

**City of Dalton  
Employee's Pension Plan**

**Statement of Investment Policy**

**January 9, 1998  
Modified August 10, 2005  
Modified September 27, 2016  
Modified September 26, 2017  
Modified March 22, 2022  
Modified January 28, 2025**

## **Purpose of This Statement**

This Statement of Investment Policy ("the Statement") has been established by the Board of Trustees (Board) of the Mayor & Council of the City of Dalton Employee's Pension Plan, to assist the Board as it monitors and evaluates the investment of the assets of the City of Dalton Employee's Pension Plan ("the Plan").

This Statement summarizes the Plan's investment guidelines and objectives. The Statement will be reviewed periodically and changed, as appropriate, to reflect changing capital market conditions, the Plan's actuarial and operational characteristics, and the Board's expectations.

In establishing this Statement, the Board has acted to discharge its fiduciary responsibilities with regard to the Plan solely in the interests of the Plan's participants and beneficiaries. The basic goal underlying the establishment of this Statement is to ensure that the assets of the Plan, in combination with any contributions made to the Plan, will be invested in a prudent manner so that such assets will meet the obligations of the Plan as those obligations come due.

The Board is a fiduciary of the Plan and has the responsibility to control, manage and invest the assets. In this capacity, the Board will have the authority to employ persons to render advice with respect to its responsibilities under the Plan, appoint and discharge investment managers and other advisors, and manage the assets of the Plan.

The Board's responsibilities include but are not limited to:

- Adopting and revising the Plan's Investment Policy Statement.
- Monitoring the investment performance and compliance with this Investment Policy by third parties that have been given investment discretion over the Plan's assets.
- Establishing and periodically reviewing the appropriateness of the Plan's asset allocation policy for participation in and commitment of funds to various asset classes.
- Appointing and reviewing the appointment of advisors such as the Plan's actuary, auditor, and investment consultant.

## **Risk Posture**

The Board has examined the Plan's ability to tolerate risk and willingness to assume volatility of investment returns, and has concluded that the risk posture is moderately conservative. This determination was based on a consideration of:

- The Plan's ratio of assets to liabilities
- The average age of the Plan's participants
- The Plan's actuarial requirements, and
- The Plan's ratios of active employees to retirees

## Asset Mix Guidelines

The Board has established the following market value asset mix guidelines to reflect the Plan's risk posture. The Plan's assets will be allocated within these guidelines. The allocation percentages may need to be periodically adapted to reflect the cost/book value of the assets as required by the Georgia State Code Section 47-20-82 c.

Asset Class	Minimum	Target	Maximum
Equities	40%	50%	70%
Domestic-Large Cap	35%	40%	55%
Domestic-Small Cap	5%	10%	20%
Fixed Income	30%	50%	60%
Domestic-Core	25%	37.5%	50%
Intermediate Core	0%	12.5%	20%
Cash Equivalents	0%	0%	5%

## Investment Objectives

The Board has developed time-weighted investment return objectives for the overall Plan and for each of the asset classes utilized in the Plan's portfolio. Returns will be provided by the Plan's managers at least quarterly. In conducting the periodic Investment Policy review, as set forth hereinafter, the Board will measure and evaluate such returns over a 3 to 5 year period.

- The Plan's overall returns should meet or exceed the return of a weighted index comprised of the following:
  - 40% S&P 500 Stock Index
  - 10% CRSP Small Cap Index
  - 37.5% Barclays Aggregate Bond Index
  - 12.5% Barclays Intermediate Gov/Credit Index
- Each asset class passive investment should meet the return of its respective index (shown in the prior bullet).
- Each asset class active investment should exceed the return of its respective index (shown in the prior bullet), and rank in the upper half of a broad universe of managers with similar styles and objectives.
- The Plan's overall returns should rank in the upper half of a universe of funds with similar asset mix guidelines and investment objectives.

## **Investment Guidelines**

The following guidelines have been established by the Board to ensure the Plan's assets are managed in a manner consistent with the Plan's risk posture and investment objectives.

### Domestic Equities

- Equity issues must be traded on the New York or American Stock Exchanges, on the NASDAQ system, or on any other major exchange.
- Single securities may not comprise more than 5% (measured at market value) of the Plan's equity assets. If this limit is exceeded because of market shifts, the manager has 30 days to bring the portfolio back into compliance.

### Domestic Fixed Income

- All issues should be of investment grade quality.
- Average credit quality of the Plan's fixed income assets should be at least A (as measured by S&P or Moody's).

### Other

- Derivative investments may not be used.
- The investment manager is restricted from using financial leverage or engaging in short sale techniques.
- International equities may not be utilized.

### Exemptions

Although the following vehicles are expected to comply with “the spirit” of this investment policy, they are exempt from the provisions of this policy and as such the prospectus and/or appropriate fund documents will replace this policy as the legal governing document for such funds:

- Mutual funds
- Commingled funds
- Group trusts
- Common trust funds

## **Investment Policy Review**

The Board will review this Statement periodically to ensure it remains consistent with their objectives and the actuarial status of the Plan.

The Plan's investment managers must manage the Plan's assets in accordance with the provisions of this Statement, and with the care, skill and diligence a prudent investment professional would exercise in the investment of those assets. The Plan's investment managers must also manage the Plan's assets in accordance with State of Georgia Code. The Plan's investment managers also should maintain regular communications with the Board regarding the investment of the Plan's assets and the management of the Plan's assets within the guidelines set forth in this Statement. The Board will meet quarterly with the Plan's investment consultant to review the Plan's investment portfolios and performance, and the Board may, at any time, modify this Statement as it deems appropriate.