redlined Version

Attachment 3: Investment Policy Statement – Clean Version

March 6, 2026

MEMORANDUM

To: Jennifer Mennucci, Chief Financial Officer/Auditor-Controller
Cody Smith, Director of Accounting
Grant Martinez, Director of Budget & Financial Analysis

From: Andrew Brown, Senior Investment Strategist, Portfolio Manager

RE: Annual Investment Policy Review and Proposed Change to Investment Policy Statement

PFM Asset Management (“PFMAM”) conducted an annual review of the investment policy statement (“IPS”) for the Golden Gate Bridge, Highway and Transportation District Other Post-Employment Benefits Trust (“OPEB” or “Trust”). There are three primary catalysts behind the recommended amendments to the Investment Policy Statement (IPS).

The first relates to the corporate evolution of PFMAM. Today’s PFMAM reflects the combination of legacy PFM Asset Management, U.S. Bank Asset Management, and HighMark Capital Management. Over the past four years, U.S. Bank has acquired both PFMAM and HighMark, and the resulting integration has driven a more deliberate use of certain asset classes within the core structure of client portfolios. For the Plan, this includes expanded utilization of global infrastructure, listed real estate, and high-yield fixed income. Consistent with this evolution, the updated IPS establishes revised tactical ranges for listed real assets and introduces a dedicated target allocation to high-yield fixed income.

The second catalyst relates to systems and administrative developments. Over the next twelve months, PFMAM will be onboarding a new performance reporting platform. The selected vendor employs a more specific investment hierarchy and asset-class classification framework than has been used historically. As a result, categories previously grouped under “Other Growth,” or in some cases simply “Other,” will now be assigned explicit definitions and targets. This change is most clearly reflected in the formal separation of listed real assets into distinct allocations for Listed Real Estate and Listed Infrastructure.

Finally, the proposed amendments reflect updates to certain benchmark definitions. Satellite benchmark targets are being revised for both listed real estate and listed infrastructure. In addition, for domestic fixed income, the IPS now designates the ICE BofA High Yield Index as the benchmark for high-yield exposure. The intermediate-term fixed income benchmark has also been updated to reflect the current sponsorship of the Bloomberg U.S. Aggregate Bond Index; prior references to Barclays Capital are no longer applicable.



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INVESTMENT POLICY STATEMENT

FOR

**GOLDEN GATE BRIDGE, HIGHWAY &
TRANSPORTATION DISTRICT**

OTHER POST EMPLOYMENT (“OPEB”) TRUST

Amended ~~October 27, 2022~~

Month, 26, 2026

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Background

The Golden Gate Bridge, Highway & Transportation District (the “District”) has established the Golden Gate Bridge, Highway & Transportation District Other Post-Employment Benefits Trust (the “Trust”). The Trust is intended to provide for funding of non-pension post-employment benefits (“OPEB”) for employees who meet the age and service requirements outlined in the District’s plan documents.

Scope

This Investment Policy Statement (the “Policy Statement”) reflects investment policy, objectives and constraints of the Trust.

Purpose

The main investment objective of the Trust is to achieve long term growth of Trust assets by maximizing long term rate of return on investments and minimizing risk of loss to fulfill the District’s current and long term OPEB obligations.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for Trust assets.
2. Establish an appropriate investment strategy for managing all Trust assets, including an investment time horizon, risk tolerance ranges and asset allocations to provide sufficient diversification and overall return over the long-term time horizon of the Trust.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Trust assets.

Investment Authority

The District’s Board of Directors has appointed an OPEB Retirement Investment Trust Board (the “Trust Board”) as co-trustee of the Trust to oversee certain policies and procedures related to the operation and administration of the Trust. The Trust Board will have authority to implement the investment policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust. In implementing this Policy Statement, the Trust Board believes it may delegate certain functions to:

1. An investment advisor (“Advisor”) to assist the Trust Board in the investment process and to maintain compliance with this Policy Statement. The Advisor may assist the Trust Board in establishing investment policy objectives and guidelines. The Advisor will adjust asset allocation for the Trust subject to the guidelines and limitations set forth in this Policy Statement. The

Advisor will also select investment managers (“Managers”) and strategies consistent with its role as a fiduciary of the Trust. The investment vehicles allowed include mutual funds, commingled trusts, separate accounts and other investment vehicles deemed to be appropriate by the Advisor. The Advisor is responsible for monitoring and reviewing managers; measuring and evaluating investment performance; and other tasks as deemed appropriate in its role as Advisor for the Trust assets. The Advisor may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds (“ETFs”) that will be used to meet the Trust’s investment objectives. The Advisor shall never take possession of the securities, cash or other assets of the Trust, all of which shall be held by the custodian. The investment advisor must be registered with the Securities and Exchange Commission (“SEC”).

2. A custodian selected by the Trust to maintain physical possession of securities and records of street name securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust.
3. A co-trustee appointed by the Trust, such as a bank trust department, to assume fiduciary responsibility for the administration of Trust assets; provided, however, that if the Trust Board shall have appointed an investment advisor, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
4. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others to assist the Trust Board in meeting its responsibilities and obligations to administer Trust assets prudently.

Statement of Investment Objectives

The investment objectives of the Trust are as follows:

1. To invest assets of the Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Trust beneficiaries and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for payment of OPEB benefits and related expenses.
3. To enhance the value of Trust assets in real terms over the long-term through asset appreciation and income generation, while maintaining a moderate investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).
5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled “Performance Expectations”.

Investment Guidelines

Time Horizon

The Trust's investment objectives are based on a long-term investment horizon ("Time Horizon") of 15 to 20 years. Interim fluctuations should be viewed with appropriate perspective. The Trust Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Trust may hold up to six months of cash, cash equivalent, and/or money market funds in the Liquidity Account for near term benefit payments and expenses (the "Trust Distributions"). These assets are to protect the liquidity needs of the Trust. The remaining assets will be invested in longer term investments and shall be diversified with the intent to minimize the risk of investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The Trust Board believes that to achieve the greatest likelihood of meeting Trust's investment objectives and the best balance between risk and return for optimal diversification, the Trust should allocate assets into two accounts called Investment Account and Liquidity Account. The Investment Account will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate as described in the section titled "Performance Expectations". The Liquidity Account will be held in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Investment Account

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
<u>Equity Assets</u> Growth		
Domestic Equity	26% - 46%	36%
International Equity	9% - 29%	19%
Other	0% - 10%	0%
<u>Fixed Income Assets</u>		
Fixed Income <u>Investment Grade</u>	0 5% - 45%	<u>22.5</u> %
<u>Fixed Income Below Investment Grade</u> Other	0% - 10%	<u>2.50</u> %
<u>Listed Real Assets</u>	<u>0% - 10%</u>	<u>0%</u>
<u>Listed REITs</u>	<u>0% - 10%</u>	<u>0%</u>
<u>Listed Infrastructure</u>	<u>0% - 10%</u>	<u>0%</u>
<u>Alternatives</u>	0% - 30%	<u>20%</u>

<u>Alternatives</u>	<u>0% - 30%</u>	<u>20%</u>
Private Equity	0% - 10%	6.7%
Private Debt	0% - 10%	6.7%
Real Asset	0% - 10%	6.6%
Cash Equivalents	0% - 20%	0%

Asset Weightings

Liquidity Account

<u>Asset Class</u>	<u>Range</u>	<u>Target</u>
Cash Equivalents	100%	100%

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the Policy Statement ranges. When allocations breach the specified ranges, Advisor will rebalance the asset mix to its appropriate targets and ranges. Similarly, if the cash requirement to handle liquidity needs falls to a level where near term distributions (over the following six months or less) cannot be met and no contributions are anticipated, the Advisor will rebalance the fund to its appropriate targets and ranges.

When the Advisor is notified of new contributions by the Trust custodian, the Advisor will review the Trust allocation and fill the liquidity allocation first and the remaining investment allocations last.

Risk Tolerances

The Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon and that is consistent with the Trust's investment objectives.

Performance Expectations

The investment strategy selected is driven by the District's funded status and long-term return objectives. Over the long-term, 15-20 years, as defined in the "Time Horizon" section, the Trust assets are expected to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate which is currently stated at 6.75%. Over a rolling five year period, the performance objective for Trust assets will be to achieve an average total annual rate of return that is equal to or greater than a blended benchmark, currently ~~4.236%~~ 2.36% Russell 3000 Index, ~~2.319%~~ 2.19% MSCI AC World ex USA (net) Index, ~~3.522.5%~~ 2.5% Blomberg Barclays U.S. Aggregate Index, ~~2.5%~~ 2.5% ICE BofA High Yield Index, ~~6.7%~~ 6.7% Cambridge Associates US Private Equity Index, ~~6.7%~~ 6.7% Cliffwater Direct Lending Index, ~~6.6%~~ 6.6% NCREIF Fund Index ODCE. Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Trust. Managers must meet the following criteria:

- The Manager must be a bank, insurance company, or investment adviser as defined by the Investment Advisers Act of 1940.
- With respect to Trust assets invested in a mutual fund, the Manager must provide historical quarterly performance data for the mutual fund compliant with Securities Exchange Commission (“SEC”) and National Association of Securities Dealers (“NASD”) standards.
- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (“GIPS”), Securities & Exchange Commission (“SEC”), and Financial Industry Regulatory Agency (“FINRA”) rules, as appropriate.
- The Manager must provide detailed information on history of the firm, key personnel, support personnel, key clients, fee schedule (including most favored nation clauses). This information can be a copy of a recent Request for Proposal (RFP) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The Manager for portfolios other than Pooled Vehicles (see Guidelines for Portfolio Holdings) must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form acceptable to the Trust prior to investment of Trust assets.

Guidelines for Portfolio Holdings

The investment advisor shall make every effort to prudently select funds that follow the guidelines listed below.

Until the Trust reaches a size where investment in separate accounts are viable and appropriate, the Trust will invest in Pooled Vehicles such as commingled and/or mutual funds, to provide the Trust the ability to appropriately diversify its holdings in a cost effective manner. Pooled Vehicles that are domiciled in the United States are regulated by either the Office of the Comptroller of the Currency (“OCC”) or the SEC, but may also invest in Pooled Vehicles domiciled outside the U.S. Inherent within the Pooled Vehicle structure is the limitation on customizing the underlying security selection based on Trust specific economic, social or other screens.

Upon attaining asset size where use of a separate account structure is viable and appropriate, the selection of individual asset managers will be considered along with Pooled Vehicles for inclusion in the Trust. Separate accounts are governed by contract. When using separate accounts, the Trust may develop addenda to this Policy Statement to require the individual asset manager to use economic, social or other screening techniques.

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments

EQUITIES

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Other than these constraints, there are no quantitative guidelines suggested as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager(s).

Domestic Equities: Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities: The overall non-U.S. equity allocation should include a diverse global mix comprised of the equity of companies from multiple countries, regions and sectors.

LISTED REAL ASSETS

Listed Real Assets may consist of but are not limited to publicly traded real estate (REIT), publicly traded global infrastructure and infrastructure related companies, listed commodities and listed natural resources.

FIXED INCOME

Fixed income investments shall be high quality, marketable securities with the majority of the investments in (1) U.S. Treasury, federal agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues, including convertibles.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one of the Nationally Recognized Statistical Rating Organizations (“NSRO”).

OTHER (ALTERNATIVES)

Other investments may consist of non-traditional asset classes such as private equity, private debt, real assets and hedge funds, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio at time of purchase.

Private Equity: Private equity consists of less liquid, often illiquid, equity investments that may provide returns greater than available in the public equity markets. The private equity portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security, and special situation funds. Private equity investments are recognized to be long-term in nature, highly illiquid and due to their higher risk, expected to provide higher returns than publicly traded equity securities. For purposes of asset allocation targets and limitations, these funds will be included in “Private Equity” as part of the Alternatives category.

Private Debt: Private debt is less liquid than publicly trade debt and can provide returns that are greater than what is available in publicly traded markets. The private debt portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, direct lending, distressed debt, multi-asset credit, structured credit, mezzanine debt, real estate debt, and special situations. Due to their higher risk, private debt investments are expected to provide higher long-term returns than publicly traded debt securities. For purposes of asset allocation targets and limitations, these funds will be included in “Private Debt” as part of the Alternatives category.

Private Real Assets: ~~Private R~~real assets are typically physical assets that have intrinsic worth due to their substance and properties. ~~Private R~~real assets are primarily used for their lower correlation to traditional assets (i.e. stocks and bonds) and their inflation hedging properties. Categories of private real asset investments include, but are not limited to, private real estate, private infrastructure, land, farmland, timberland, precious metals, and commodities. ~~Private R~~real assets include securities and assets with varying levels of liquidity. Private real assets are illiquid and long-term in nature, whereas public real assets are publicly traded and more liquid. The benefit of lower correlation investments is that, when implemented correctly, these investments can potentially improve a portfolio’s expected risk-adjusted return over the long-term. ~~The real assets category can be extended to include other forms of assets that offer similar inflation hedging properties such as pooled vehicles holding: commodities contracts, Treasury Inflation Protected Securities (“TIPS”), index-linked derivative contracts, certain forms of intellectual property, and the equity of companies in businesses thought to hedge inflation. For purposes of asset allocation targets and limitations, depending upon the underlying characteristics and liquidity these funds may be categorized as “Other” under either Growth or Income. For instance, publicly traded real estate, Real Estate Investment Trusts (REITs), will be categorized as “Other” Growth whereas private funds will be categorized as “Real Assets” or “Infrastructure” under the Alternatives category.~~

~~Diversifying (e.g. Hedge Funds & Liquid Alternatives): The primary objective shall be to enhance the risk return profile of the overall portfolio. This can be accomplished by using a combination of hedge fund strategies and/or liquid alternative strategies that may enhance returns at a reasonable level of risk or reduce volatility while providing a reasonable level of return. These strategies may differ from traditional public market asset classes due to the use of certain strategies and tools including short-selling, leverage, and derivatives. Hedge funds and liquid alternatives may also invest across asset~~

~~classes. The use of direct hedge funds and fund of funds are allowed. For purposes of asset allocation targets and limitations, single strategy hedge funds will be categorized under the specific asset class of the fund. For example, a long/short U.S. equity fund will be categorized as “Other” in the Growth Assets category while a long/short credit fund will be categorized as “Other” in the Income Assets category. Multi-strategy hedge funds or fund of funds and multi-strategy liquid alternatives funds that cannot be easily categorized under one asset class will be included in “Other” in either the Growth or Income category depending upon the risk return profile of the strategy.~~

Hedge Funds/Diversifying (collectively, “Hedge Funds”): Hedge Funds are typically less liquid than publicly traded funds and are expected to provide volatility and/or other risk dampening effects on the portfolio. Examples of risks that may be hedged include but are not limited to volatility risk, interest rate risk, and market tail risk. Hedge Funds may include investments in a wide variety of commingled/partnership and direct investment including but not limited to liquid alternative funds, exchange traded funds (“ETF”), equity securities, debt securities, and/or derivative contracts of various types. Hedge Funds may not produce returns more than publicly traded equity securities or debt securities but are expected to reduce overall portfolio risk.

CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Portfolio Risk Hedging

~~Portfolio investments designed to hedge various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Trust assets. One example of a hedge vehicle is an ETF which takes short positions.~~

Prohibited Investments

Except for purchase within authorized investments, securities with the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities). Further, derivatives, options or futures for the sole purpose of direct portfolio leveraging are also prohibited. Direct/physical ownership of real estate, natural resource properties such as oil, gas or timber, and the purchase of collectibles is also prohibited.

Safekeeping

All securities shall be held by a custodian approved by the District for safekeeping of Trust Assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Trust Agreement. Investments of the Trust held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the Trust Board the appropriateness of the Policy Statement for achieving the Trust's stated objectives. It is not expected that the Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the Policy Statement.

Review of Investment Performance

The Advisor shall report on a quarterly basis to the Trust Board to review the total Trust investment performance. In addition, the Advisor will be responsible for keeping the Trust Board advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Trust.

The Advisor shall compare the investment results on a quarterly basis to appropriate benchmarks, as well as market index returns in both equity and debt markets. Examples of benchmarks and indices that ~~may~~will be used, but are not limited to, include the Russell 3000 Index for broad US equity strategies, ~~S&P 500~~Russell 1000 Index for large cap U.S. equities, Russell 2000 Index for U.S. small cap equities, MSCI ACWI ex-US Index for broad based non-US equity strategies, MSCI Europe, Australia, and Far East Index (EAFE) for developed international equities, FTSE NAREIT All Equity REIT Index for listed real estate, FTSE Global Core Infrastructure 50/50 Index for listed infrastructure, ~~Barclays Capital~~Bloomberg US Aggregate Bond Index for investment grade fixed income securities, ICE BofA High Yield Index for non-Investment Grade Fixed Income, and the U.S. 91 Day T-bill Index for cash equivalents. Examples of broad benchmarks to be used for the three alternatives categories are: Private Equity - Cambridge US Private Equity Index, Private Debt - Cliffwater Direct Lending Index, Real Assets - NCREIF Fund Index – ODCE. Any additional asset classes and strategies will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

The blended benchmark for the Trust will be a ~~blended benchmark based upon the target asset allocation of the Trust. of the Russell 3000 Index for the US equities portfolio; the MSCI ACWI ex US Index for the non US equities portfolio; the Barclays Capital Aggregate Index for the fixed income portfolio. Appropriate indices, specific to the characteristics of the strategies and funds used, will be selected to benchmark the performance of investments made in the Other and Alternatives categories.~~

Voting of Proxies

The Trust Board recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common or pooled funds will be exercised by the Managers in accordance with their own proxy voting policies. The Trust Board delegates the authority to vote proxies of funds to the Advisor.

Adoption of Investment Policy Statement

Any changes and exceptions to the Policy will be made in writing and adopted by the Trust Board. Once adopted, changes and exceptions will be delivered to each investment manager, as appropriate, by the investment advisor.

Approved by the Golden Gate Bridge, Highway & Transportation District OPEB Retirement Investment Trust Board:

Resolved by:

Chair

Date

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INVESTMENT POLICY STATEMENT

FOR

**GOLDEN GATE BRIDGE, HIGHWAY &
TRANSPORTATION DISTRICT**

OTHER POST EMPLOYMENT (“OPEB”) TRUST

Amended

March 26, 2026

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2. A custodian selected by the Trust to maintain physical possession of securities and records of street name securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust.
3. A co-trustee appointed by the Trust, such as a bank trust department, to assume fiduciary responsibility for the administration of Trust assets; provided, however, that if the Trust Board shall have appointed an investment advisor, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
4. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others to assist the Trust Board in meeting its responsibilities and obligations to administer Trust assets prudently.

Statement of Investment Objectives

The investment objectives of the Trust are as follows:

1. To invest assets of the Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Trust beneficiaries and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for payment of OPEB benefits and related expenses.
3. To enhance the value of Trust assets in real terms over the long-term through asset appreciation and income generation, while maintaining a moderate investment risk profile.
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Investment Guidelines

Time Horizon

The Trust's investment objectives are based on a long-term investment horizon ("Time Horizon") of 15 to 20 years. Interim fluctuations should be viewed with appropriate perspective. The Trust Board has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Trust may hold up to six months of cash, cash equivalent, and/or money market funds in the Liquidity Account for near term benefit payments and expenses (the "Trust Distributions"). These assets are to protect the liquidity needs of the Trust. The remaining assets will be invested in longer term investments and shall be diversified with the intent to minimize the risk of investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The Trust Board believes that to achieve the greatest likelihood of meeting Trust's investment objectives and the best balance between risk and return for optimal diversification, the Trust should allocate assets into two accounts called Investment Account and Liquidity Account. The Investment Account will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate as described in the section titled "Performance Expectations". The Liquidity Account will be held in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Investment Account

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Equity Assets		
Domestic Equity	26% - 46%	36%
International Equity	9% - 29%	19%
Other	0% - 10%	0%
Fixed Income Assets		
Fixed Income Investment Grade	5% - 45%	22.5%
Fixed Income Below Investment Grade	0% - 10%	2.5%
Listed Real Assets	0% - 10%	0%
Listed REITs	0% - 10%	0%
Listed Infrastructure	0% - 10%	0%

Alternatives	0% - 30%	20%
Private Equity	0% - 10%	6.7%
Private Debt	0% - 10%	6.7%
Real Asset	0% - 10%	6.6%
Cash Equivalents	0% - 20%	0%

Asset Weightings

Liquidity Account

<u>Asset Class</u>	<u>Range</u>	<u>Target</u>
Cash Equivalents	100%	100%

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the Policy Statement ranges. When allocations breach the specified ranges, Advisor will rebalance the asset mix to its appropriate targets and ranges. Similarly, if the cash requirement to handle liquidity needs falls to a level where near term distributions (over the following six months or less) cannot be met and no contributions are anticipated, the Advisor will rebalance the fund to its appropriate targets and ranges.

When the Advisor is notified of new contributions by the Trust custodian, the Advisor will review the Trust allocation and fill the liquidity allocation first and the remaining investment allocations last.

Risk Tolerances

The Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon and that is consistent with the Trust's investment objectives.

Performance Expectations

The investment strategy selected is driven by the District's funded status and long-term return objectives. Over the long-term, 15-20 years, as defined in the "Time Horizon" section, the Trust assets are expected to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate which is currently stated at 6.75%. Over a rolling five year period, the performance objective for Trust assets will be to achieve an average total annual rate of return that is equal to or greater than a blended benchmark, currently 43% Russell 3000 Index, 19% MSCI AC World ex USA (net) Index, 22.5% Bloomberg U.S. Aggregate Index, 2.5% ICE BofA High Yield Index, 6.7% Cambridge Associates US Private Equity Index, 6.7% Cliffwater Direct Lending Index, 6.6% NCREIF Fund Index ODCE. Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Selection of Investment Managers

The Advisor shall prudently select appropriate Managers to invest the assets of the Trust. Managers must meet the following criteria:

- The Manager must be a bank, insurance company, or investment adviser as defined by the Investment Advisers Act of 1940.
- With respect to Trust assets invested in a mutual fund, the Manager must provide historical quarterly performance data for the mutual fund compliant with Securities Exchange Commission (“SEC”) and National Association of Securities Dealers (“NASD”) standards.
- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (“GIPS”), Securities & Exchange Commission (“SEC”), and Financial Industry Regulatory Agency (“FINRA”) rules, as appropriate.
- The Manager must provide detailed information on history of the firm, key personnel, support personnel, key clients, fee schedule (including most favored nation clauses). This information can be a copy of a recent Request for Proposal (RFP) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The Manager for portfolios other than Pooled Vehicles (see Guidelines for Portfolio Holdings) must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form acceptable to the Trust prior to investment of Trust assets.

Guidelines for Portfolio Holdings

The investment advisor shall make every effort to prudently select funds that follow the guidelines listed below.

Until the Trust reaches a size where investment in separate accounts are viable and appropriate, the Trust will invest in Pooled Vehicles such as commingled and/or mutual funds, to provide the Trust the ability to appropriately diversify its holdings in a cost effective manner. Pooled Vehicles that are domiciled in the United States are regulated by either the Office of the Comptroller of the Currency (“OCC”) or the SEC, but may also invest in Pooled Vehicles domiciled outside the U.S. Inherent within the Pooled Vehicle structure is the limitation on customizing the underlying security selection based on Trust specific economic, social or other screens.

Upon attaining asset size where use of a separate account structure is viable and appropriate, the selection of individual asset managers will be considered along with Pooled Vehicles for inclusion in the Trust. Separate accounts are governed by contract. When using separate accounts, the Trust may develop addenda to this Policy Statement to require the individual asset manager to use economic, social or other screening techniques.

Direct Investments by Advisor

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments

EQUITIES

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS). Other than these constraints, there are no quantitative guidelines suggested as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager(s).

Domestic Equities: Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities: The overall non-U.S. equity allocation should include a diverse global mix comprised of the equity of companies from multiple countries, regions and sectors.

LISTED REAL ASSETS

Listed Real Assets may consist of but are not limited to publicly traded real estate (REIT), publicly traded global infrastructure and infrastructure related companies, listed commodities and listed natural resources.

FIXED INCOME

Fixed income investments shall be high quality, marketable securities with the majority of the investments in (1) U.S. Treasury, federal agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues, including convertibles.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one of the Nationally Recognized Statistical Rating Organizations (“NSRO”).

OTHER (ALTERNATIVES)

Other investments may consist of non-traditional asset classes such as private equity, private debt, real assets and hedge funds, when deemed appropriate. The total allocation to this category may not exceed 30% of the overall portfolio at time of purchase.

Private Equity: Private equity consists of less liquid, often illiquid, equity investments that may provide returns greater than available in the public equity markets. The private equity portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security, and special situation funds. Private equity investments are recognized to be long-term in nature, highly illiquid and due to their higher risk, expected to provide higher returns than publicly traded equity securities. For purposes of asset allocation targets and limitations, these funds will be included in “Private Equity” as part of the Alternatives category.

Private Debt: Private debt is less liquid than publicly trade debt and can provide returns that are greater than what is available in publicly traded markets. The private debt portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, direct lending, distressed debt, multi-asset credit, structured credit, mezzanine debt, real estate debt, and special situations. Due to their higher risk, private debt investments are expected to provide higher long-term returns than publicly traded debt securities. For purposes of asset allocation targets and limitations, these funds will be included in “Private Debt” as part of the Alternatives category.

Private Real Assets: *Private* real assets are typically physical assets that have intrinsic worth due to their substance and properties. Private real assets are primarily used for their lower correlation to traditional assets (i.e. stocks and bonds) and their inflation hedging properties. Categories of private real asset investments include, but are not limited to, private real estate, private infrastructure, land, farmland, timberland, precious metals, and commodities. Private real assets include securities and assets with varying levels of liquidity. Private real assets are illiquid and long-term in nature, whereas public real assets are publicly traded and more liquid. The benefit of lower correlation investments is that, when implemented correctly, these investments can potentially improve a portfolio’s expected risk-adjusted return over the long-term.

Hedge Funds/Diversifying (collectively, “Hedge Funds”): Hedge Funds are typically less liquid than publicly traded funds and are expected to provide volatility and/or other risk dampening effects on the portfolio. Examples of risks that may be hedged include but are not limited to volatility risk, interest rate risk, and market tail risk. Hedge Funds may include investments in a wide variety of commingled/partnership and direct investment including but not limited to liquid alternative funds, exchange traded funds (“ETF”), equity securities, debt securities, and/or derivative contracts of various types. Hedge Funds may not produce returns more than publicly traded equity securities or debt securities but are expected to reduce overall portfolio risk.

CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Prohibited Investments

Except for purchase within authorized investments, securities with the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities). Further, derivatives, options or futures for the sole purpose of direct portfolio leveraging are also prohibited. Direct/physical ownership of real estate, natural resource properties such as oil, gas or timber, and the purchase of collectibles is also prohibited.

Safekeeping

All securities shall be held by a custodian approved by the District for safekeeping of Trust Assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Trust Agreement. Investments of the Trust held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

Control Procedures

Review of Investment Objectives

The Advisor shall review annually and report to the Trust Board the appropriateness of the Policy Statement for achieving the Trust's stated objectives. It is not expected that the Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the Policy Statement.

Review of Investment Performance

The Advisor shall report on a quarterly basis to the Trust Board to review the total Trust investment performance. In addition, the Advisor will be responsible for keeping the Trust Board advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Trust.

The Advisor shall compare the investment results on a quarterly basis to appropriate benchmarks, as well as market index returns in both equity and debt markets. Examples of benchmarks and indices that may be used, but are not limited to, include the Russell 3000 Index for broad US equity strategies, Russell 1000 Index for large cap U.S. equities, Russell 2000 Index for U.S. small cap equities, MSCI ACWI ex-US Index for broad based non-US equity strategies, MSCI Europe, Australia, and Far East Index (EAFE) for developed international equities, FTSE NAREIT All Equity REIT Index for listed real estate, FTSE Global Core Infrastructure 50/50 Index for listed infrastructure, Bloomberg US Aggregate Bond Index for investment grade fixed income securities, ICE BofA High Yield Index for non-Investment Grade

Fixed Income, and the U.S. 91 Day T-bill Index for cash equivalents. Examples of broad benchmarks to be used for the three alternatives categories are: Private Equity - Cambridge US Private Equity Index, Private Debt - Cliffwater Direct Lending Index, Real Assets - NCREIF Fund Index – ODCE. Any additional asset classes and strategies will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

The blended benchmark for the Trust will be a blended benchmark based upon the target asset allocation of the Trust.

Voting of Proxies

The Trust Board recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common or pooled funds will be exercised by the Managers in accordance with their own proxy voting policies. The Trust Board delegates the authority to vote proxies of funds to the Advisor.

Adoption of Investment Policy Statement

Any changes and exceptions to the Policy will be made in writing and adopted by the Trust Board. Once adopted, changes and exceptions will be delivered to each investment manager, as appropriate, by the investment advisor.

Approved by the Golden Gate Bridge, Highway & Transportation District OPEB Retirement Investment Trust Board:

Resolved by:

Chair

Date

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