

**METROPOLITAN WATER RECLAMATION DISTRICT  
RETIREE HEALTH CARE TRUST**

**Summary of Investment Policy Revisions 2018**

**Revised Policy includes the following changes summarized by the applicable section of the policy:**

**TRUST PORTFOLIO AND ASSET ALLOCATION TARGETS (page 3)**

Modified the “Fund Asset Mix” table to reflect the Trust’s new investment asset allocation targets, as follows:

Asset Class	Fund Asset Mix		
	Minimum	Normal	Maximum
Domestic Equities	40%	45%	50%
International Equities	15%	20%	25%
Fixed Income Securities (Bonds)	30%	35%	40%
Cash/Cash Equivalents (Money Market)	0%	<1%	100%

Removed the “Global Balanced Portfolio” investment class.

**INVESTMENT OPTIONS (page 5)**

Removed the general asset class category description for “Global Balanced” investments.

**INVESTMENT PERFORMANCE (page 6)**

Changed the investment benchmark mix components to: “35% Bloomberg Barclays U.S. Aggregate Index, 25% S&P 500 Index, 10% Russell Mid-Cap Index, 10% Russell 2000 Index, 5% MSCI ACWI Minimum Volatility Index, 15% MSCI EAFE Index”.

**RISK STANDARDS (page 7)**

Decreased the minimum requirement from “85%” to “75% of fixed income holdings of an actively managed fixed income mutual fund must be of investment grade quality or higher at purchase; rated no lower than “Baa” by Moody’s and no lower than “BBB” by Standard and Poor’s”.

Increased the limit of the entire international equity allocation from “20%” to “25%”, which now corresponds with the maximum percentage of the revised “Fund Asset Mix” table shown above.

**POLICY ADOPTION AND AMENDMENT (page 12)**

Revised the names of the individuals currently in their respective positions.

**APPENDIX 3 and 3: Benchmark Definitions & Details (pages 17-18)**

Revised in accordance with the new asset allocation and benchmarks.