

**OHIO POLICE & FIRE PENSION FUND  
INVESTMENT MANAGER MONITORING  
AND EVALUATION POLICY  
Approved June 19, 2024**

**PURPOSE**

The purpose of the Ohio Police & Fire Pension Fund (“OP&F” or the “Fund”) Investment Manager Monitoring and Evaluation Policy (the “Policy”) is to establish the process and discipline for managing the investment manager (“Investment Manager”) relationship. The Policy states the process, responsibilities and important factors for consideration in the monitoring and evaluation process.

**INVESTMENT MANAGER MONITORING CONSIDERATIONS**

The successful monitoring and evaluation of Investment Managers depends on synthesizing a multi-faceted array of investment factors, including historical data and forward-looking characteristics that are often linked. The process must also examine the Investment Manager’s business capabilities and ability to attract and retain investment and support professionals. The Policy seeks to examine all information about OP&F’s Investment Managers that may materially impact the relationship and investment objectives of the Board of Trustees/Investment Committee (the “Board”).

OP&F will consider, but not be limited to, the following factors in monitoring and evaluating its Investment Managers:

- A. Stability and experience of Investment Manager in the investment product;
  - 1. Stability of the Investment Manager, as measured by the quality of the organizational structure of the Investment Manager; the existence of, or potential for, significant developments within the Investment Manager; and the expected financial stability of the Investment Manager.
  - 2. Experience of the Investment Manager in providing investment management services to similar institutional investors, as measured by the Investment Manager’s history of providing such services.
  - 3. Ownership structure of the Investment Manager, as measured by the depth and structure and alignment of incentive programs and the ownership type for key investment professionals in the subject product.
  - 4. Investment Manager commitment to improvement as measured by whether or not there is a clear business plan/strategy, reinvestment in the Investment Manager with an overall commitment for enhancements/improvements.

5. Adverse organizational issues, as measured by the existence of litigation or other investigations; and the existence of financial problems.
- B. Quality, stability, depth and experience of investment professionals;
1. Experience of portfolio manager(s) in providing similar services to similar institutional investors, as measured by the length of time the portfolio manager(s) has served as a portfolio manager to such investors; demonstrated expertise in providing such services to other such investors.
  2. Stability of the Investment Manager's professional base, as measured by personnel turnover.
  3. Depth of personnel, as measured by the Investment Manager's account/portfolio manager and account/investment management personnel ratios; and back-up procedures for providing services to OP&F in the absence of the portfolio manager(s).
- C. Client service and relationships;
1. Assets under management, as measured by the amount in the subject product as well as the experience of managing other similar asset class products.
  2. The similarity of an Investment Manager's clients to OP&F, as measured by the amount of institutional tax-exempt assets under management and the size of the individual accounts currently under management.
  3. Stability of the Investment Manager's client base, as measured by the number of accounts gained or lost.
  4. Procedures for client contact, timely reporting, compliance monitoring, reconciliation process with OP&F's custodian and responsiveness to reporting data and formatting requirements.
- D. Investment philosophy and process;
1. Defined philosophy and process implementation, as measured by whether the philosophy is effectively communicated, what the process is, why it works, and how it is differentiated. It should be identified as to whether the process is based on sound research and whether or not they are focusing on temporary or permanent inefficiencies in the market.
  2. Portfolio construction process, as measured by whether or not the Investment Manager is benchmark oriented such that there are distinct portfolio objectives and on-going monitoring relative to these objectives. It should be identified as

to whether the process contains risk controls, and if so, are they part of a disciplined process and who is performing the monitoring.

3. Research, as measured by whether there are appropriate resources given the product style, whether the research performed is qualitative or quantitative, and whether or not there are separate research departments by product type or one fully integrated research staff.
  4. Sources of information, as measured by whether the data used in the process is collected and/or assimilated by outside organizations or generated internally and how the information is processed and interpreted.
- E. Investment performance and risk control;
1. The Investment Manager's excess return and tracking error for active and passive managers, relative to the target benchmark. Active Investment Managers will also be expected to rank in the top half of a universe of Investment Managers with similar objectives over a 3- to 5-year period, if available. Additional focus will be placed on return/risk ratios and information ratios which incorporate both absolute and Investment Manager specific risk.
- F. Investment fees;
1. The total cost of performing investment advisory services as measured by the fee proposal based on a total account size and relative to a representative peer universe.

## MONITORING RESPONSIBILITIES

It is important that the roles of the participants in the implementation of this Policy be clear and delineated. The following is intended as a guide to reflect the overall framework for the participants in the process. Participant responsibilities may vary from time to time.

Board - Responsible for the overall management of the Fund and Investment Manager relationship. Staff and applicable investment consultant(s) ("Investment Consultant(s)") will provide the Board with periodic updates on the investment structure and overall Investment Manager performance. In addition, staff and applicable Investment Consultant(s) will provide the Board with periodic updates on compliance with guidelines as part of the Board Appendix. Also, the Board is responsible for the overall management of the Fund's investment program. This shall include ongoing review of the asset allocation plan, investment structure, investment performance and other related issues. The Board shall be responsible for approving investment policies and procedures.

Staff - Responsible for the day-to-day management of this Policy and the Investment Manager relationship, including evaluating and assigning all Investment Managers, at least annually, to a rating category according to the terms of this Policy. Staff will report the rating category of each Investment Manager to the Board as part of the Board Appendix. Staff will report all material Investment Manager issues to the applicable Investment Consultant(s) for review and the Board for its consideration. For investment fees paid directly by OP&F, staff will independently verify the investment fees due before the invoice is submitted for payment by calculating what the investment fees should be according to the fee schedule or language within the investment management agreement or applicable documentation. For investment fees paid indirectly by OP&F, staff and/or applicable Investment Consultant(s) will review investment fees for reasonableness or conduct an analysis to verify the investment fees are in compliance with certain related limited partnership agreement provisions or applicable documentation. Where applicable, staff and/or applicable Investment Consultant(s) will encourage general partners to adopt Institutional Limited Partners Association (“ILPA”) standards for reporting investment fees.

Investment Consultant(s) – Where applicable, recommending a rating category for each Investment Manager according to the terms of this Policy, and responsible for assisting the staff and Board in establishing strategic investment policy and strategy. The applicable Investment Consultant(s) will monitor the consistency of Investment Manager mandates with the investment objectives, Investment Manager guidelines and will prepare performance measurement reports. The applicable Investment Consultant(s) will report all material Investment Manager issues to the staff and Board.

Investment Manager - Responsible for managing the investment portfolio within the guidelines established by the staff. The Investment Manager is responsible for self-monitoring of the portfolio and notifying the staff when there are any deviations from the guidelines and when modifications to the guidelines may be appropriate. The Investment Manager is responsible for the quality and timeliness of its reporting, including the reconciliation of its portfolio with OP&F’s custodian.

#### FREQUENCY OF MONITORING

The Investment Manager’s performance, risk and portfolio characteristics will be monitored and, where applicable, will be evaluated relative to the staff approved Investment Manager guidelines.

#### INVESTMENT MANAGER MONITORING CONCLUSIONS

The Board seeks long-term and successful relationships with its Investment Managers. The monitoring process is intended to ensure the success of the relationship. All Investment Managers will be assigned, as noted above, to a rating category, which will be reviewed by staff at least annually. The rating categories apply to specific investment strategies and not to all investment strategies an Investment Manager may manage or

offer unless otherwise specifically stated. If OP&F has more than one investment strategy of an Investment Manager, each investment strategy will be evaluated individually. An Investment Manager rating of “Watch List” for an investment strategy does not preclude OP&F from retaining the Investment Manager for other investment strategies.

Rating Category

Good Standing

Watch List

Where potentially material and adverse issues arise in OP&F’s current Investment Manager relationships, Staff will review the issues and may re-assign the Investment Manager to a different category. A “Watch List” rating may be assigned for various reasons, including, but not limited to, stability and experience of Investment Manager; quality, stability, depth and experience of investment professionals; client service and relationships; investment philosophy and process; investment performance and risk controls; and investment fees.

Once an Investment Manager has been assigned a “Watch List” rating, they will be reviewed every six months except for Investment Managers within private markets, private credit, real estate and real assets which will be reviewed at least annually. While assigned a “Watch List” rating, staff and applicable Investment Consultant(s) will monitor the Investment Manager’s progress on their corrective action plans. For Investment Manager’s assigned a “Watch List” rating within private markets, real estate, real assets and private credit, they may not be considered for future assignments for the same investment strategy for which the “Watch List” rating applies.

An Investment Manager may be recommended to the Board for termination at any time.

When deemed necessary by the staff, Investment Consultant(s) or Board, Investment Managers will be requested to present to the Board.

#### TERMINATION OF AN INVESTMENT MANAGER

The Board will review the adverse material issues and circumstances prior to terminating an Investment Manager. The major issues to consider will include:

- Longer term prospects of the Investment Manager in correcting the issue;
- Potential changes in the relationship;
- The cost of termination;
- Replacement alternatives; and
- How the Investment Manager’s assets will be redeployed.

#### INVESTMENT MANAGER DUE DILIGENCE

As stated in the Investment Policy & Guideline statement, Investment Managers will meet or participate via teleconference or webcast with the Board or staff or Investment Consultant(s) periodically to report on their performance, compliance with goals and objectives, and for non-performance issues that are material to the relationship, including but not limited to: Investment Manager or investment product stability, key professional turnover, client service and investment reporting.