

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) RETIREMENT PLAN AND 457(b) DEFERRED
COMPENSATION PLAN**

Statement of Investment Policy

Effective August 2018

TABLE OF CONTENTS

	Page
INTRODUCTION.....	2
OBJECTIVES OF THE PLANS.....	2
ADMINISTRATOR.....	2
ROLES AND RESPONSIBILITIES.....	2
INVESTMENT OPTIONS	3
PERFORMANCE STANDARDS	4
INVESTMENT OBJECTIVES.....	5
REPORTING & MONITORING.....	9
FUND TERMINATION	10
QUALIFIED DEFAULT INVESTMENT ALTERNATIVE	11
CHANGES TO INVESTMENT POLICY	11

INTRODUCTION

The Government of the District of Columbia 401(a) Retirement Plan and 457(b) Deferred Compensation Plan (the “Plans”) Administrator (the “Administrator”) hereby adopts this Statement of Investment Policy (Statement).

OBJECTIVES OF THE PLANS

The Plans are long-term retirement savings vehicles and are intended as a source of retirement income for eligible participants and their beneficiaries. The investment options available cover a broad range of investment risk and rewards appropriate for these kinds of retirement savings programs. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

This Statement of Investment Policy serves the following purposes:

- To define the investment categories offered by the Plans and establish the investment objectives and guidelines for each investment category;
- To establish a procedure for reporting and monitoring of the various investment options;
- To define the procedures for investment option evaluation and formal investment option review;
- To set guidelines and procedures for withdrawal, replacement, or addition of an investment option if an investment option does not or will not, fulfill the Plans’ objectives for which it was selected.

ADMINISTRATOR

The Administrator shall oversee the Plans as outlined below. The Administrator means the Chief Financial Officer of the District (“CFO”) or his designee . The CFO has delegated all of his duties and authority as the CFO and as the Trustee of the Government of the District of Columbia Plans to Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer pursuant to the Financial Management and Control Order No. 14-08.

ROLES AND RESPONSIBILITIES

Administrator

- To understand the objectives of the Plans;
- To hire and monitor the Manager in accordance with Plans objectives;
- To approve, review and maintain this Statement; and
- To ensure that a broad range of investment options is offered to Plan participants.

Investment Consultant

- To assist the Administrator in the development and ongoing review of the Investment Policy Statement;
- To act with discretion when choosing investment options that are in line with the asset classes outlined in this policy;
- To monitor investment options for compliance with guidelines and performance objectives;
- To replace investment options in compliance with this Statement; and
- To perform its fiduciary duties in compliance with those of a prudent investor and conform to all applicable laws governing the investment of retirement funds.

INVESTMENT OPTIONS AND CATEGORIES

The Plans' authorized investments currently consist of the following options defined by either investment objective or risk category.

Investment Options
Guaranteed Income
Stable Value
Money Market
Inflation Linked Bonds
Domestic Fixed Income
All Cap Core
Large Cap Value
Large Cap Core
Large Cap Growth
Small/Mid Cap Value
Small Cap Growth
Small Cap Core
Global Equity
Developed Market Equity
Emerging Market Equity
Real Estate (REITs)
Global Tactical Asset Allocation (GTAA)
Target Date/Lifecycle
Self-Directed Brokerage

Each investment option offered under the Plans shall:

- Operate in full accordance with its current published prospectus or "fact sheet";

- Charge reasonable fees relative to other options available in the asset class, {why is this here? taking into account performance net of fees}; and
- Have its performance results measured against the applicable performance standards described herein.

If the Administrator determines that an investment option no longer meets the performance criteria, it may replace that option with a suitable alternative pursuant to the investment fund evaluation procedure outlined herein.

From time-to-time, the Administrator, in its discretion, may add investment options/categories to the current core options. At such time, the Statement of Investment Policy will be modified to include these additions.

PERFORMANCE STANDARDS

Active investments

- To exceed the return of the applicable benchmark over a full market cycle, or generally a period of 3 to 5 years.
- To exceed the median return of the applicable universe (? Defined?) over a full market cycle.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the applicable benchmark and peer universe.

Passive investments

- To match the return of the applicable benchmark, minus fees, over a full market cycle, or generally a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the applicable benchmark and peer universe.

Stable Value

- To provide a competitive rate of interest relative to the Hueler Stable Value Index.
- This fund declares an annualized rate of interest typically monthly, quarterly, semi-annually or annually.

Money Market

- To provide a competitive rate of interest relative to the 3-Month U.S. Treasury Bill.

INVESTMENT OBJECTIVES

Stable Value

The objective of this fund option is to provide principal preservation, benefit responsiveness, liquidity, and current income at levels that typically are higher than those provided by money market funds over an interest rate cycle. {The book value accounting feature of most is this the right terminology?} Stable Value Fund investments is expected to produce relatively stable annual return on fund assets with little to no fluctuation in account values.

Money Market

The objective of this investment category is to seek a high level of current income consistent with preservation of principal and maintenance of liquidity. Funds in this category invest in high quality, short-term debt instruments and maintain a dollar-weighted average portfolio of 90 days or less.

Inflation Linked Bonds

The objective of this investment is to invest in inflation-indexed fixed income securities backed by the governments around the globe; predominantly the U.S., UK, France, Germany, Canada, {Greece,??} Australia, Italy, Japan, Sweden and Iceland. Several emerging market countries issue these bonds a well. These securities are indexed to the inflation index and have a par value that rises with inflation. These instruments are designed to protect investors from the negative effects of inflation. Investment returns are expected to be derived primarily from current income.

Domestic Fixed Income

The objective of this investment category is to provide total return consistent with preservation of capital by investing in fixed income instruments, including corporate, government and mortgage-backed securities. Investment returns are expected to be derived primarily from current income.

All Cap Core Equity

The objective of this investment category is to invest primarily in the common stock of domestic companies across market capitalizations considered by the fund manager to be undervalued relative to the market or having above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income. The market capitalization range for this investment category will be in line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Large Cap Value Equity

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income. The market capitalization range for this investment category will be in line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Large Cap Core Equity

Active

The objective of this investment category is to invest primarily in common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market or having above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Passive

The objective of this investment category is to track the performance of the Standard & Poor's 500 Index by investing in common stock of the large capitalization domestic companies comprising the Index. The S&P 500 Index is an equity composite of the 500 largest companies in the United States based on market capitalization. The fund manager targets to match the index rather than attempt to outperform the index. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Large Cap Growth Equity

The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation. The market capitalization range for this investment category will be in line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Small/Mid Cap Value Equity

The objective of this investment category is to invest in the common stock of small and medium capitalization domestic companies considered by the fund manager to be undervalued relative to the market. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income. The market capitalization range for this investment category will be in

line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Small Cap Growth Equity

The objective of this investment category is to invest primarily in the common stocks of small capitalization domestic companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation. The market capitalization range for this investment category will be in line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Small Cap Core Equity

The objective of this investment category is to invest in the common stock of small capitalization domestic companies considered by the fund manager to be undervalued relative to the market or having above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income. The market capitalization range for this investment category will be in line with the capitalization classification determined by mutual fund databases, such as Morningstar and Lipper.

Global Equity

The objective of this investment category is to invest primarily in the common stock of companies located around the world. This includes both developed and emerging markets. Investment returns are expected to be derived primarily from capital appreciation.

Developed Market Equity

The objective of this investment category is to invest primarily in the common stock of companies located in developed markets outside the United States. There may also be an allocation to emerging markets equity. Investment returns are expected to be derived primarily from capital appreciation.

Emerging Market Equity

The objective of this investment category is to invest in the common stock of companies located in developing markets outside the United States. Investment returns are expected to be derived primarily from capital appreciation.

Real Estate (REITs)

The objective of this fund is to invest in real estate investment trusts - companies that own, and in most

cases, operate income-producing real estate. REITs may own many types of commercial real estate, ranging from office and apartment buildings to warehouses, hospitals, shopping centers, hotels and even timberlands. REITs may also invest in mortgages to generate income. REITs trade on stock exchanges like common stocks.

Global Tactical Asset Allocation (GTAA)

The objective of this investment category is to invest based upon perceived long-term market trends and exploit short-term market inefficiencies by establishing positions in relatively attractive areas of the global investable universe. Managers aim to provide asset diversification and downside protection through a tactical, multi-asset portfolio approach, investing across equities, fixed-income, commodities, currencies, and real estate. Investment returns are expected to be derived from current income and capital appreciation. These funds will invest in a group of underlying securities (i.e. mutual funds, ETF's) to achieve the desired asset allocation.

Target Date / Lifecycle

The objective of this investment category is to invest in a diversified portfolio (stocks and bonds) of holdings that are systematically rebalanced during the various market cycles or stages of an investor's lifetime. These funds establish a targeted "maturity date" and will automatically reallocate the investments over time to a more conservative allocation. The funds are designed for the participant to select the fund that has its "maturity date" set similarly to his or her own investment horizon, often the participant's retirement age. The underlying mutual fund investments that comprise each fund will be selected by the investment manager. The dynamic asset allocation applied to each fund option will be determined and rebalanced, accordingly, by the investment manager.

Self-Directed Brokerage Link (SDB)

A trading account that allows employees to direct assets to most mutual funds, exchange traded funds, and individual securities. The plan sponsor can limit the amount of contributions and can place restrictions on the range of investments (e.g. mutual funds only). Participants will be limited to mutual funds offered under the record-keepers SDB link window.

REPORTING AND MONITORING PROCEDURES

The Administrator will review the Plans at least annually, including review of the following:

- Current trends and developments in the capital markets and investment management community (market review);
- The current level of diversification provided by the investment categories and options offered by the Plans under the core investment fund line-up (review of the correlation between investment categories and options);
- Changes in the investment management staff related to each investment option (organizational review);
- The continued consistency between the stated investment guidelines of each investment option and Plans' policies (review of the guidelines of each investment option);
- The compliance of each investment option with stated investment guidelines (review of the holdings and characteristics of each investment option), including style drift analysis;
- The compliance of each investment option's risk and return characteristics with the expectations stated herein (performance review).
- Retain at their discretion, investment management, trustee and other professional services to facilitate and assist with the management of the Plans' investment options.

Fee & Expense Standards

The Administrator will review the fee structure of the investment managers and the investment options at least annually. Expenses for each of the investment options should be competitive versus asset class peers and appropriate. Where several share classes of an investment fund are available, the Administrator will seek to offer the most cost-effective class available to the Plans.

Investment Education

The Administrator will ensure participants are provided with general financial and investment information, including asset allocation models to educate and assist them in making their allocation decisions.

Investment Fund Evaluation

The Administrator, in his discretion, may conduct an informal review and evaluation of an investment fund at any time.

The Administrator may place a fund under formal fund review (Watch List), terminate a fund, or "freeze" a fund to new contributions for any of the following reasons:

1. The fund has not met the performance standards under the Plan for the fund's investment category;
2. The fund has changed key professionals responsible for the investment management of the investment option, or such change appears imminent;
3. The fund has had a significant change in ownership or control;
4. The fund has changed investment focus or has experienced style drift, departing from the investment objectives or parameters in its prospectus or "fact sheet";
5. The fund has violated an SEC rule or regulation;
6. The fund has changed its fee structure;
7. For any reason, the Administrator is uncertain about whether the fund continues to meet the Plans' needs.

Formal Fund Review (Watch List)

When a fund has been placed under formal review, the Administrator, with assistance from the Investment Consultant, shall conduct a detailed evaluation of the fund, its operations, and its performance. During the review, the Administrator, 1) may suspend contributions to the fund from existing participants and 2) may close the fund to new enrollees. Upon completion of the evaluation, the Administrator may continue the fund under formal review (Watch List) status, remove the fund from formal review, or terminate the fund.

- If a positive conclusion is reached concerning the Manager's continued ability to meet their performance criteria and investment constraints in the future, then no action will be taken. However, the Administrator will revisit the performance issues at its next meeting.
- If a negative conclusion is reached concerning the option's continued ability to meet performance criteria and investment constraints in the future, that will trigger the termination of that fund.

Termination of Funds

1. The Administrator, with assistance from the investment consultant, will promptly seek a new fund appropriate for the given asset class.
2. The Administrator must promptly notify the Plan provider that the fund is being terminated and what, if any, fund is replacing it.
3. Upon identifying a fund, the Administrator, through the Plans' recordkeeper, must promptly notify Plan participants, in accordance with all required regulations, that the fund has been terminated as an investment option under the Plan. With regard to the terminated option, the Manager {which manager?} will normally have the recordkeeper transfer, or "map", the monies in the terminated fund to another fund of similar risk and return characteristics. The

terminated fund is then totally removed from the Plans. If the fund assets cannot be mapped, the recordkeeper will be instructed to close the terminated fund to future contributions. Participants will have the option to keep, or remove, the monies in the terminated fund.

QUALIFIED DEFAULT INVESTMENT ALTERNATIVE (QDIA)

The Qualified Default Investment Alternative (QDIA) will be the Target Date / Lifecycle option based upon a participant's normal retirement age, as specified in the Fund Document.

INVESTMENT POLICY CHANGES

The Administrator retains the right to modify the above investment policy as they deem necessary to meet their fiduciary responsibility for the Plans and to the participants.

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This statement of Investment Policy is adopted by the Government of the District of Columbia 401(a) Retirement Plan and 457(b) Deferred Compensation Plan Administrator on August 6th, 2018

District of Columbia 401(a) Retirement Plan and 457(b) Deferred Compensation Plan Trustee:



Signature/Title
Jeffrey A. Barnette

8/6/18

Date

Exhibit A – Investment Line-up Benchmarks

Fund Name	Prospectus Benchmark	Morningstar Category	Recommended Benchmark
Vantage Trust PLUS Fund	BofA ML 1-3 yr T-bill	N/A	BofA ML 1-3 yr T-bill
Vanguard Federal Money Market	Ibbotson US 30 Day T-Bill Index	US Money Market (Taxable)	30-day T-bill
DC Plus Fixed Income - 50% Vanguard Total Bond Market - 50% Touchstone Total Return Bond	Barclay's Aggregate Float Adjusted Barclay's Aggregate	Intermediate-Term Bond Intermediate-Term Bond	Barclay's Aggregate
Vantage Trust Retirement Income Advantage	N/A	N/A	Custom Benchmark
PIMCO Real Return CIT II	Barclay's U.S. TIPS	N/A	Barclay's U.S. TIPS
Vanguard Target Retire Income Trust	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
(doesn't this come out now?)	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
(doesn't this come out now?)	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2020	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2025	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2030	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2035	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2040	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2045	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2050	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2055	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
Vanguard Target Retire Trust 2060	MSCI US Broad Market & Barglays Aggregate	N/A	Composite Index*
DFA US Core Equity 1	Russell 3000	Large Blend	Russell 3000
DC Plus Large Cap Value - 85% T. Rowe Price Equity Income - 15% Edgar Lomax Value	S&P 500 S&P 500/Citigroup Value	N/A Large Value	Russell 1000 Value
Vanguard Institutional Index	S&P 500	Large Blend	S&P 500

American Funds Fundamental Invs	S&P 500	Large Blend	S&P 500
DC Plus Large Cap Growth - 70% Growth Fund of America - 30% Profit Fund	S&P 500 S&P 500	Large Growth Large Growth	Russell 1000 Growth
Ariel Fund	S&P 500 & Russell 2500 Value	Mid-Cap Blend	Russell 2500 Value
Vanguard Small Cap Index	CRSP US Small Cap	Small Blend	Spliced Small Cap Index**
Brown Capital Mgmt Small Co	Russell 2000	Small Growth	Russell 2000 Growth
Harbor International	MSCI EAFE	Foreign Large Blend	MSCI EAFE
Virtus Emerging Markets Opp	MSCI EM (Net)	Diversified Emerging Markets	MSCI EM (Net)
American Funds New Perspective	MSCI ACWI	World Stock	MSCI ACWI
Nuveen Real Estate Securities R6	MSCI US REIT	Real Estate	MSCI US REIT
PIMCO All Asset	BC 1-10 yr US TIPS	Tactical Allocation	BC 1-10 yr US TIPS

*The composite indexes for the lifecycle funds will vary bases on each fund's target date. These funds use a simple fund of funds structure with 100% of assets invested in index funds. The allocation between funds and asset classes automatically becomes more conservative as the target date approaches. The underlying indexes are as follows:

- CRSP US Total Market Index
- Barclays U.S. Aggregate Float Adjusted Index
- FTSE Global All Cap ex US Index
- Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index
- Barclays U.S. 0-5 Year Treasury Inflation Protected Securities Index

**The index is comprised of Russell 2000 Index through May 16, 2003; MSCI US Small Cap 1750 Index through January 30, 2013; CRSP US Small Cap Index thereafter.