



DATE: November 19, 2019
SUBJECT: Proposed Revisions to Investment Policy Statement, Objectives, and
Guidelines
TO: Members of the Board
FROM: Joseph W. Sheva, CPA, FRM *JWS*
Senior Risk Manager

At the December Investment Committee meeting, the Investment Office will recommend that the Board adopt the Investment Policy Statement, Objectives and Guidelines (IPS) revisions to sections I. Introduction and Purpose, II. Roles and Responsibilities and III. Investment Objectives, as noted below.

In response to prior Board instruction to submit updated Introduction and Purpose and Investment Objectives sections of the IPS, the IO recommends the Board adopt the attached proposed changes. The primary changes made were to separate the Introduction and Purpose section into two sections – I. Introduction and II. Purpose - and to update the Fiduciary Standards and Investment Objectives sections. The proposed Fiduciary Standards section language was drafted with significant input from PSERS' Office of Chief Counsel and the Board's Fiduciary Counsel. The proposed language, if adopted as proposed, requires changes to the Roles and Responsibilities section and removal of Prudent Investor and Prudent Expert from the Definitions section of the IPS. Attached are a memo from Aon, the Board's investment consultant, and a memo from Cohen Milstein Sellers & Toll PLLC, the Board's Fiduciary Counsel, regarding the recommended policy changes.

A blacklined excerpt and clean copy of the applicable section within the IPS, has been included in the package for your review.

If you have any questions or comments, please contact me at 717-720-4632.