

DISCLAIMER

The specimen Investment Policy Statement (“IPS”) provided by SageView Advisory Group (“SageView”) is intended solely as a sample document. The Committee should use its discretion and independent judgment in determining the need and content of an IPS document.

It is the Committee’s sole responsibility to:

- Determine its authority to review and adopt an IPS document.
- Carefully review any IPS document to ensure it is consistent with the Committee’s policies and procedures.

The Committee should consider whether it is prudent to retain legal counsel for issues relating to the review and/or adoption of an IPS document.

Investment Policy Statement

INVESTMENT POLICY STATEMENT

Maricopa County
Maricopa County 457 Deferred Compensation Plan
November 2020

Investment Policy Statement

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Investment Policy Statement

Purpose of the Investment Policy Statement

This Investment Policy Statement establishes the policies and guidelines for the Maricopa County 457 Deferred Compensation Plan (the “Plan”) and is intended to assist the Retirement Plan Committee (the “Committee”) in effectively selecting, monitoring and evaluating investment alternatives made available to participants under the Plan. It outlines and prescribes a prudent and acceptable investment philosophy and sets out the investment management procedures.

Purpose of the Plan

The Plan was established to provide a retirement savings program for eligible employees of Maricopa County (the “Plan Sponsor”). The Plan is maintained for the exclusive purpose of benefiting the Plan participants and their beneficiaries. The Plan intends to operate in accordance with all applicable state and federal laws and regulations.

The goal of the Plan is to provide a framework for eligible employees of the Plan Sponsor to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, the Plan, in conjunction with an Investment Consultant, will endeavor to provide an appropriate range of investment alternatives, allowing each individual participant to invest in accordance with his or her own time horizons, risk tolerance, and retirement goals.

In evaluating the investment alternatives, the Plan will take into account all Plan demographics.

The Plan is specifically intended to:

- Promote retirement savings while encouraging a high overall participation rate and consistent saving habits
- Provide Plan participants with a wide and suitable range of asset categories and investment alternatives that are intended to help participants meet their retirement goals and investment objectives
- Attract and retain outstanding employees
- Obtain Plan investment alternatives at reasonable costs

Statement of Responsibilities

The following parties associated with the Plan, appointed by the Plan Sponsor, shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows: (1) in the sole interest of the Plan participants and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims.

- A. Retirement Plan Committee: The members of the Retirement Plan Committee (“the Committee”) are Plan fiduciaries and supervise the investment of the assets of the Plan, and make decisions concerning investment alternatives available under the Plan. In adopting this Investment Policy Statement, it is the intention of the Committee that the oversight of the investment portion of the Plan will be the responsibility of the Committee. The Committee, along with the Investment Consultant, shall be responsible for the Plan-

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level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee positive investment results.

- B. Trustee: The Trustee of the Plan is charged with safekeeping the securities as well as collecting and disbursing the Plan assets and periodic accounting statements.
- C. Recordkeeper: The Recordkeeper has responsibilities that include, but are not limited to, the following: maintaining participant records, administering participant directions, reporting to the Plan Sponsor, reporting to participants, allocating contributions, administering loans, and preparing the required regulatory documents.
- D. Investment Consultant: The Investment Consultant is charged with the responsibility of advising the Committee on investment policy, advising on the selection of investment alternatives, providing performance analysis and monitoring services, and educating the Committee on economic and investment trends that may impact the performance of the selected and available investment alternatives. The Investment Consultant, along with the Committee, shall be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee investment results.

Investment Choices

The Plan intends to provide a broad range of investment alternatives. This includes having, at a minimum, three diversified investment alternatives that are sufficient in permitting the participants to materially affect the potential return and degree of risk on their accounts, and to minimize the risk of large losses. Diversification, however, does not ensure a profit or protect against loss in a declining market.

All investment choices will be publicly available mutual funds, institutional trusts, or similar vehicles. All investments being offered will fluctuate in value with market conditions and, when redeemed, may be worth more or less than the amount originally invested. The chosen investment alternatives were selected on the basis of their compatibility with Plan participants' needs and regulatory recommendations. Each of the chosen investment alternatives is designed to follow a specific stated investment objective.

Default Investment Alternative

Although the Committee intends that participants will direct the investment of their assets held under the Plan, there may be circumstances under which participants do not provide direction regarding the investment of their individual accounts. In such instances, participant accounts will be invested in the Plan's default investment alternative. The Committee will attempt for the Plan to comply with the Pension Protection Act of 2006 by offering a default investment alternative that complies with all the conditions required of a default investment alternative.

The Committee may elect to utilize a multi-asset class investment alternative, such as target-date funds, as the default investment option. Periodically, as participant demographics or market conditions require, the Committee shall review and document the process for monitoring and

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selecting the default investment option, taking into account such factors as the philosophy and goals of the Plan Sponsor as well as the needs and abilities of the participants and beneficiaries.

The Plan's default investment option is the Vanguard Institutional Target Date Funds. The specific target date portfolio for a participant or beneficiary who fails to make an investment election will be based on the participant's or beneficiary's date of birth and an assumed normal retirement date of age 65.

Self-Directed Brokerage Account

In an effort to provide investment flexibility, a self-directed brokerage option is offered in the Plan. The Plan's self-directed brokerage option allows participants to invest in any publicly-traded security including stocks, bonds, and mutual funds, with the following exceptions: short sales, options, futures, limited partnerships, currency trading, and margin trades. The Committee will evaluate the self-directed option provider in the areas of costs, service capabilities, and participant satisfaction.

Neither the Investment Consultant nor the Committee has any fiduciary or co-fiduciary responsibility regarding the purchase, sale, retention, or recommendation for purchase, sale or retention of any stocks, bonds, mutual funds or other investments that may be purchased or sold by a Plan participant by means of a self-directed brokerage account. The Investment Consultant and Committee shall have no responsibility to monitor or oversee the choices made by the participants with respect to such accounts. Additionally, the Investment Consultant and Committee shall have no duties or responsibilities whatsoever with respect to recommending whether a self-directed brokerage account option should be provided as an option under the Plan, or for monitoring the continued suitability of such a self-directed brokerage account option as an available investment option under the Plan.

Selection of Investment Alternatives

The Investment Consultant takes a two-tiered approach to investment alternative selection. Quantitative and qualitative screens are used as follows:

Quantitative Screening (including but not limited to):

- Investment track record
- Investment risk
- Investment risk/return
- Investment style analysis
- Performance consistency
- Investment cost
- Turnover ratio

Qualitative Screening (Investments that pass the quantitative screens will be reviewed for characteristics that include but are not limited to):

- Investment-style variations
- Portfolio concentration
- Asset size and growth

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Interviews with portfolio managers and/or analysts will also be conducted if deemed necessary.

Selected alternatives will be reviewed by the Investment Consultant to ensure that there are no additional factors that would make them unsuitable for inclusion in the Plan. Each alternative will also be examined to ensure that it appropriately complements the overall diversification and risk and return parameters of the entire Plan investment lineup.

In addition to diversification and risk tolerance considerations, investment expenses will be considered in the selection of investment alternatives. The Committee will review all costs associated with the management of the Plan's investment program. These costs include the following:

- Expense ratios of each investment alternative against the appropriate peer group
- Trustee and custodial fees for holding assets, collecting income and paying disbursements
- Plan administrative fees, including record keeping fees and other fees associated with services the Plan receives, such as compliance testing fees, audit fees, fees for communication services, etc.

Evaluation Methodology

The Committee may use the following criteria in selecting and monitoring Plan investment alternatives. Each Plan investment alternative (other than those held in a Self-Directed Brokerage Account) will be evaluated on an ongoing basis using several measures that quantify the expenses, historical returns, and risk-adjusted performance of each investment alternative within its peer group. The full list of criteria that may be used for evaluation is included as Appendix B of this document and may be updated by the Committee, as necessary.

As noted in Appendix A, whenever possible, each investment alternative is benchmarked to a specific market index, and performance is evaluated and compared to a relevant peer group using Morningstar category classifications. Each criterion for an investment alternative is given a peer group ranking, shown as a percentage. As an example, a criterion ranking of 10% indicates an investment alternative is in the top 10% of its peer group for said criterion. The rankings for all criteria are then weighted and averaged to give an investment alternative its average ranking score. The lower the average ranking score, the better. In general, an investment alternative with an average ranking score of 25% would be more attractive than a comparable investment alternative with a ranking score of 50%. An overall ranking score is used to indicate where an investment alternative places in relation to the scores of the other investment alternatives in its category. Generally, investment alternatives are divided into categories of deciles and quartiles. **Please see Appendix B – SageView Investment Ranking Criteria for more detail.**

Peer group rankings generally require a three-year history to ensure an accurate evaluation of the investment alternative. Any investment alternative with fewer than three years of history will generally not be evaluated using this method. In the event there is a sufficiently similar investment alternative, the Committee may elect to use its history for evaluation purposes. Sufficiently similar investment alternatives may include:

- Alternate share classes of the same product.

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- Other products, such as collective investment trusts (CITs), separate accounts or recordkeeper sub-advised investment alternatives, that are managed by the same portfolio management team according to a substantially similar investment strategy.

In addition to the quantitative methodology described in Appendix B, many qualitative criteria and possible warning signs are monitored in order to highlight an investment alternative's potential exposure to risk that may make it unsuitable as a retirement Plan investment option. The warning signs may include (but are not limited to):

- Above-average operating expenses
- Above-average style drift (as determined by returns-based and holdings-based analyses)
- High degrees of portfolio concentration among individual holdings
- High degrees of portfolio concentration among economic sectors
- Above-average performance volatility
- Above-average portfolio turnover
- Below-average Alpha
- Below-average manager tenure and/or above-average turnover
- Rapid growth in assets
- Significantly positive or negative cash flows
- Unusual levels of corporate scrutiny; poor public perception
- For bond portfolios, very low average credit quality relative to peers
- For bond portfolios, significantly above- or below-average portfolio durations
- Recent changes to or concerns with the firm structure / ownership
- Recent changes to or concerns with the corporate management team structure

Other Investment Evaluation Criteria

The Committee recognizes that certain investment alternatives present challenges in monitoring, given the nature of the investment alternative's portfolio and peer group. Thus, there are several instances where investment alternatives will not fit neatly into the monitoring framework set forth herein. Therefore, the Committee must consider additional or different factors when evaluating certain investments. The following are common examples of investments requiring a different point of view, whether the Committee has included them in the current menu or may consider doing so in the future.

Multi-asset class investments. For multi-asset class investment alternatives, such as target-date funds, the asset allocation and glide path should be evaluated taking into account factors such as generally accepted investment theories and prevailing investment industry practices, and goals of the plan, the philosophy of the fiduciaries regarding asset class diversification and the desired relationship of risk (or volatility) and potential return, and the needs and abilities of the participants and beneficiaries. The Committee, with the assistance of the Investment Consultant, expects to engage in a process to identify and consider those goals, preferences, needs and abilities and to select a default investment (if a default is necessary) consistent with that analysis.

As the process for comparing multi-asset class investments, including target-date or Risk-Based funds, differs from the process used for other investment selections in several respects. Criteria listed elsewhere in this Investment Policy Statement may not apply to those particular investments.

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Index fund. The goal of an index fund is to closely mirror the performance of a predetermined index at a reasonable cost. The criteria which may be used to evaluate index funds is set forth in Appendix C and may be updated from time-to-time at the Committee's discretion.

Each index fund will be compared to a standard index for its respective category classification and assigned a ranking in each of the four criteria. The rankings for all criteria are then weighted and averaged to give an investment alternative its average ranking score. Index funds with an average ranking score in the top 75% of the investment alternative's in a category are given a passing score ("Pass"), while investment alternatives below in the lowest 25% of investment alternatives are given a failing score ("Fail").

Stable value investments: The goal of a stable value fund is to preserve capital. Stable value investments come in several structures: pooled/comingled funds, insurance separate accounts, and guaranteed investment contracts (GICs)/insurance general accounts or derivatives thereof.

One investment characteristic of these products is their investment in various sectors of the bond market. Thus, part of the evaluation will hinge on the evaluation of the underlying bond portfolio. The other important characteristic is financial credit worthiness of the insurance companies that issue wrap contracts to protect the book value of the bond portfolios. Some additional unique (albeit not exhaustive) metrics and characteristics that warrant evaluation include market-to-book value ratio, participant /plan sponsor withdrawal restrictions, crediting rate and wrap structure. For insurance general accounts, the Committee should at a minimum review the crediting rate, withdrawal restrictions, and credit worthiness ratings of the insurer.

In addition, the Committee shall maintain a "Watch List" for investment alternatives that are not meeting certain objectives. An investment alternative may be placed on the "Watch List" when the Committee and/or the Investment Consultant determines that the fund selected for the Plan fails to meet the performance benchmarks set forth above in the Evaluation Methodology for some period of time to be determined by the Investment Consultant and Committee.

The Committee may consider the following procedure for the Watch List:

Whenever an investment alternative falls into the 3rd quartile based on SageView's scoring system, it may be placed on the Watch List. The alternative will be monitored and may remain on the Watch List for four consecutive quarters, even if its performance improves. If the alternative remains in the 3rd quartile for four consecutive quarters, a detailed review of the alternative should be made and a recommendation to replace or retain the alternative should be presented to the Committee. The alternative may be reviewed sooner at the Committee's discretion.

Whenever an investment alternative falls into the 4th quartile based on SageView's scoring system, a detailed review of the alternative should be made at the next Committee meeting, and a recommendation to replace (or retain) the fund should be presented.

Investment alternatives that fail to meet qualitative criteria (i.e.: manager changes, fund company reorganizations, strategy changes) may also be put on the Watch List by the Committee.

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The Committee shall have the authority to establish, modify, amend, or adjust acceptable performance measurement standards by which each investment alternative is to be evaluated.

Final selection, replacement and/or removal of an investment alternative shall be completed only after conducting a thorough review of the identified investment alternative.

Note: The provisions of this Investment Policy Statement are guidelines only. The fiduciaries are not required to follow them. Instead, fiduciaries are expected to exercise independent judgment for the benefit of the participants.

Monitoring of Investment Policy and Investment Performance

The Committee, with the assistance of the Investment Consultant, will review the Plan's Investment Policy and monitor each investment alternative on an ongoing basis. The Committee reserves the right to amend the Investment Policy Statement at any time it deems such amendment to be necessary or to comply with changes in applicable law as these changes affect the investment of the Plan's assets. Until revised or amended by the Committee, the Investment Policy Statement shall remain in effect.

If there is any conflict between the Investment Policy Statement and the Plan, the terms and conditions of the Plan will control.

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ADOPTION

Maricopa County Retirement Plan Committee Members:
{UPDATE COMMITTEE MEMBERS LIST OF NAMES IF AVAILABLE, ODD NUMBER SUGGESTED}

DocuSigned by: <i>Charlotte Marz</i> 1A8CAA3276DE43C...	March 1, 2021
Charlotte Marz	(Date)
DocuSigned by: <i>Michael Fulton</i> 4FB4D2656B2D465...	March 1, 2021
Michael Fulton	(Date)
DocuSigned by: <i>Jan Plank</i> 4F1207477499491...	March 1, 2021
Jan Plank	(Date)
DocuSigned by: <i>Bridget Harper</i> 4C0192E4CEED406...	March 1, 2021
Bridget Harper	(Date)
DocuSigned by: <i>Frances Dairman</i> 0949E06CB7F2442...	March 1, 2021
Frances Dairman	(Date)
DocuSigned by: <i>Max Porter</i> 8C8FCDF67462461...	March 1, 2021
Max Porter	(Date)
DocuSigned by: <i>Lee Ann Bohn</i> 72020A737D9B497...	March 1, 2021
Lee Ann Bohn	(Date)
DocuSigned by: <i>Alicia Snarr</i> 5CFDE6C680A5436...	March 1, 2021
Alicia Snarr	(Date)
DocuSigned by: <i>Monica Pimentel</i> 90DA6250BF8A480...	March 1, 2021
Monica Pimentel	(Date)

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APPENDIX A – Categories and Benchmarks

Investment categories are defined based on their Morningstar category classifications, which also serve as the peer groups against which investments are assessed. The following list of investment categories and their corresponding benchmarks which may be used in the investment alternative evaluation process, includes but is not limited to:

<i>Investment Alternative Category</i>	<i>Benchmark/Index</i>
Money Market-Taxable	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index
Stable Value	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index Bloomberg Barclays Stable Income Market Index
Guaranteed Account	ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index Bloomberg Barclays Stable Income Market Index
<i>Bond</i>	
Ultrashort Bond	Bloomberg Barclays US Govt/Credit 1-3 Yr TR USD
Short-Term Bond	Bloomberg Barclays US Govt/Credit 1-3 Yr TR USD
Short Government	Bloomberg Barclays Government 1-5 Yr TR USD
Intermediate Government	Bloomberg Barclays US Govt/Mortgage TR USD
Intermediate Core Bond	Bloomberg Barclays US Agg Bond TR USD
Intermediate Core-Plus Bond	Bloomberg Barclays US Agg Bond TR USD
Long Government	Bloomberg Barclays US Government Long TR USD
Long-Term Bond	Bloomberg Barclays US Govt/Credit Long TR USD
Inflation-Protected Bond	Bloomberg Barclays US Treasury US TIPS TR USD
Corporate Bond	Bloomberg Barclays US Credit TR USD
Multisector Bond	Bloomberg Barclays US Agg Bond TR USD
High Yield Bond	Bloomberg Barclays US HY 2% Issuer Cap TR USD
Bank Loan	Credit Suisse Leveraged Loan TR USD
World Bond	Bloomberg Barclays Global Aggregate TR USD
Emerging Markets Bond	JPM EMBI Global TR USD
Nontraditional Bond	Wilshire Liquid Alts TR
<i>Large Cap</i>	
Large Value	Russell 1000 Value TR USD
Large Blend	S&P 500 Index Russell 3000 Index CRSP U.S. Total Market Index
Large Growth	Russell 1000 Growth TR USD
<i>Mid-Cap</i>	
Mid-Cap Value	Russell Mid Cap Value TR USD
Mid-Cap Blend	Russell Mid Cap TR USD S&P Mid Cap 400 Index MSCI U.S. Mid Cap 450 Index CRSP U.S. Mid Cap Index S&P Completion Index

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<i>Investment Alternative Category</i>	<i>Benchmark/Index</i>
	DJ US Completion Total Stock Market Index
Mid-Cap Growth	Russell Mid Cap Growth TR USD
<i>Small-Cap</i>	
Small Value	Russell 2000 Value TR USD
Small Cap Blend	Russell 2000 TR USD S&P Small Cap 600 Index MSCI U.S. Small Cap 1750 Index CRSP U.S. Small Cap Index
Small Growth	Russell 2000 Growth TR USD
<i>World Stock</i>	
World Stock	MSCI ACWI NR USD
<i>International</i>	
Foreign Large Value	MSCI ACWI ex USA Value NR USD
Foreign Large Blend	MSCI ACWI ex USA NR USD
Foreign Large Growth	MSCI ACWI ex USA Growth NR USD
Foreign Small/Mid Value	MSCI ACWI ex USA SMID Value NR USD
Foreign Small/Mid Blend	MSCI ACWI ex USA SMID NR USD
Foreign Small/Mid Growth	MSCI ACWI ex USA SMID Growth NR USD
Diversified Emerging Markets	MSCI EM NR USD
<i>Target Date</i>	
Target Date	S&P Target Date Indexes
<i>Risk-based/Hybrid</i>	
Allocation—15% to 30% Equity	23% Russell 3000 TR USD/77% Bloomberg Barclays US Agg Bond TR USD
Allocation—30% to 50% Equity	40% Russell 3000 TR USD/60% Bloomberg Barclays US Agg Bond TR USD
Allocation 50% to 70% Equity	60% Russell 3000 TR USD/40% Bloomberg Barclays US Agg Bond TR USD
Allocation—70% to 85% Equity	78% Russell 3000 TR USD/22% Bloomberg Barclays US Agg Bond TR USD
Allocation—85%+ Equity	93% Russell 3000 TR USD/7% Bloomberg Barclays US Agg Bond TR USD
World Allocation	60% MSCI ACWI NR/40% Bloomberg Barclays Global Agg TR
<i>Specialty</i>	
Real Estate	FTSE NAREIT Equity REITs TR USD
Global Real Estate	FTSE EPRA/NAREIT Developed NR USD
Commodities Broad Basket	Bloomberg Commodity TR USD
Long-Short Equity	Barclay Hedge Fund Index
Market Neutral	BofAML US Treasury Bill 3 Mon TR USD
Multialternative	Wilshire Liquid Alts TR
Natural Resources	S&P North American Natural Resources TR
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD

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Appendix updated: November 2020

APPENDIX B – SageView Investment Ranking Criteria

The criteria used to evaluate each plan investment alternative, except as otherwise noted in the Investment Policy Statement, may include, but not limited to, the following:

1. **Total Return (trailing 1, 3, 5 and 10 year returns)** – measures the performance of an investment over a given period, including income from dividends and interest, plus any appreciation or depreciation in the market value of the investment. Total return values longer than 1 year are typically annualized for ease of comparison.
2. **Rolling Period Returns** – A single period return measures performance over one specified time frame, such as five years. A rolling period return divides a longer time frame into smaller time periods. A rolling 12-month return over five years would start out by calculating a single period return over the first twelve months. Next, it would calculate the 12-month return for months 2-13. The process would continue until finally reaching the 12-month period spanning months 48-60. The final rolling 12-month return figure would reflect the average of all of the rolling periods returns over that five-year time period.
3. **Batting Average** – Batting average is calculated by (1) tallying the number of months in a given observation window where the investment return is greater than the return of the peer group median return and (2) dividing this amount by the total number of months in the observation window. The result is a ratio that ranges between 0 and 1. A batting average of greater than 0.50 signifies that the investment has outperformed the peer group more frequently than it has underperformed, irrespective of the magnitude of any outperformance or underperformance. A 10-year observation window is used in calculating batting average, unless the investment does not have sufficient performance history, in which case an inception-to-date figure is calculated.
4. **Modified Sharpe Ratio** – The standard Sharpe Ratio calculation is calculated by subtracting the risk-free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Modified Sharpe Ratio is a related statistic that is equal to the Sharpe Ratio under normal circumstances. However, the Modified Sharpe calculation adds an exponent to the denominator that effectively raises the denominator to the -1 power in circumstances in which an investment's excess return is negative. This modification ensures that investments with both negative excess returns and higher standard deviations rank lower than investment with negative excess returns and lower standard deviations. Under the standard Sharpe Ratio calculation, the opposite is true.
5. **Alpha** – A risk-adjusted measure of performance, that is equal to the difference between a portfolio's actual return and its expected performance given its level of risk as measured by beta. Alpha can also be viewed as an abnormal level of return in excess of what might be predicted by an equilibrium pricing model like the Capital Asset Pricing Model (CAPM).

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6. **Up Market Capture Ratio** – A ratio that measures the overall performance of a portfolio during rising markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark rose. For example, an up-market capture ratio of 108% (for a given period of time) means that the portfolio gained 8% more than its benchmark during the specified time period.
7. **Down Market Capture Ratio** – A ratio that measures the overall performance of a portfolio during falling markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark fell. For example, a down-market capture ratio of 95% (for a given period of time) means that the portfolio lost 5% less than its benchmark during the specified time period.
8. **R-Squared (style consistency)** – A statistical measure that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.
9. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an alternative's prospectus.

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APPENDIX C – SageView Index Funds Ranking Criteria

The criteria used to evaluate each Index Fund alternative may include, but not limited to, the following:

1. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an alternative's prospectus.
2. **Tracking Error** – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.
3. **R-Squared** – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.
4. **Beta** – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measures is reliable, while a low r-squared signifies that it is potentially inaccurate.