**COUNTY EMPLOYEES RETIREMENT SYSTEMS**

**INVESTMENT MANAGEMENT AGREEMENT**

THIS INVESTMENT MANAGEMENT AGREEMENT (the "Agreement" or "Contract") is entered into as of June 23rd, 2025 by and between T. Rowe Price Associates, Inc. ("Manager"), and County Employees Retirement Systems ("CERS" or "Systems"), a 401(a) governmental pension plan; each a "Party" and together the "Parties".

**W I T N E S S E T H:**

WHEREAS, CERS desires to appoint T. Rowe Price as investment manager with authority to manage and control a portion of CERS' assets held from time to time (the "Account") pursuant to this Contract;

**NOW, THEREFORE**, in consideration of the foregoing and subject to the terms and conditions set forth herein, the parties hereby agree as follows:

1. **Designation of Manager; Prudent Person**. Subject to the terms and conditions contained in this Agreement, CERS hereby appoints Manager as investment manager of the Account with full power and discretion to manage such assets of the Account as CERS designates, such assets not otherwise being subject to the management or control of another investment manager specifically appointed by CERS. Manager hereby accepts appointment as investment manager of the Account pursuant to the terms of this Agreement. Manager shall discharge its duties under this Agreement solely in the interest of CERS with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investment manager acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, pursuant to Kentucky Revised Statutes Section 61.650(1)(c) or Section 78.790(1)(c). In addition, in managing the Account the Manager will take into account the duties it has as a "fiduciary" of CERS, as that term is defined the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to the investment and management of the assets in the Account, as if the Account were subject to ERISA. CERS has selected the Manager's U.S. Structured Research Equity strategy. Manager is permitted to delegate to its advisory affiliates any of its rights or obligations related to investment management services as well as to non-affiliates administrative or operational services as it deems reasonably necessary in its performance of its obligations. Notwithstanding any such delegations, Manager shall remain responsible for all of its obligations under this Agreement, including any fees that may be charged.

2. **Custody of Account Assets**. CERS has established or will establish one or more investment accounts at a custodian of CERS's choice (the "Custodian"). Title to all Systems' Account assets shall at all times be registered in the name of Systems or the name of the Systems' Master Custodian or its nominee for the account of Systems, and the indicia of ownership of all Systems' Account assets shall at all times be maintained in trust by the Systems' Master Custodian. The Manager shall at no time have the right to physically possess or to have the securities making up the Account registered in its own name or that of its nominee, nor shall the Manager in any manner acquire or become possessed of any

income or proceeds distributable by reason of selling, holding or controlling the Account. CERS shall instruct the Custodian to provide the Manager with written statements of the Account, at least monthly, and such other information as Manager may reasonably request from time to time.

3. **Investment Policy and Procedures**. The Manager hereby agrees to provide the services enumerated in Item 1 and Item 2 above in accordance with the Investment Policy Statements (the "Investment Policy") as issued by Systems, as amended from time to time, which are attached hereto as Attachment I and incorporated herein by this reference, and the Portfolio Guidelines for the Manager (the "Guidelines"), which are attached hereto as Attachment II and incorporated herein by this reference. Manager shall exercise its power and authority with respect to the Account in accordance with the Investment Policy. The Investment Policy and Guidelines shall remain in effect until such time as CERS approves (in writing) a modification to the Investment Policy or Guidelines. The Manager shall have no responsibility to implement any changes in the investments of the Account as a result of any change in the Investment Policy or the Guidelines unless and until such change is communicated to the Manager in writing; provided, such change becomes effective only upon the Manager's written acknowledgment of receipt. The Manager shall acknowledge receipt within five (5) business days after receiving the notification and shall be in compliance with the modified Investment Policy and Guidelines within forty-five (45) days after receiving notification. Notwithstanding anything to the contrary contained herein, in the event the terms of the Guidelines conflict with those of the Investment Policy, the terms of the Investment Policy shall control.

4. **Brokerage**. In selecting brokers or dealers, the Manager shall use reasonable efforts to seek the most favorable combination of price and execution under the circumstances, and may consider the fact that a broker or dealer has furnished, or has agreed to furnish in the future, statistical, research or other information or services which enhance the Manager's investment research and portfolio management capability for investing the assets, all in accordance with Section 28(e) of the U.S. Securities Exchange Act of 1934. If Manager accepts or receives such information or services from a broker or dealer, then Manager shall report to CERS in accordance with Section 18(b)(iv) of this Agreement.

Notwithstanding the foregoing, the Manager shall not place orders with any broker/dealer who: (a) CERS has by written notice to the Manager deemed unsuitable for Account trades, (b) is affiliated with the Manager or (c) is affiliated with an investment consultant that provides non-brokerage related services to CERS. CERS shall provide the initial list of restricted broker/dealers arising under (a) and (c), and any changes, to the Manager in writing. The Manager agrees to be bound by such broker/dealer list, or any changes to such broker/dealer list upon receipt of written notice from CERS. In addition, the Manager shall not engage in transactions that involve a broker acting as a principal where the broker is also the investment manager, without CERS's advance written consent.

CERS authorizes Manager to combine orders for the Account with orders for other clients of Manager. When effecting trades on an aggregated basis, the Manager is required to allocate aggregated trades promptly and fairly. Securities purchased or proceeds of securities sold through aggregated orders shall be allocated in accordance with the Manager's Trade Allocation & Aggregation Policy. Further, in the event not all portfolios are allocated the entire number of securities sought to be bought or sold on behalf of such portfolio, it is possible that no portfolio will be deemed to have purchased or sold the entire number of securities sought to be purchased or sold on behalf of such portfolio.

5. **Performance Objectives.** The Manager acknowledges that CERS has established performance objectives for the assets in the Account as are set forth in Attachment II attached hereto (the "Performance Objectives"), as the same may be amended from time to time by CERS in writing, and that failure to consistently meet such performance standards may result in termination of this Agreement. The Manager hereby acknowledges that it has reviewed and is familiar with the Performance Objectives. CERS may amend the Performance Objectives by providing written notice to Manager.

6. **Fees and Terms of Payment**. As consideration for the services rendered pursuant to this Agreement, the Manager shall receive a management fee, payable quarterly in arrears, and calculated as outlined in Attachment III titled "Fee Schedule". If the fees are not paid by CERS, CERS shall cause the Custodian to compensate Manager for its services under this Agreement from the assets of the Account. Except as provided in Attachment III or as otherwise stated herein, the Manager shall not be entitled to receive any additional fees or reimbursements for travel expenses, meals, production materials, or any other service or product provided in connection with this Agreement. Under Section 61.645(19)(i) and Section 78.782(18)(i) of the Kentucky Revised Statutes, CERS is required to disclose, and post on its website, the dollar value of fees and commissions paid to each individual manager or partnership. CERS shall not publicly disclose the Fee Schedule listed in Attachment III, unless legally required to do so after exhausting all reasonable available remedies to prevent disclosure as determined by CERS, however, on a quarterly basis, it is legally required to update and post to its website the fees and commissions paid for each fund administered by the board, as well as any fees and commissions paid to a manager or partnership. If CERS does disclose the Fee Schedule listed in Attachment III, CERS shall immediately notify the Manager. Public disclosure shall not encompass CERS' lawful responses to a valid subpoena or order from a Court of competent jurisdiction, or disclosure and posting required pursuant to KRS 61.645(20) or KRS 78.782(19). CERS shall also reimburse the Manager for any third-party costs incurred by the Manager at the instruction of CERS.

7. **[RESERVED.]**

8. **Placement Agents**. The Manager agrees that it will remain in compliance with System's Statement of Disclosure and Placement Agent policy, which is attached hereto as Attachment IV. The Manager warrants that no person or selling agency has been employed or retained to solicit and secure this Agreement upon an agreement or understanding for commission, percentage, brokerage or contingency; excepting bona fide employees or selling agents maintained by the Manager for the purpose of securing business unless disclosed in writing, prior to the engagement. The Manager has not paid any placement fees, finder's fees, or gratuities (including gifts and entertainment) to any fiduciary, trustee or employee of CERS. The Manager has not made any contributions that would result in an Investment Adviser being disqualified from collecting performance fees under rule 206(4)-5 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). Additionally, under Section 61.645(21) and Section 78.782(20) of the Kentucky Revised Statutes, Manager acknowledges and agrees that no funds of CERS, including the fees and commissions paid to the Manager, shall be used to pay fees and commissions to placement agents. For the purposes of this Agreement, "placement agent" means a third-party individual, who is not an employee, or firm, wholly or partially owned by the entity being hired, who solicits investments on behalf of an investment manager, private fund, or company issuing securities

9. **Authorization**. In accordance with this Contract and all Attachments hereto, Manager is hereby authorized, without prior consultation with, or approval of, CERS, to:

a) use its sole judgment and discretion in the acquisition, placement, maintenance, transfer, swap, sale, or other disposition of any and all Account assets;

b) bind or commit CERS to any contract(s) or agreement(s) necessary to accomplish its duties and obligations set forth in this Agreement;

c) direct the Custodian with respect to all powers subject to such direction under any Agreement including, but not limited to, buying and selling securities, signing contracts or other agreements; and

d) combine orders on behalf of the account with orders on behalf of the Manager or its affiliates or of other clients of the Manager.

10. **Trading Procedures.** All transactions authorized by this Agreement shall be settled through the Custodian, who shall retain sole possession of and have complete custodial responsibility for the assets. The Manager shall notify and instruct the Custodian on (a) orders which the Manager places for the sale or purchase of assets and the management or disposition of such assets, and (b) the purchase or acquisition of other securities or property for the Account. The Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as the Custodian may designate. In its sole discretion, CERS may (by giving notice to either the Manager or the Custodian) amend, limit or revoke Manager's above-described authority to direct the Custodian.

11. **Prohibited Transactions**. The Manager shall not act as a principal in sales and/or purchases of the assets, unless the Manager shall have received prior written approval from an Authorized Person (defined below) for such transaction. The Manager shall also not engage in non-exempt prohibited transactions to the extent set forth in ERISA; provided however, the Account shall not be restricted from purchasing securities whether issued by CERS, an affiliate or otherwise, except as CERS instructs pursuant to cusips, tickers, or other specific identifiers in the Guidelines or in an affiliates list.

12. **Trade Confirmation and Settlement**. Where a transaction is eligible for settlement through the Depository Trust Company's Institutional Delivery System, the Manager shall use such System for trade confirmation and settlement. The Manager shall cooperate with CERS's Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

13. **Discretionary Rights and Powers Affecting the Assets**. The Manager may receive requests for instructions from the Custodian concerning the assets held in the Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by the Manager. The Manager shall be responsible for timely directing the Custodian as to the exercise of such rights and/or powers if, and solely to the extent, the Manager has actual knowledge of same based on a written notice or request for instructions received from the Custodian or CERS. The Manager shall not be responsible for notifying CERS or the Custodian of, or managing, monitoring or conducting litigation or other proceedings (including class action or bankruptcy proceedings) related to any investment held or once held in the Account, and CERS acknowledges and agrees that it, and any legal adviser of CERS, shall remain solely responsible for the management of such

proceedings. Despite the preceding sentence, the Manager will use reasonable efforts to forward to CERS any proof of claims forms that the Manager receives and that are directed to the attention of the Account.

14. **Acting on Illegal Information**. The Manager shall not place orders to purchase and/or sell any assets on the basis of any material information obtained, or utilized, by the Manager in violation of the securities laws of the United States, or any other country in which the Manager transacts business on the Fund's behalf.

15. **Account Reconciliation**. The Manager shall cooperate with the Custodian to reconcile the Account each month. The Manager shall review all performance and other reports provided to it by the Custodian with respect to the Account assets, and notify CERS in writing of any material errors or discrepancies that are not reconciled.

16. **Notification of Tax Liabilities**. The Manager agrees to use reasonable efforts not to knowingly prejudice or adversely affect CERS or the Account's tax status as tax exempt. The Manager shall use reasonable efforts to notify CERS within a reasonable amount of time if, at any time, the Manager has actual knowledge of CERS's obligation to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets. The Manager is not an expert in tax matters and does not possess the information necessary to assist CERS in determining its tax liabilities. Notwithstanding anything to the contrary, the Manager will not, under any circumstances, be obligated to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets.

CERS acknowledges that the Manager may be required to request from CERS certain tax documentation, as required for purposes of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS), that may then be shared with a third party (e.g., a broker, dealer, counterparty, or its agent). It is CERS's responsibility to provide and update such documentation to comply with the applicable legal and regulatory requirements.

17. **Manager Representations**. Manager hereby represents and acknowledges to CERS that:

a) Manager is duly organized, validly existing and in good standing under the laws of the state of its organization and has complete authority to carry out its business as it has been conducted;

b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby are within the power of the Manager and have been duly authorized by all necessary corporate action. The Manager has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreement and obligation of the Manager, enforceable against the Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.

c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided herein, will violate any agreement to which the Manager is a party or by which it is bound, any law, regulation, order, or any provision of the charter documents of the Manager.

d) Manager is a registered investment adviser as defined is the Investment Advisers Act of 1940, as amended ("the Advisers Act"), and therefore eligible to act as an investment manager under ERISA, is registered in or is exempt from registration in accordance with applicable state laws and is not subject to any of the disqualifications set forth in Section 411 of ERISA. In accordance with the provisions of the Advisers Act, no assignment of this Agreement shall be made by Manager without CERS' permission;

e) Manager has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents, or examinations required by any government or governmental authority for acts as contemplated by this Agreement;

f) Manager will maintain the following insurance coverage[1] for the duration of the Agreement plus ) thirty-six (36) months after expiration or termination of the Agreement. Proof of the existence of such policies shall be provided to CERS annually with the Compliance Certificate in Attachment V:

i) A fidelity bond in the minimum amount of $[redacted] per claim in the aggregate. The bond shall cover at a minimum, losses due to dishonest or fraudulent acts by the Manager; and

ii) An errors and omissions policy in the minimum amount of [redacted] per claim and in the aggregate. The policy shall cover, at a minimum, Manager's services under this Agreement and any insurable claim related to the services provided under this Agreement by the Manager to which the Manager is legally liable.

g) As of the date hereof, Manager warrants and represents that to its actual knowledge there is no litigation pending that alleges any breaches of fiduciary duty or other material failures in the performance of its duties as an investment adviser. To the extent permitted by applicable law, the Manager will inform CERS in a reasonable time if a court of law or governmental authority issues a judgment or concludes an enforcement action in which the Manager is found to have breached its fiduciary duty or violated federal or state securities laws, rules or regulations in a manner that would be reasonably expected to adversely impact the Account or the Manager's ability to discharge its responsibilities to the Account in the future.

h) The Manager has adopted policies and procedures reasonably designed to ensure that the Manager will make all required filings with all applicable regulatory agencies within all prescribed deadlines on behalf of its investments of the assets in the Account.

i) The Manager shall annually file with CERS a compliance certificate, executed by a responsible officer of the Manager's firm, in the form attached hereto as Attachment V, within thirty (30) days after each December 31. For clarity, the Parties acknowledge and

[1] The limits of insurance described herein shall not limit the liability of the Manager and Manager's officers, employees, agents, representatives or subcontractors. Failure to procure and maintain insurance shall constitute a material breach of this Agreement upon which CERS may immediately terminate the Agreement.

agree that the compliance certificate is not intended to establish additional obligations or requirements not explicitly addressed in this Agreement.

j) Pursuant to Kentucky Revised Statutes Section 61.650(1)(d)2. and Section 78.790(1)(d)(2), the Manager shall comply with all applicable provisions of the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers.

k) Manager shall comply with all laws and regulations issued from time to time by any governmental or administrative or other body with jurisdiction over the Manager, which relate to the discharge of its duties under this Agreement. For clarity, the Manager shall be considered to have satisfied its obligations under this and other paragraphs of Section 17 and elsewhere in this Agreement that require compliance with applicable laws, regulations, and rules under U.S. federal, state, or foreign law, so long as the Manager has adopted policies and procedures reasonably designed to comply with all such laws, regulations, and rules and has provided reasonable responses to CERS's inquiries related thereto.

18. **Reporting Requirements**. Manager shall furnish reports in the format specified by CERS upon their reasonable request.

a) The Manager shall provide the following reports monthly (either hard copy or by electronic access) within ten (10) business days of month-end:

i) Reports describing in detail the previous month's portfolio activities, including GIPS compliant performance tabulations gross and net of fees for the 1-month, 3-month, calendar YTD, fiscal YTD, 1-year, 3-year, 5-year, 10-year, and since inception as appropriate. A summary of purchases & sales (Account activity), sector weights and other appropriate Account characteristics (e.g. convexity and effective duration, P/E, etc.) for both the benchmark and the Account; and

ii) Reports tracking units, original cost, amortized cost, market value, and gain/loss of each holding.

b) The Manager shall provide quarterly reports within thirty (30) calendar days of calendar quarter-end:

i) Reports reviewing portfolio performance (as above) and the Manager's current investment strategy and outlook;

ii) A summary of the proxy votes for the quarter;

iii) An attribution breakdown for the current quarter, and 1 year periods;

iv) Reports tracking the Manager's utilization of brokers/dealers, including the identification of the brokers/dealers utilized, the perceived market costs (market impact) if any at a portfolio level, and the dollar volume executed through each broker/dealer, and a commission analysis report;

v) A synopsis of the key investment decisions made by the Manager, underlying rationale, and how those decisions could affect future results;

vi) A commentary on investment results in light of the appropriate standards of performance; and

c) The Manager shall provide annually, after the close of the calendar year:

i) Within 120 days after the end of Manager's fiscal year, a copy of SEC form ADV - Part 2, any amendments thereto as available;

ii) A Compliance Certificate provided in Attachment V;

iii) A report on the Manager's use of soft dollars earned and expended resulting from its duties under this Agreement. The report shall include the products and services obtained through soft dollar arrangements. Otherwise, the Manager shall indicate in writing that soft dollar information is not applicable to this Account.

d) The Manager shall provide the following information periodically as reasonably requested:

i) Information relating to industries, businesses, corporations or securities, in which the Account has invested, as requested by CERS;

ii) Reports containing the Manager's and affiliates' conflict of interest policies; and

iii) Any other such reports regarding the Account as CERS or the Custodian may reasonably request.

19. **Meetings**. On a periodic basis mutually convenient to Manager and CERS, one or more members of the Manager's investments team, as selected in the Manager's reasonable discretion, shall meet with CERS (either virtually or in person as mutually agreed upon by the parties) to review the Account investments and to discuss current holdings and future placements and acquisitions. Additionally, the client services individual or individuals assigned by the Manager to the Systems account must be generally accessible by telephone to Systems on a daily basis during regular business hours.

20. **Change in Status**. The Manager acknowledges as an investment adviser, as such term is defined in the Adviser's Act, it is required to take reasonable steps to notify its clients, including CERS, of any material change in Manager's business which may materially adversely affect Manager's ability to perform its duties and responsibilities under its client agreements, including this Agreement, including, but not limited to, any change in Manager's status as an SEC-registered investment adviser, any material litigation, any material adverse change to the Manager's financial or organizational status, or any material adverse change in its Executive Committee, and any change in portfolio managers managing a CERS Account; provided that the timeliness of Manager's notification under this section will be consistent with and subject to the legal obligations of publicly traded companies and their subsidiaries. The Manager has adopted and implemented conflicts of interest policies to outline key ways that the Manager identifies, manages, and discloses actual or potential conflicts of interest arising in connection with its investment business, including disclosures in the Manager's Form ADV as filed with the SEC and agrees to take reasonable steps consistent with such policies to notify CERS of any material conflicts of interest arising

from Manager's relationship with any CERS employees, CERS trustees, elected officials of the Commonwealth of Kentucky, or third-party vendors of CERS to the extent related to the services provided under this Agreement.

21. **CERS Representations and Acknowledgement**. CERS hereby represents to Manager that the execution and performance of this Agreement and the making of investments of the Account in accordance with this Agreement will not violate any provision of the governing documents of CERS, require CERS to obtain any consent or any waiver that has not heretofore been obtained, or violate any contract or other agreement to which CERS is a party or by which it or its assets (including the Account) may be bound or any statute, rule, regulation or order of any governmental body. CERS will inform the Manager of any event which might affect this authority or the propriety of this Agreement. CERS hereby represents that it is independent of, and unrelated to, the Manager or any affiliate thereof. CERS acknowledges that it has received Part 2 of the Manager's Form ADV or similar disclosure document prior to entering into this Agreement. CERS represents that the definition of a Qualified Institutional Buyer ("QIB") under Rule 144A of the Securities Act of 1933 is met for purposes of such purchases and it will promptly notify Manager in the event the definition is no longer met. Unless Attachment II restricts the purchase of Initial Public Offerings, CERS represents that the Account is not restricted from participating in such offerings pursuant to FINRA Rule 5130 or FINRA Rule 5131. CERS further represents and warrants that the Account is not a "private fund" as defined in Section 202(a)(29) of the Advisers Act.

22. **Authorized Parties; Directions to the Manager**. CERS may appoint or designate any person or committee to act on its behalf concerning this Agreement and its operation, as it deems appropriate. CERS has furnished to the Manager a list of authorized persons, in Attachment VI ("Authorized Persons"), which it will update from time to time as necessary and until written notice of changes are received by the Manager, the Manager may conclusively rely upon the authority of the Authorized Persons to act on behalf of CERS. All directions to the Manager by or on behalf of CERS shall be in writing signed by one or more Authorized Persons and the Manager shall be fully protected in relying on such directions.

23. **Assignment**. The Manager may not assign, convey, or otherwise transfer any of its rights, obligations, or interests herein without the prior express written consent of CERS.

24. **Audit or Examination of Records**. The Manager will provide reasonable cooperation to CERS and its representatives with any requests for access to examine any directly pertinent books, documents, papers, and records of the Manager relating to the Account assets upon reasonable advance notice and during the Managers normal business hours. The Manager has developed policies and procedures to reasonably designed to comply with the record retention requirements of the Advisers Act.

25. **Reliance on Representations**. CERS and the Manager each acknowledge that the other will be relying, and shall be entitled to rely, on the representations, undertakings and acknowledgments of the other set forth in this Agreement. CERS and the Manager each agree to notify the other promptly in the event of any material misrepresentations of its representations, undertakings, or acknowledgments set forth in this Agreement which would have an adverse effect on CERS, the Manager, or the Account.

26. **Notice**. All notices, instructions and advices with respect to securities transactions or other matters contemplated by this Contract shall be deemed duly given when delivered to and received by the respective parties as follows (a facsimile transmission is acceptable only for purposes of amending this

Contract and only if the receipt of such facsimile is confirmed by the recipient. Electronic mail transmissions are acceptable only for purposes of providing notice or instructions with respect to securities transaction or cash flows. Electronic mail transmissions may not be used to terminate or amend this Contract):

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| The Manager at: | T. Rowe Price Associates, Inc.<br>Attn: [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| With a copy to: | T. Rowe Price Associates, Inc.<br>Attn: [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| CERS at: | Steve Willer<br>Executive Director Office of Investments<br>Chief Investment Officer<br>1260 Louisville Rd<br>Frankfort KY, 40601 |
| With a copy to: | Victoria Hale<br>Office of Legal Services<br>Division of Non-Advocacy<br>1260 Louisville Road<br>Frankfort, KY 40601 |

27. **Controlling Law; Jurisdiction and Venue; Waiver**. All questions as to the execution, validity, interpretation, construction, and performance of this agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of laws principles thereof, except to the extent preempted by federal law(s), if any. The Manager hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in the Franklin Circuit Court located in Franklin County, Kentucky. Manager stipulates and agrees that it is subject to personal jurisdiction of such courts. To the extent that in any jurisdiction Manager may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Manager, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

28. **Confidentiality**. The Manager shall protect the financial privacy of all information relating to the Account and recognizes that the information is confidential in nature. The Manager's employees and agents shall be allowed access to the information only as needed for their duties related to the Agreement and in accordance with the rules established by the custodian of the records. The Manager shall preserve the confidentiality of the information except where otherwise required by law, where requested by an appropriate regulator, or where reasonably required to be disclosed by the Manager to a

person (including, without limitation, affiliates, the Custodian, delegates, agents, advisers, brokers and counterparties) in order to perform the services under this Agreement. The Manager shall maintain positive policies and procedures for safeguarding the confidentiality of such information. The Manager recognizes that it may be liable for the negligent, wanton, or willful release of such information.

CERS is a public agency subject to (i) Kentucky's public record law (Kentucky Revised Statutes sections 61.870 to 61.884, the "Open Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Open Records Act and (ii) Kentucky Revised Statutes Sections 61.645(19)(l) and (20), and Sections 78.782 (18)(1) and (19) (the "Document Disclosure Laws"), which provide generally that all contracts or offering documents for services, goods, or property purchased or utilized by CERS shall be made available to the public, and posted on CERS' website, unless exempt under the Document Disclosure Laws (the Open Records Act and Document Disclosure Laws, collectively, the "Kentucky Information Disclosure Laws"). Notwithstanding any provision in this Agreement to the contrary, the Manager hereby agrees that (i) CERS will, to the extent required by the Kentucky Information Disclosure Laws treat all information received from the Manager as open to public inspection under the Kentucky Information Disclosure Laws unless such information is exempt from such disclosure under the Kentucky Information Disclosure Laws, and (ii) CERS will not be deemed to be in violation of any provision of this Agreement if CERS discloses or makes available to the public (e.g., via CERS' website) any information regarding the Manager to the extent required pursuant to or under the Kentucky Information Disclosure Laws, provided that CERS shall use reasonable efforts to notify the Manager of any request for disclosure of this Agreement which is not redacted or any other information or material relating to the business of the Manager and provided by the Manager and marked by the Manager as "Confidential" (or with words of similar import) pursuant to the Kentucky Information Disclosure Laws so that the Manager may, at its own expense, seek an appropriate exemption to such disclosure as and to the extent permitted under any Kentucky Information Disclosure Law. Manager acknowledges that CERS is subject to the Open Records Act. Manager also acknowledges that a party requesting information that is unable to obtain such information directly from CERS may bring legal action (either in a court of law, or by appealing to the attorney general) to compel disclosure of the information.

29. **Remedies**. In addition to the right to terminate this Agreement, CERS may also file suit against the Manager for breach of duty and/or confidentiality, without limitation. Should CERS obtain a judgment against the Manager as a result of a breach of contract, the Manager consents to such judgment being set-off against any monies owed by CERS to the Manager under this or other contracts. This Section 29 shall not be interpreted to limit CERS's remedies as provided for by law.

30. **Defense and Indemnification.**

a) Manager shall indemnify, hold harmless and defend CERS and its agents, officers and employees from and against all claims, any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach of this Agreement by the Manager or Manager's officers, employees, agents, or representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense to the extent arising from the sole negligence or willful misconduct of CERS or its agents, officers and employees, or its Custodian and other third parties. Manager's obligation to defend, indemnify and hold CERS and its agents, officers and employees harmless under the provisions of this paragraph is not

limited to or restricted by any requirement in this Agreement for Manager to procure and maintain a policy of insurance.

b) Unless otherwise prohibited by law and subject to the availability of funds properly appropriated for such purposes, CERS shall indemnify, hold harmless and defend CERS and its agents, officers and employees from and against any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach with respect to the Account or the Systems by CERS or CERS's officers, employees, and representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense arising from the negligence, breach of duty or willful misconduct of Manager or its agents, officers and employees.

31. **Securities Lending.** The Manager understands that CERS may engage in a "Securities lending program". The Manager and CERS agree that the Manager shall not be responsible or liable for any consequences or damages arising from a delay in or failed delivery of any securities subject to any such "Securities lending program" and any lending activities thereunder.

32. **Duration of Contract.** The period in which subject services are to be performed shall begin on such date as is mutually agreed to in writing by the parties, and continue through the date that one of the parties hereto notifies the other party that it wishes to terminate the Agreement in accordance with Section 33 below.

33. **Termination**. CERS and Manager reserve the right to terminate this Agreement without penalty provided that written notice is sent under any one of the following circumstances:

a) At CERS's discretion, with or without cause, after five (5) business days written notice to the Manager or at Manager's discretion upon thirty (30) calendar days written notice to CERS. Manager shall cooperate with CERS and follow CERS's written directions in connection with the termination of this agreement to effect the smooth and orderly transfer of securities and all applicable records to a successor or other entity designated by CERS; or

b) At CERS's discretion, immediately, if a result of the Manager's default or breach of contract as specifically described in CERS's notice of termination; or

c) At CERS's discretion, immediately, if the Manager's decisions/conduct/actions are deemed not to be in alignment with CERS's interests specifically described in CERS's notice of termination.

Following termination notification, Manager shall not take any action with respect to the Account, unless specifically authorized to do so by CERS, provided that the Manager is permitted to take actions in the ordinary course of business in connection with any transaction entered into prior to or at the time such termination notification is received.

34. **Withdrawal of Assets from Management**. CERS may withdraw from and decrease the Account assets in its sole discretion, with prior notice provided to the Manager within a reasonable time frame. Any such notice shall set forth the amount of any such withdrawal or identify the investment assets

and amount of cash to be withdrawn, the date as of which such withdrawal shall be effective and such other information that CERS deems necessary or appropriate. On and after the effective date of such withdrawal and decrease and except as may otherwise be set forth in such notice, the Manager shall cease to be responsible for future investment of the assets and/or cash withdrawn.

35. **Amendments**. Except as otherwise provided herein, written modifications, amendments or additions to this Contract shall be effective only when signed by both parties.

36. **Conflicts of Laws**. Manager hereby certifies Manager is legally entitled to enter into the subject contract with the Commonwealth of Kentucky and certifies that Manager is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this Contract. The Manager shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of Systems which would violate standards of the Executive Branch Ethics provisions, as set forth in CERS Chapter 11A. Manager hereby agrees to provide the services referenced in this agreement, and execute the corresponding External Conflict of Interest Statement, in accordance with CERS' Conflict of Interest and Confidentiality Policy as adopted by Systems, which are attached hereto as Attachment VIII and incorporated herein by this reference. Manager hereby affirms that there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a Conflict of Interest except as otherwise set forth in its Form ADV Part II, as amended from time to time, as received by CERS. A Conflict of Interest means that because of other activities or relationships with other persons, Manager is unable or potentially unable to render impartial assistance or advice to CERS, or Manager's objectivity in performing the Agreement work is or might be otherwise impaired. If any other actual or potential Conflict of Interest arises subsequent to the date of this Agreement, Manager shall make a full disclosure in writing to CERS of all relevant facts and circumstances. This disclosure shall include a description of actions that Manager has taken and proposes to take to avoid, mitigate, or neutralize the action or potential Conflict of Interest. Manager will continue performance of work under this Agreement until notified by CERS of any contrary action to be taken.

37. **Sovereign Immunity.** Manager acknowledges that CERS reserves all immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of its entry into this Agreement, by an express or implied provision thereof or by any actions or omissions to act by CERS or any of its employees, representatives or agents, whether taken pursuant to this Agreement prior to the execution thereof, provided that CERS shall not knowingly evade the contractual obligations of this Agreement by relying on the immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution.

38. **Purchasing by the Commonwealth of Kentucky.** The Manager hereby certifies that it will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky.

39. **Severability**. In case one or more of the provisions contained in this Agreement shall be found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, to the fullest extent permitted by law.

40. **Miscellaneous**. All section headings in this Agreement are for convenience of reference only, do not form part of this Agreement, and will not affect in any way the meaning or interpretation of this Agreement.

No term or provision of this Agreement may be waived except in writing signed by the party against whom such waiver is sought to be enforced. A party's failure to insist at any time on strict compliance with this Agreement or with any of the terms of the Agreement or any continued course of such conduct on its part will not constitute or be considered a waiver by such party of any of its rights or privileges. Manager is an independent contractor, and nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture or other relationship between Manager and CERS. This Agreement contains the entire understanding between CERS and Manager concerning the subject matter of this Agreement, and supersedes all prior agreements, arrangements and understandings, written or oral, between the parties.

CERS understands that Manager serves as investment manager for other clients and will continue to do so. CERS also understands that Manager, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for CERS. Manager is not obligated to buy, sell or recommend for CERS any security or other investment that Manager or its Affiliated Persons may buy, sell or recommend for any other client or for their own accounts. This Agreement does not limit or restrict in any way Manager or any of its Affiliated Persons from buying, selling or trading in any securities for their own accounts; provided, however, that neither Manager nor any of its Affiliated Persons will act as principal or receive any compensation in connection with the purchase or sale of any securities by the Account, other than the investment management fee described in Section 6 above.

Manager does not guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that Manager may use, or the success of Manager's overall management of the Account. CERS understands that investment decisions made for the Account by Manager are subject to various market, currency, economic and business risks, and that those investment decisions will not always be profitable. Manager will manage only the securities, cash and other investments held in the Account and in making investment decisions for the Account, Manager will not consider any other securities, cash or other investments owned by CERS. Except as may otherwise be provided by law, Manager will not be liable to CERS for (i) any loss that CERS may suffer by reason of any investment decision made or other action taken or omitted in good faith by Manager with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity would use; or (ii) any loss arising from Manager's adherence to CERS's instructions. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement shall waive or limit any rights which CERS may have under those laws.

Manager acknowledges and agrees that in the event any representations, undertakings, or acknowledgments set forth in this Agreement cease to be true, the Manager shall notify CERS of such event if required under applicable law. CERS acknowledges and agrees that it shall promptly notify the Manager in the event any representation, undertaking, or acknowledgement set forth in this Agreement is no longer required. CERS and Manager acknowledge that where this Agreement or any Exhibit hereto call for notice within a "reasonable" time frame, such "reasonable" notice will be understood to mean fourteen (14) Business Days.

41. **Voting of Proxies.** The Manager will not vote proxies for the Account; [redacted]

42. **Investment in Adviser Affiliated Commingled Investment Vehicles.** To the extent set forth in Attachment II, the Manager is authorized to open an account with and invest the cash reserves of the Account in the T. Rowe Price Government Reserve Fund **("RIF")** and T. Rowe Price Treasury Reserve Fund **("GRF")** for which Manager provides investment advisory services. The purchase and sale of shares of RIF and GRF and its investment objectives are subject to the terms of its prospectus. Information regarding RIF's and GRF's expenses and fees, including fees paid to the Manager or its affiliates, is available in RIF's and GRF's shareholder reports. CERS acknowledges receipt of the current prospectus for RIF and GRF and approves the non-advisory administrative fees and expenses paid by RIF and GRF (that include fees paid to affiliates of Adviser). RIF and GRF do not charge an advisory fee; therefore, there will be no double billing of advisory fees. CERS shall receive quarterly account statements from T. Rowe Price Investment Services, Inc., the distributor for RIF and GRF reflecting CERS's holdings in such funds.

**IN WITNESS WHEREOF,** the parties have caused this Agreement to be executed as of the date first above written.

**County Employees Retirement Systems**

By: _____

Name: Joe Gilbert
Title: Portfolio Manager
Kentucky Public Pensions Authority on behalf of
County Employees Retirement Systems
1260 Louisville Road
Frankfort, KY 40601
On behalf of County Employees Retirement Systems

**Manager**

By: [redacted]

Name: [redacted]
Title: Vice President
T. Rowe Price Associates, Inc.

1307 Point Street
Baltimore, MD 21231
On behalf of Manager

## ATTACHMENT I

Investment Policy and Procedures

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# County Employees Retirement Systems

Investment Policy Statement

Adopted December 2024

This Investment Policy Statement (IPS) is issued by the CERS Board of Trustees (CERS Board or CERS Trustees) of the County Employees Retirement System (CERS) in connection with investing in the pension and insurance trust funds (Funds) of CERS.

## I. Introduction

### A. Purpose

The purpose of this IPS is to define the framework for investing the assets of CERS. This IPS is intended to provide general principles for establishing the goals, risk tolerance, asset allocation, implementation, employment of outside service providers, monitoring, as well as general governance of the Funds.

The pension plans administered by the County Employees Retirement System (CERS) are Qualified Pension Plans under Section 401(a) of the Internal Revenue Code. Additionally, KRS 61.701 establishes the Kentucky Retirement System insurance trust fund, the assets of which are used to pay health insurance benefits to CERS beneficiaries. KRS 78.5536 provides that all amounts necessary to provide for insurance benefits shall be paid to the insurance fund. The CERS Board shall manage the assets of the insurance fund in the same manner in which it administers its retirement fund.

### B. Philosophy

The CERS Trustees recognize their fiduciary duty not only to invest CERS funds in formal compliance with the Uniform Prudent Investor Act, but also to manage those assets in continued recognition of the basic long-term nature of CERS. The CERS Trustees interpret this to mean, in addition to the specific guidelines and restrictions set forth in the law and this document, that the assets of CERS shall be proactively managed—that is, investment decisions regarding the particular asset classes, strategies, and securities to be purchased or sold shall be the result of a long-term investment strategy. Being a long-term investor means that CERS Trustees are willing to accept a certain amount of risk in pursuit of potentially higher reward and that the Trustees can afford to be patient for a longer period of time.

The CERS Trustees recognize that asset allocation is the primary driver of long-term investment performance and will therefore review asset allocation and asset-liability studies on a regular basis as outlined in Section III of this document. The Asset Allocation Guidelines represent a strategic decision, with the primary aim that each fund of the CERS plan outperform its asset-class-weighted benchmark as outlined in section IV while assuming a commensurate level of risk. The appropriate level of risk is determined as part of the asset allocation or asset-liability study process and reflected in the target allocations and allowable ranges established in Section III.

The CERS Trustees recognize that there is a generally accepted principle that an inverse relationship exists between market efficiency and the ability for active management to produce excess returns. Therefore, KPPA Office of Investments staff (KPPA Investment Staff) will focus on investing in index or index-like investments with the goal of replicating, or exceeding, index returns with low management fees and low tracking errors in markets they deem to be more efficient. In markets KPPA Investment Staff deem to be less efficient, active management may be pursued, accepting higher tracking error and paying higher management fees with the expectation of producing excess returns over the long term. This allows the KPPA Investment Staff and consultant(s) to focus their efforts on identifying, selecting, and monitoring managers, as well as the overall management of fees paid, in the areas of the market most likely to produce excess returns.

The CERS Trustees recognize that, commensurate with their overall objective of maximizing long-term return given the appropriate level of risk, it is necessary that proper diversification of assets be maintained both across and within the classes of securities held to minimize/mitigate overall portfolio risk. Consistent with carrying out their fiduciary responsibilities and the concept of Modern Portfolio Theory, the CERS Trustees will not systematically exclude any investments in companies, industries, countries, or geographic areas unless required to do so by statute. Within this context of proactive management and the necessity for adherence to proper diversification, the CERS Trustees rely upon appropriate professional advice from staff and service providers.

## II. Responsibilities

The CERS Trustees and other fiduciaries shall discharge their duties with respect to CERS: (1) solely in the interest of the participants and beneficiaries; (2) for the exclusive purpose of providing benefits to participants and beneficiaries; (3) with the care, skill and caution under the circumstances then prevailing which a prudent investor acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose; (4) impartially; (5) incurring and paying appropriate and reasonable expenses of administration which may not necessarily be the lowest and (6) in accordance with a good faith interpretation of the laws, regulations, and other instruments governing CERS.

Additionally, the Trustees and other fiduciaries shall not engage in any transaction which results in a substantial diversion of CERS income or assets. Adequate security and a reasonable rate of return shall be provided to a disqualified person or in any other prohibited transaction described in Internal Revenue Code Section 503(b).

### A. CERS Board of Trustees

The CERS Investment Committee is created by KRS 78.790(1)(b) and the CERS Board as set forth in the CERS Board's Statement of Bylaws and Committee Organization (Section 2.2(e)). Per KRS 78.790(1)(b)(2), the CERS Investment Committee shall have the authority to implement the investment policies adopted by the CERS Board and act on behalf of the CERS Board on all investment-related matters. The CERS Investment Committee has the power to act on behalf of the CERS Board on all CERS Board approved investment related matters, including the acquisition, sale, safeguarding, monitoring and management of the assets, securities and funds of CERS. The CERS Board shall require a vote of six (6) Trustees to approve the recommendations of the CERS Investment Committee at the CERS Board meeting following the CERS Investment Committee meeting where such recommendation was made.

## B. CERS Investment Committee

The CERS Board shall establish an investment committee as required by KRS 78.790(1)(b). The CERS Investment Committee shall consist of five members of the CERS Board and shall be specifically composed as follows: The three (3) members with investment experience appointed by the Governor under KRS 78.782(1)(b); one (1) elected member to be appointed by the CERS Board Chair; and one (1) member appointed by the Governor under KRS 78.782(1)(b) with retirement experience, to be appointed by the CERS Board Chair. The CERS Investment Committee has the authority to implement the investment policies adopted by the CERS Board and to act on behalf of the CERS Board on all approved investment related matters.

The CERS Investment Committee has the following oversight responsibilities:

1. Monitor compliance with this IPS and all applicable laws and regulations. Non-compliance shall be communicated by the Committee Chair to the Board along with suggestions for remediation and appropriate timing.
2. Recommend the selection and termination of service providers to be approved by the Board. Notwithstanding the previous sentence, if the need arises to terminate a manager between CERS Board meetings, the KPPA Executive Director, Office of Investments (CIO) will have discretion to do so after receiving approval from either the CERS Board Chair or the CERS Investment Committee Chair, with concurrence by the CERS CEO. Upon termination, the CIO will notify all CERS Board members via a memo that contains the rationale for the decision. The CERS Investment Committee and the CERS Board must be notified of the manager termination at the next scheduled CERS Investment Committee and CERS Board meetings.
3. Meet no less than quarterly to evaluate whether this IPS, the investment activities and management controls and processes continue to be consistent in meeting CERS goals. Mandate actions necessary to maintain the overall effectiveness of the investment program.
4. Review assessment of investment program management processes and procedures, and this IPS relative to meeting stated goals.

## C. KPPA Investment Staff

The CIO is responsible for the administration of investment assets of CERS consistent with the policies, guidelines and limits established by the federal and state laws, the CERS Board, and the CERS Investment Committee.

The CIO receives direction from and reports to the KPPA Executive Director. The CIO shall provide information to the CERS Investment Committee on all investment matters, including but not limited to the following:

i. Maintaining the diversification and risk exposure of the Funds consistent with policies and guidelines.
ii. Assessing and reporting on the performance and risk exposure of the overall investment program relative to goals, objectives, policies and guidelines on at least a quarterly basis.
iii. Monitoring and assessing service providers to assure that they meet expectations and conform to policies and guidelines.
iv. Recommending changes to service providers, statutes, policies or guidelines as needed to maintain a productive relationship between the investment program and its goals; providing an annual review the suitability of asset class benchmarks; and acting as liaison

on all investment related matters.

v. Identifying issues for consideration by the CERS Investment Committee and preparing recommendations or reports regarding such matters.

vi. On an annual basis, staff will provide a comprehensive overview of each asset class composite, including actual exposure versus structure targets, performance versus appropriate benchmark(s) and peer group(s), and risk assessment. For private markets the analysis will also include an overview of existing commitments and an investment pacing plan. For all asset classes the overview should include an outlook and investment plan for the coming year.

vii. Preparing a memo for the CERS Investment Committee for each proposed investment which shall cover pertinent details of the investment, including: (1) Recommendation by staff and the opinion of an investment consultant; (2) Location of investment within the strategic asset allocation, along with rationale; (3) Sizing of the investment, along with rationale, and additionally for private investments how it fits into the existing pacing plan; (4) For public markets, a summary of the search process which details the criteria used to arrive at a list of finalist candidates and rationalization for recommending the proposed investment; (5) Key risks, fees, and liquidity terms; (6) Investment vehicle to be used; and if applicable, (7) Specific reasons why a CERS fund may be excluded from the investment.

viii. Engaging in a monthly meeting with the CERS Investment Committee Chair and the CERS CEO to discuss market trends and all things relevant to the CERS plans positioning.

The CIO or designee is authorized to execute trades on fixed income and equity securities, including exchange-traded funds (ETFs), for approved mandates, meeting the internal investments (section D) guidelines, and to execute proxies for the CERS Board consistent with this IPS.

To carry out this IPS and any investment related decisions of the CERS Board, the CERS Chief Executive Officer (CEO), and the CIO or designee are authorized to execute agreements and other necessary or proper documents pertaining to investment managers, consultants, investment related transactions, or other investment functions. All investment decisions of the CEO and/or the CIO not addressed in this IPS must be ratified by the Investment Committee and the Board of CERS.

**D. Internal Investments**

The Investment Committee may approve the internal management of assets. In general, internal mandates will be limited to investments that are meant to replicate the return and risk of a public index. These mandates will be subject to the same search and approval process outlined in Section II-C (vi) as well as Section II E.

Proxy accounts may also be managed internally to gain exposure to assets with similar risk, return, and economic characteristics to strategic asset class allocations that may take time to build, such as private asset classes where deployment of funds is dependent on managers/funds calling capital commitments. These proxies shall be included in regular performance reporting and a detailed review of the composition of the underlying investments shall be made to the Investment Committee for review and ratified by the board prior to implementation and at least annually thereafter.

**E. Investment Managers**

In instances where the CERS Investment Committee, in consultation with the CIO, has

determined it is desirable to employ the services of an external Investment Manager, the following shall be applicable:

i. Investment Managers shall be qualified and agree to serve as a fiduciary to CERS and should be of institutional quality as deemed by KPPA Investment Staff in collaboration with an investment consultant.
ii. Notwithstanding the CIO responsibilities when selecting a new investment, when the KPPA Investment Staff seeks a new mandate, staff will conduct a formal search process documenting how the universe was narrowed to the top option(s). If more than one investment option doesn't exist, staff shall outline comparable investments along with rationale as to why those strategies are not appropriate. As part of the process at arriving at a recommendation to the Investment Committee for investment, interviews shall be conducted and invitations to both the Board Chair and Investment Committee Chair members shall be extended providing the opportunity to participate in the selection process.
iii. Investment Managers shall manage assets in accordance with this IPS and any additional guidelines established by contract, as may be modified in writing from time to time.
iv. Total assets assigned to the selected manager shall not exceed 25% of that firm's total assets under management and shall not exceed 25% of a firm's total assets under management in a commingled product. Separate accounts or funds of one are not included in this 25% limitation for commingled products.
v. The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets in the pension and insurance funds as set forth in KRS 78.790(5).
vi. All investment management services will be contracted according to the CERS Investment Procurement Policy established by the CERS Board.

**F. Custody Bank**

KPPA shall recommend custodians and other agents who will be fiduciaries to CERS and who will assume responsibility for the safekeeping and accounting of all assets held on behalf of CERS and other duties as agreed to by contract. Upon approval of these recommendations by the CERS Board, KPPA may enter into a contractual agreement with these entities.

A process shall implement portfolio accounting system that includes plan accounting and unitization methods. An investment related service provider(s) may be selected to execute the process in accordance with the Boards' selection process. The following is a brief description of our plan accounting processing:

Within the plan accounting structure there are two primary types of accounts, Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool. An account is established for each plan and these accounts hold Units of Participation that represent the plan's/fund's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. These accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan/fund contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the Plan Accounts. Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in market value in the investment pool. Earnings are allocated based on the daily weighted average

of Master Trust Units held by each plan/fund account during the monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

An institutional accounting system shall support a method for determining the amount of monthly earnings are allocated to each plan account.

### G. Investment Consultants

Qualified independent investment consultants may be retained by the CERS Board to assist with the development of the overall strategic investment direction of the Fund and/or any of its asset classes. The Consultant may be expected to conduct asset-liability studies including presenting recommendations to the CERS Investment Committee and/or Board for appropriate asset allocation policies, rebalancing ranges, review and development of total fund policy benchmarks, and assisting with ongoing education for members of the Board. The Consultant may also be expected to prepare and present performance reviews, manager searches, and other investment-related consulting functions and duties as set forth by contract.

### H. Selection

Qualified investment managers, investment consultants, and other investment related service providers shall be selected by the CERS Investment Committee and recommended for approval by the CERS Board, in accordance with the IPS. The selection shall be based upon the demonstrated ability of the professional(s) to provide the required expertise or assistance described in the Request for Proposals (RFP) or Request for Information (RFI), if utilized. In order to create an efficient and effective process, the CERS Investment Committee or CIO may, in their sole discretion, utilize an RFI, an RFP, third party proprietary software or database, review of existing service provider capabilities, or any combination of these or other methods to recommend service providers.

## III. Asset Allocation Guidelines

In establishing asset allocation guidelines, the CERS Board recognizes that each CERS fund has its own capacity to tolerate investment volatility, or risk. Therefore, each CERS fund will be continually studied with asset allocation guidelines established on an individual fund basis. The CIO will ensure the asset allocation guidelines of each fund are reviewed annually with full asset-liability studies conducted every three to five years (or as market conditions warrant).

The CERS Board has established the following Asset Allocation Guidelines, effective July 1, 2024.

| Asset Class | Target | Minimum | Maximum |
|---|---|---|---|
| **Equity** | | | |
| Public Equity | **45%** | 30% | 55% |
| Private Equity | **8%** | 4% | 12% |
| **Fixed Income** | | | |
| Core Fixed Income | **13%** | 10% | 20% |
| Specialty Credit* | **20%** | 16% | 24% |

| | | | |
|---|---|---|---|
| Cash | 2% | 0% | 5% |
| **Inflation Protected** | | | |
| Real Estate | 5% | 3% | 7% |
| Real Return | 7% | 4% | 10% |

*includes High Yield Fixed Income

The intent of the CERS Board in allocating funds to the investment managers is for the investment managers to fully invest the funds. However, the CERS Board is aware that from time to time the investment manager will require a portion of the allocated funds to be held in cash provided the cash holdings do not exceed 5% of the manager's allocation for any given quarter, unless such cash holdings are an integral part of a fixed income manager's investment strategy.

The individual CERS fund level asset allocations will be reviewed and reported on quarterly by KPPA Investment Staff relative to the target asset class allocations and taking into account any tactical asset allocation shift directed by the CERS Investment Committee.

Regarding individual investment manager initial allocations, KPPA Investment Staff will recommend a funding amount for illiquid private market investments to be approved by the CERS Investment Committee and ratified by the CERS Board. Subsequent investments with those same managers will also be approved by the CERS Investment Committee and ratified by the CERS Board. Regarding liquid public market investments, KPPA Investment Staff will recommend individual allocations expressed as a percentage of the relevant asset class target. The asset class structural targets will be approved by the CERS Investment Committee and ratified by the CERS Board. Modest deviations from approved structural targets can be expected in the normal course of business throughout market cycles, but it is expected that the KPPA Investment Staff will update the Investment Committee on any active positioning decision (manager, style, geography, sector, duration, etc.) at least quarterly, and otherwise seek to maintain approved targets until recommended and approved for changes.

Short-term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, KPPA Investment Staff shall direct rebalancing transactions to reallocate assets from the over-allocated asset class(es) to the under-allocated asset class(es). Within the allowable ranges, KPPA Investment Staff should use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from asset allocation targets.

Investments in private assets are generally less liquid than investments in public markets securities and are typically implemented via periodic commitments to funds with limited partnership structures. As a result, actual allocations to these asset classes may deviate from their strategic targets for extended periods. Actual vs. target deviations for these asset classes shall not be considered in violation of the Asset Allocation Guidelines. However, when identified by the KPPA Investment Staff the deviation must be reported to the CERS Investment Committee Chair at the next Quarterly CERS Investment Committee meeting and each Investment Committee meeting thereafter until the allocation is in compliance with the target. To best manage risk exposures, Deviations to these asset classes shall be offset in the public market asset classes with the most similar risk/return characteristics as a short-term proxy for the private asset classes.

In keeping with its responsibility as a CERS Board and wherever consistent with its fiduciary responsibility, the CERS Board encourages the investment of the Fund's assets in investments, funds, and securities of corporations which provide a positive contribution to the economy of the Commonwealth of Kentucky. However, where any security is not a prohibited investment under

the governing laws and policies, discretion will be granted to the appointed investment managers in the selection of such securities and timing of transactions consistent with the following guidelines and restrictions.

**A. Equity**

**Public Equity**

Investments may be made in common stock, securities convertible into common stock, preferred stock of publicly traded companies on stock markets, asset class relevant ETFs or any other type of security contained in a manager's benchmark. Each individual equity account shall have a comprehensive set of investment guidelines prepared by the CIO, which contains a listing of permissible investments, portfolio restrictions, and standards of performance for the account.

Generally, U.S. equity markets are more efficient than Non-U.S markets, while large-cap and developed market segments are more efficient than their small-cap and emerging market counterparts. Implementation of the public markets allocation should reflect the overall efficiency within a particular market segment. The more efficient the market segment, the higher the proportion of indexed assets. Similarly, active management is more likely to add value in inefficient markets, so a lower percentage of indexed assets would be appropriate.

**Private Equity**

Subject to approval of the CERS Investment Committee and ratification by the CERS Board, investments may be made for the purpose of creating a diversified portfolio of private equity investments. Private equity investments generally possess a higher degree of risk with a higher return potential than traditional equity investments. Accordingly, total net rates of return from private equity investments are expected to be greater than those that can be obtained from traditional public equity investments. Examples of private equity investments include, but are not limited to: venture capital, buyouts, special situations, distressed debt, and private placements. US Key features of a well-constructed private equity portfolio include diversification across vintage year, sector/style, and geography.

The private equity market is highly sophisticated and specialized with respect to variety and types of investment structures. There exists major competition for deal flow on the part of both investors and general partners. Most investment vehicles are structured as commingled vehicles and are often blind pool investment partnerships. The most common offering forms are equity private placements where the governing laws of the partnership impose a passive role of the limited partner investor. These contractual arrangements are long-term in nature and provide the general partner a reasonable time horizon to invest capital, add value through operational management, and realize the proceeds of their investments. Terms of the partnership are typically proposed by the general partner and are critical to the economic incentives and ultimate net performance of the partnership.

**Private Equity Investment Strategy and Plan Guidelines**

To strengthen diversification, several guidelines will be utilized in KPPA Investment Staff's formulation and recommended annual investment strategy and plan for private equity investments. These guidelines encompass annual commitment levels to the asset class, types of investment vehicles that can be utilized, controlling financing stage risks, industry, manager and geography concentration/diversification limits, acceptable contract negotiations, appropriate sizes

for investments, and the preferred alignment of interests.

Investment Vehicles: CERS funds will gain exposure to private equity investments by hiring external investment managers either directly or through participation in secondary private equity markets. Typically, CERS will participate as a Limited Partner (LP) to limited partnership vehicles sponsored by such specialty external investment managers. CERS will also at times structure separately managed accounts with specific investment objectives to be implemented by external investment managers. CERS funds may also gain private equity exposure by utilizing the following vehicles: limited liability companies and co-investments alongside CERS existing or potential limited partnerships.

Investment Timing Risks: KPPA Investment Staff should limit the potential for any one investment to negatively impact the long-term results of the portfolio by investing across business cycles. Moreover, the portfolio must gain exposure to the array of financing stages by opportunistically exploiting the best investments at different stages of the business cycle. KPPA Investment Staff may also consider purchasing secondary partnership interests to shorten the effective life of the partnership interest and therefore positively impact the current and long-term net return of the portfolio. Should KPPA Investment Staff anticipate the need of entering a secondary partnership such agreement would need the approval of CERS Investment Committee and ratification by the CERS Board. In addition, mindful of vintage year diversification. Staff and investment consultant shall attempt to source on behalf of CERS attractive commitments annually, further ensuring the portfolio invests across business cycles.

General Partner Diversification: KPPA Investment Staff will seek to work with a variety of general partners due to their specialized expertise in particular segments of the private equity market and source of their deal flow. No more than 15% of CERS' Pension or Insurance total allocation to private equity investments may be committed to any one partnership.

Total Exposure to Private Equity: Given the illiquid nature of the asset and the complexity of each private equity transaction, it is important that the CIO actively manage the maximum amount of CERS' fund assets allocated to this asset class. Should circumstances arise and the allocation go beyond the maximum allowable allocation as indicated at in the table at the start of Section III, the CIO will inform the Investment Committee Chair in writing as soon as possible and report to the Investment Committee Chair and the CEO at the next monthly strategic planning meeting and all subsequent quarterly CERS Investment Committee meetings until the allocation is back in compliance.

**B. Fixed Income**

**Core Fixed Income**

The core fixed income accounts may include but are not limited to, the following fixed income securities: U.S. Government and Agency bonds; investment grade U.S. corporate credit; investment grade non-U.S. corporate credit; municipal bonds; Non-U.S. sovereign debt; mortgages including residential mortgage backed securities; commercial mortgage backed securities; and whole loans, asset-backed securities, and asset class relevant ETFs.

Each individual core fixed income account shall have a comprehensive set of investment guidelines prepared by the CIO which contain a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

**Specialty Credit**

Specialty Credit includes both publicly traded debt, e.g., high yield bonds, and private credit.

The high yield fixed income accounts may include, but are not limited to, the following fixed income securities: non-investment grade U.S. corporate credit including both bonds and bank loans; non-investment grade non-U.S. sovereign debt; mortgages including residential mortgage backed securities, commercial mortgage backed securities, and whole loans, asset-backed securities; and emerging market debt (EMD) including both sovereign EMD and corporate EMD and asset class relevant ETFs.

Post 2008/2009 Global Financial Crisis (GFC) regulatory changes created an opportunity for non-bank lenders to fill the loan demand vacated by the banks. Borrowers are generally small to medium sized businesses with non-investment grade ratings and are subject to loan terms controlled by the lenders (i.e., covenants, rates, and term) which provide additional risk controls, higher yields than that of public fixed rate loans, and periodic cash flows. Private credit investments may be illiquid in nature and structured as limited partnership agreements.

Each individual Specialty Credit account shall have a comprehensive set of investment guidelines prepared by the CIO which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

**Cash Equivalent Securities**

Selection of short-term instruments, whether viewed as liquidity reserves or as investment vehicles, should be determined primarily by the safety and liquidity of the investment and only secondarily by the available yield. The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages, municipal bonds, and collective short-term investment funds (STIFs), money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days. Repurchase agreements shall be deemed to have a maturity equal to the period remaining until the date on which the repurchase of the underlying securities is scheduled to occur. Variable rate securities shall be deemed to have a maturity equal to the time left until the next interest rate reset occurs, but in no case will any security have a stated final maturity of more than three years.

CERS fixed income managers that utilize cash equivalent securities as an integral part of their investment strategy are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for fixed income managers shall be included in the investment manager's investment guidelines.

**C. Inflation Protected Assets**

**Real Estate**

Investments are made in real estate equity and debt for the purposes of achieving the highest

total rate of return possible consistent with a prudent level of risk and provide returns that have a positive correlation to inflation.

The illiquid nature and complexity of real estate investments make it difficult for casual investors to effectively access the asset class. It is our belief that through active management and by investing with top tier managers that have aligned interests through co-investment and incentive-based compensation, CERS can maximize their risk-adjusted returns.

Allowable real estate investments include open-end and closed-end commingled real estate funds, joint venture investments, public and private real estate investment trusts (REITs), public real estate operating companies, and real estate related debt. CERS has determined that the primary role of the real estate asset class is to provide for the following:

- Attractive risk-adjusted returns through active management and accessing managers with the expertise and capabilities to exploit market inefficiencies in the asset class.
- Diversification benefits through lower correlations with other asset classes
- Provide a hedge against unanticipated inflation, which real estate has historically provided due to lease structures that can reset to market and growth in existing asset replacement value during inflationary periods when material and labor costs increase.
- Permit CERS to invest in unique opportunities that arise due to dislocations in markets that occur from time to time.

**Real Return**

The purpose of the Real Return Portfolio is to identify strategies that provide both favorable stand-alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans. Real Return strategies may include real assets, such as infrastructure, real estate, commodities, and natural resources, as well as financial assets that have a positive correlation to inflation. This can include real bonds such as Treasury Inflation-Protected Securities (TIPS), other inflation linkers, or real stocks such as REITs, Master Limited Partnerships (MLPs), and oil & gas stocks.

To access a wide variety of investment styles and strategies, investment vehicles may include mutual funds, ETFs, separately managed accounts, as well as hedge funds (open-end limited partnerships) and private equity (closed-end limited partnerships). The list of strategies that CERS' Real Return Portfolio may use includes, but is not limited to, the following:

- Inflation-linked securities directly tie coupon payments or principal increases to an inflation index, such as Consumer Price Index (CPI). These strategies could include not only US TIPS, but also global sovereign inflation linked bonds, corporate or infrastructure inflation linked bonds, and possibly short duration floating rate bonds.

  Inflation sensitive equities include publicly traded securities of companies that have a high sensitivity to inflation in their profit margins via the nature of their operating assets, such as energy, basic materials, mining, natural resources, utilities, real estate,and listed infrastructure companies. This category can also include, ETFs and index products that invest in inflation sensitive securities.
- Commodities: Commodities are the raw materials that are physical inputs into the production process. Managers that invest in liquid commodity strategies using exchange traded futures can span from simple indexing (matching a long-only commodities index),

to enhanced indexing or active long (selecting positions that vary from the index but within fairly tight ranges), as well as unconstrained long-short managers.

- Private Property: For the purposes of this IPS, private property refers to the ownership of an idiosyncratic, physical asset that is predominantly fixed or substantially long-lived, such as timberland and farmland. Timberland investing involves the institutional ownership of forests for the purpose of growing and harvesting the timber. Timber may be used for furniture, housing lumber, flooring, pulp for paper, woodchips, and charcoal, among other things. Farmland investing entails ownership of land used primarily, if not exclusively, for agricultural production both for crops, including row crops and permanent crops, as well as livestock. Private property can also include infrastructure investing, which refers to financing the manufacture or development of the underlying fundamental assets and basic core infrastructure that are necessary for an economy whereby such assets are largely fixed and long-lived. These tend to be high cost, capital-intensive investments that are vital to a society's prosperity and facilitate the transfer, distribution, or production of basic goods and services.

- Natural Resources: Natural resources can include investing in the financing, development, extraction, and production of minerals, basic materials, petroleum products, and water as well as renewable resources such as agricultural commodities and solar energy. As opposed to property, the returns generated in these investment strategies come more from the actual production of the resource itself. Further, these are depleting and/or consumable assets that are also portable and fungible and which in the aggregate comprise a majority of the inputs into most measurements of inflation.

- Private Assets: Private assets can include tangible or intangible assets that are not easily sold in the regular course of a business' operations, and which are held for their role in contributing directly to the business' ability to generate profit. As the useful life of the asset tends to extend across many years and the assets tend to be capital intensive as well, they have some similarity to private infrastructure. Further, given that the assets contribute directly to the production process as well as often retaining intrinsic value, there is a fundamental link to inflation somewhat similar to natural resources.

- Other (Opportunistic Inflation Hedge): Other/opportunistic strategies include those that have a propensity to provide a positive real return or positive correlation with inflation over time. Liquid strategies such as inflation swaps, diversified inflation hedging mutual funds, or nominal bonds backed by inflation sensitive assets may be included in this allocation, while other illiquid strategies that may provide the same real return profile can include private equity in inflation sensitive companies, hard asset-backed private credit, and structured inflation-linked products among others.

**Portfolio Guidelines**

No more than 20% of the total net assets of the Real Return portfolio may be invested in any one registered investment vehicle, mutual fund, or separately managed account.

No more than 20% of the total net assets of the Real Return portfolio may be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.

The relative allocations to the liquid and illiquid portfolios will be determined according to each

individual Plan's liquidity needs, funding status, and allocation targets on an investment-by-investment basis.

**D. Co-Investment and Continuation Vehicle Policy**

Co-investment and continuation vehicle opportunities often have abbreviated approval timelines that may not align with scheduled Investment Committee or Board meetings. In the event that approval is needed between meetings, the CIO has discretion to make direct co-investments in companies alongside of current General Partners of CERS' Limited Partnership investments, or to participate in a continuation vehicle of an existing fund, with the approval from two of the following three: the CERS Board Chair, the CERS Investment Committee Chair, and CERS CEO Any co-investment opportunity must also be consistent with the strategy CERS has already invested before it can be considered. For purposes of this IPS, a direct co-investment is defined as a direct investment in a portfolio company alongside the General Partner of an existing CERS' Limited Partnership investment deemed in good standing, and a Continuation Vehicle is a new fund created by transferring one or more assets from an existing fund nearing the end of its term to a new vehicle to allow the asset(s) more time to reach full potential

The maximum investment in any co-investment vehicle shall not exceed 50% of the total capital committed by all partners at the time of the final closing. The maximum investment in any single direct co-investment shall not exceed 20% of the original partnership commitment. Total investment in direct co-investments shall not exceed 20% of the asset class portfolio on a cost basis at the time of investment.

## IV. Monitoring

Performance Measurement

CERS overall fund performance is measured relative to CERS Pension or Insurance Total Fund Benchmark. The benchmark is calculated by means of a weighted average methodology. This method is consistent with the CFA Institute Global Investment Performance Standards (GIPS®), a set of standardized, industry-wide ethical principles that guide investment managers and asset owners on how to fairly calculate and present their investment results, with the goal of promoting performance transparency and comparability. It is the product of the various component weights (i.e., asset classes' percentages) by their respective performance (returns). Due to market fluctuations and acceptable divergence, the asset classes' weights (percentages) are often not equivalent to the benchmark's weights. Therefore, the performance may indicate that the Funds have outperformed (underperformed) relative to their respective benchmarks, even when the preponderance of lesser weighted categories have underperformed (outperformed) their indices.

CERS measures its asset classes, sub-asset classes, sectors, strategies, portfolios, and instruments (investment) performance with indices that are recognized and published. These indices are determined to be appropriate measures of investments and composites of investments with identical or similar investments profiles, characteristics, and strategies. The benchmarks and indexes are intended to be objective, investable, replicable, representative and measurable of the investment mandate and, developed from publicly available information that is acceptable to CERS and the investment manager/advisor as the neutral position consistent with the underlying investor status. The CERS investment consultant and KPPA Investment staff recommend the benchmarks and indexes. These measures shall be subject to the review and approval of the CERS Investment Committee with ratification by the CERS Board when asset allocation studies are performed, or when a change to existing benchmarks is recommended by KPPA Investment

Staff and the CERS investment consultant. The current asset class benchmarks, effective as of July 1, 2024, with the adoption of the asset allocation, are as follows:

| Asset Class | Benchmark |
|---|---|
| **Equity** | |
| Public Equity | MSCI ACWI ($ net) |
| Private Equity | Russell 3000 + 300 bps (one quarter) lagged) |
| **Fixed Income** | |
| Core Fixed Income | Bloomberg US Aggregate |
| Specialty Credit | 50% Bloomberg US Corporate High Yield / 50% Morningstar LSTA Leveraged Loan |
| Cash | FTSE 3 Month US T-Bill |
| **Inflation Protected** | |
| Real Estate | NCREIF ODCE (one quarter lagged) |
| Real Return | US CPI + 3% |

The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of CERS. They are to be computed and expressed on a time-weighted total return basis:

Total Public Asset Class Allocations

Short-term

- For periods less than five years or a full market cycle, the Asset Class composite performance should exceed the returns of the appropriate Index.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, the Asset Class composite performance should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index.

Individual Public Security Portfolios: Individual portfolios shall be assigned a market goal or benchmark that is representative of the style or market capitalization of the assignment. Individual accounts should be monitored using the following Standards:

Short-term

- For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

**Alternative Assets:**

**Private Equity**

The Private Equity portfolio should also seek to achieve a long-term net Internal Rate of Return (IRR) that exceeds public market equity investments as measured by a Public Markets Equivalent (PME) comparison using the most appropriate public equity index. KPPA Investment Staff shall complete a comparison of performance between equity portfolio performance and Private Equity portfolio returns quarterly and will report the following to the Investment Committee:

Short-term

- Alternative investments should earn a net IRR above the median net IRR of other similar funds of the same vintage year, as reported by industry benchmarks.

Intermediate & Long-term

- The private equity portfolio should earn a return that meets or exceeds the CERS Private Equity Index. Individual private equity investments should earn a net IRR above the median net IRR of other similar funds of the same vintage year, as reported by industry benchmarks.

**Inflation Protected**

**Real Estate**

Private Real Estate investments are unique and can be illiquid and long term in nature. Given that this may lead to large short-term performance discrepancies versus public benchmarks, CERS more appropriately measures its real estate investments based on both relative return and absolute return methodologies:

Relative Return: The Real Estate portfolio is expected to generate net returns above the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index (NCREIF ODCE) lagged 1 calendar quarter.

**Real Return**

The total Real Return investments shall seek to:

- Short-term benchmark: For periods less than five years or a full market cycle, the allocation should achieve a net annual rate of return that exceeds the appropriate benchmark (the weighted average return of the underlying investment benchmarks).
- Strategic objective: For periods greater than five years or a full market cycle, the allocation should not only outperform the short-term benchmark, but also achieve a rate of return that exceeds (US CPI + 300 basis points) as well.

**Performance Review**

On a timely basis, but not less than quarterly, the CERS Investment Committee will review the performance of the portfolio for determination of compliance with this IPS. This will include a quarterly performance peer review analysis comparing CERS with other public pension plans. On

an annual basis, a comprehensive review of each asset class and underlying portfolios shall be conducted by the KPPA Investment staff and presented to the CERS Investment Committee. The review shall consist of an organizational, performance and compliance assessment.

The Compliance Officer, or KPPA staff, shall perform tests at least monthly to assure compliance with the restrictions imposed by this IPS. These tests shall be performed at the asset class and total fund level. Quarterly, the Compliance Officer shall prepare a report to the CERS Investment Committee detailing the restrictions tested, exceptions, the cause of the exception and the subsequent resolution. The CERS Investment Committee shall report the findings to the CERS Board at the next regularly scheduled meeting. KPPA Internal Audit will schedule periodic reviews/audits of this function to ensure compliance with this IPS.

The following restrictions shall be tested at least monthly:

1. The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of CERS' assets.

2. The amount of stock held in the domestic or international equity allocation shall not exceed 3% of the outstanding shares of any single corporation.

3. Investment in frontier markets (those countries not included in the MSCI EM Index) shall not exceed 5% of CERS' international equity assets.

4. The duration of the core fixed income portfolios combined shall not vary from that of CERS' Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration, or dollar duration except when the CERS Investment Committee has determined a target duration to be used for an interim basis.

5. The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of CERS' fixed income assets, with the exception of US Government issued, guaranteed or agency obligations (or securities collateralized by same), and derivative securities used for exposure, cost efficiency, or risk management purposes in compliance with Section VII of this policy.

6. 50% of the core fixed income assets must have stated liquidity that is trade date plus three days or better.

7. The assets managed by any one active or passive investment manager shall not exceed 15% of assets as outlined in Section II of this IPS.

The CIO shall develop a comprehensive set of investment guidelines for each externally managed account. These guidelines should ensure, at the total fund and asset class level, that the restrictions set forth above are preserved.

Under the CIO's direction, KPPA Investment Staff shall perform site visits with all current CERS investment managers over 3-year rolling market cycles.

## V Additional Items

**Derivatives Permitted Use:**

CERS permits external managers and KPPA Investment Staff to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Typical uses of derivatives in the portfolio are broadly defined below:

**Exposure:**

Derivatives are an effective way for a portfolio manager to gain exposure to a security that the manager does not want to purchase in the cash market. Reasons for gaining exposure to a security through the use of derivatives may include cheaper transactions costs, liquidity/lack of supply in the underlying market, and the flexibility to implement investment views with minimum portfolio disruption. An example is a cash equitization program.

**Cost Efficiency:**

Derivatives are often used due to the cost efficiency associated with the contract properties. Given the fact that derivatives can be used as a form of insurance, upfront trading costs must be sufficiently low for investors to purchase the contract and insure their portfolios efficiently. Furthermore, due to properties associated with derivatives and cash outlay characteristics (minimal cash outlay at inception of the contract) derivatives are generally a vehicle of gaining cost efficient exposure. An example is the cost (zero) to purchase a futures contract.

**Risk Management:**

Derivatives can be used for mitigating risk in the portfolio. When used as a risk management tool, derivatives can significantly reduce an identified financial risk or involuntary risk from investment areas by providing changes in fair values or cash flows that substantially offset the changes in fair values or cash flows of the associated item being hedged. An example is the use of currency forwards to offset periods of dollar strength when international equity markets increase in value, thereby protecting foreign asset gains in the portfolio.

**Derivatives Restricted Use:**

**Settlement:**

Investments in futures contracts are to be cash settled unless physically settled and stored by external managers. At no time shall CERS agree to take physical delivery on a futures contract.

**Position Limits:**

Futures and options positions entered into by CERS, or on its behalf, will comply with all position and aggregate limits established by the local governing authorities within each jurisdiction.

**Over-the-Counter (OTC):**

Investments in securities not traded on public exchanges that are deemed OTC in nature are allowed provided that a counterparty risk monitoring component is delineated in the manager's

guideline section of the manager's contract. All counterparties must have a short-term credit rating of at least BBB (Standard and Poor's or Fitch) or Baa2 (Moody's).

All OTC derivative transactions, including those managed through Agency Agreements, must be subject to established International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements and have full documentation of all legal obligations of CERS under the transactions. All ISDA Master Agreements entered into by or on behalf of CERS by the KPPA Investment Staff and external manager pursuant to an Agency Agreement shall provide that netting applies (netting allows the parties to an ISDA Master Agreement to aggregate the amounts owed by each of them under all of the transactions outstanding under that ISDA Master Agreement and replace them with a single net amount payable by one party to the other.) The KPPA Investment Staff and external managers may also use collateral arrangements to mitigate counterparty credit or performance risk. If an external manager utilizes a collateral arrangement to mitigate counterparty credit or performance risk the arrangement shall be delineated in the manager's guideline section of the manager's contract.

**Derivatives Applications Not Permitted:**

**Speculation:**

Derivatives may not be used for any activity for which the primary purpose is speculation or to profit while materially increasing risk to CERS. Derivatives are considered speculative if their uses have no material relation to objectives and strategies specified by the CERS IPS or applicable to the CERS portfolio. Derivatives may not be used for circumventing any limitations or restrictions imposed by the CERS IPS or applicable regulatory requirements.

**Leverage:**

Leverage is inherent in derivative contracts since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the cash markets, where in most cases the cash outlay is equal to the asset acquired, derivative investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional cash market portfolio. Therefore, risk management and control processes must focus on the total risk, i.e. the net notional value, assumed in a derivative investment. Leveraging the portfolio beyond a 100% invested position is not permitted, i.e. the notional value should not exceed the market value of assets.

*The above is not intended to limit CERS from borrowing to cover short-term cash flow needs nor prohibit CERS from loaning securities in accordance with a securities lending agreement.*

The CERS Board recognizes that the voting of proxies is an important responsibility in assuring the overall performance over a longtime horizon. The CERS Board has delegated the responsibility of voting all proxies to an outside Proxy Voting service provider or contracted external investment manager. The CERS Board expects that the proxy voting service will execute all proxies in a timely fashion, and in accordance with the voting policy which has been formally adopted.

The CERS Board has adopted the ISS U.S. Proxy Voting Guidelines as the CERS approved Proxy Voting Policy for all internally voted items. This policy is updated at least annually by ISS and is and hereby incorporated by this reference. The policy can be found publicly using the following link:

ISS U.S. Proxy Voting Guidelines.com

**Additional CERS Investment Administrative Policies**

A. Investment Procurement Policy as amended and the as amended are hereby incorporated by reference.
B. CERS Investment Brokerage Policy as amended is hereby incorporated by reference.
C. CERS Transactions Procedures Policy as amended is hereby incorporated by reference.
D. CERS Securities Litigation Policy and Procedures as amended is hereby incorporated by reference.
E. CERS Investment Securities Lending Guidelines as amended is hereby incorporated by reference.
F. CERS Securities Trading Policy for Trustees and Employees as amended is hereby incorporated by reference.
G. CERS Manager and Placement Agent Statement of Disclosure Policy as amended is hereby incorporated by reference.
H. CERS Conflict of Interest and Confidentiality Policy as amended and hereby incorporated by reference.
I. CERS Proxy Voting Policy as amended and hereby incorporated by reference.

Signatories

As Adopted by the CERS Investment Committee

Date: 1/22/[illegible]25

Signature:

Dr. Merl Hackbart

Chair, CERS Investment Committee

As Adopted by the CERS Board of Trustees

Date: 01/30/2025

Signature:

Mr. George Cheatham

Chair, CERS Board of Trustees

**ATTACHMENT II**

Portfolio Guidelines

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# COUNTY EMPLOYEES RETIREMENT SYSTEMS

Investment Guidelines for **T. Rowe Price Associates, Inc.**
U.S. Structured Research Equity Strategy

## PURPOSE

These investment guidelines represent an extension of the Statement of Investment Policy for the County Employees Retirement Systems.

## INVESTMENT MANAGEMENT OBJECTIVES

1. The overall goal of the U.S. Structured Research Equity Strategy portfolio is to provide exposure to the U.S. large cap equity market, while exceeding the market return in a manner that is consistent with the volatility exhibited by the S&P 500 Index ("Market Benchmark").
2. The portfolio shall be broadly diversified across sectors, industries, and securities in a manner that is consistent with accepted standards of prudence.
3. The portfolio shall be managed in accordance with the Statement of Investment Policy and the following performance objectives, guidelines and restrictions set forth in the following sections.

## PORTFOLIO BENCHMARK

S&P 500 Index

## PERFORMANCE BENCHMARK

Manager will report performance relative to the Russell Top 500 Index.

## KRS RETURN AND RISK OBJECTIVES

To outperform the S&P500 Index over a market cycle (typically 3-5 year time horizon), with an expected tracking error under 2.5%.

GUIDELINES

1. Permitted Securities—
    a. Common stocks and convertible securities of companies traded on a U.S. stock exchange and may also include American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), International Depository Receipts, publicly traded partnerships (PTPs), publicly traded LLCs, exchange-traded funds ("ETFs"), index futures, Business Development Companies ("BDC/RIC"), and real estate investment trusts ("REITs");
        i. Foreign Securities. The account may invest up to 5% of the Account's assets at time of purchase in securities of foreign issuers listed on a major U.S. exchange or traded on a major U.S. market.
        ii. Restricted securities. The resale of which is exempt from the registration requirement of the Securities Act of 1933 pursuant to Rule 144A or Regulation S.
        iii. Index Futures and ETFs. US Large Cap Indices futures or ETFs may be used solely as a cash management tool in order to gain exposure to the equity market pending direct investment. Futures and ETFs may not be used to leverage the portfolio or any other speculative purpose.
        iv. IPOs. The account may participate in initial public offerings given the manager is not lead. Any transactions, where the manager's affiliates are part of the syndicate will require written approval from KRS prior to any trade occurring.
        v. Capitalization. The majority of the assets will be invested in large cap securities as defined by the benchmark; however, up to 10% of assets can be invested in mid- and small cap securities.
        vi. Cash Reserves. The Account is expected to be fully invested. Cash reserves, not to exceed 5% of the Account except with written permission of the Client, may be invested in one or more of the Custodian's STIF at the discretion of the Adviser, the T. Rowe Price Government Reserve Fund ("RIF"), the T. Rowe Price Treasury Reserve Fund ("GRF"), registered investment companies for which the Manager serves as investment adviser, or other money market instruments at the discretion of the Adviser. The Account will be temporarily exempted from this restriction due to timing differences of trade settlements and for a period of ten days from the date of large cash contributions (or in preparation for large cash redemptions upon notice by Client). Manager will avoid overdrafts within the Manager's reasonable control and Manager will be responsible

for any overdraft charges incurred by CERS to the extent such overdraft was within Manager's reasonable control.

vii. Affiliated Securities. The Account is not restricted from purchasing securities whether issued by Client or an "affiliate" or otherwise, except as Client instructs pursuant to cusips, tickers, or other specific identifiers in an "affiliates" list.

b. Cash or short-term cash equivalents denominated in U.S. currency; and

2. Prohibited Investments/ Strategies—
   a. Leverage (borrowing & borrowing on margin);
   b. Short sales;
   c. Non-dollar denominated securities;
   d. Margin purchases, lending or borrowing of Account assets;
   e. Loans;
   f. Private placements in private companies;
   g. Direct participations; and
   h. Direct investments in real estate;
   i. Physical commodities or commodity futures or options; and
   j. Derivatives except as authorized above regarding index futures and options.

Equity portfolios are to be diversified to reduce the impact of large losses in individual investments in a manner that is at the discretion of the portfolio manager.

3. There are no specific restrictions regarding the rate of turnover in the portfolio. CERS will monitor the portfolio turnover levels and expects the Advisor to exercise prudent judgment when addressing the issue of portfolio turnover. The Advisor shall foremost seek to achieve "best execution" when transacting.

**RESTRICTIONS**

1.) **Security restriction.** Weights in individual securities are monitored against the corresponding weight in the S&P 500 Index. Individual security positions will be within +/- 100 basis points of the weight of the same stock in the S&P 500 Index. If a stock weight in the S&P 500 Index is larger than 3%, then the allowable band is +/- 150 basis points.

2.) **Industry restriction.** The weight of an industry in the Account (as classified by the Adviser) will be within +/- 100 basis points of the weight of the same industry in the S&P 500 index.

3.) **Sector restriction.** The weight of a sector in the Account (as classified by the Adviser) will be within +/- 150 basis points of the weight of the same sector in the S&P 500 Index.

4.) **Per issuer outstanding stock restriction.** No more than 3% of the issued and outstanding stock of any one issuer may be purchased for the Account.

5.) **Cash Restrictions.** Manager's cash holding, not including cash held for investments yet to settle, shall not exceed 5% of manager's portfolio.

Note: Small deviations from the above constraints regarding security, industry and sector weightings are acceptable prior to monthly rebalancing, if in the judgment of the Manager the deviations do not contribute significantly to overall Account risk.

## ATTACHMENT III

**Fee Schedule**

Fees are paid quarterly in arrears upon submission of an invoice by Manager. Fees shall be computed on the basis of the average of the adjusted closing market value of assets as determined by the Master Custodian on the last business day of each month in the calendar quarter, in accordance with the following schedule;

The annual advisory fee for the portfolio is calculated as follows:

The [redacted] fee rate of [redacted] on all assets is offered from the effective date of the Agreement until assets exceed [redacted] at which point the fee table below will apply. In the event the Account assets fall below [redacted], the parties agree that the Manager's standard fee schedule will apply. Manager may amend fees at any time based on mutual expectations regarding asset levels. [redacted]

| Market Value of Assets | Annual Fee |
|---|---|
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets exceed [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |

*A transitional credit is applied to the fee schedule as assets approach or fall below this breakpoint.

**NOTE:** Assets of the CERS Account will be combined with assets of the CERS Account for which the Manager acts as an adviser in the same investment strategy
solely for purposes of determining the total Market Value of Assets under supervision. Each account will be billed a pro-rated share of the fees based on the total average market value of assets invested by each account in the strategy.

If an investment strategy utilizes a commingled, pooled fund, mutual fund, money fund, or other vehicle managed by the Manager or an affiliate thereof which has a built in management fee the Manager will deduct the assets already assessed a fee, from their fee calculation. (Details shown on the invoice.) Any over-billing will be reimbursed to CERS Account within a reasonable time period. Assets invested in the T. Rowe Price Government Reserve Fund ("RIF") and the T. Rowe Price Treasury Reserve Fund ("GRF") will be included in the market value for billing purposes as RIF and GRF do not charge advisory fees; therefore, there will be no double billing of advisory fees.

**PRO-RATION OF CONTRIBUTIONS/WITHDRAWALS**

Fees are calculated at the end of each calendar quarter on the basis of the aggregate average of the closing market value of assets on the last day of each month in the calendar quarter; provided however, that the

market value shall be adjusted such that contributions and disbursements made during the quarter (and which constitute greater than 1 (one) percent of the total portfolio market value) shall be billed on a pro rata basis for the amount of time under management.

The **adjusted monthly market value** = month-end asset value adjusted for contributions or withdrawals made by CERS.

(a) For **contributions to** the assets in the account after the first business day of a month, the adjusted ending assets will be determined by subtracting from the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the contribution by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

(b) For **withdrawals from** the account after the first business day of a month, the adjusted assets will be determined by adding to the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the withdrawal by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

**ATTACHMENT IV**

Statement of Disclosure and Placement Agents

(Remainder of this page left blank intentionally.)

**EXHIBIT C – Statement of Disclosure and Placement Agents**

## Kentucky Retirement Systems

### Statement of Disclosure and Placement Agents – Manager Questionnaire

1. Did your firm use a placement agent as defined in the KRS "Statement of Disclosure and Placement Agents" policy in an effort to solicit an Investment from KRS Please indicate fund vehicle title if relevant? If yes, please continue to question 2; if no, please proceed to question 10.

No.

2. Please disclose the name of the placement agency used, the names of the individuals contracted by the placement agency (either as employees or as sub-agents) in order to solicit an investment from KRS, and the fees paid or payable to the placement agent in connection with a prospective KRS investment.

3. Please represent that any fees paid to placement agents are the sole obligation of the investment manager and not that of KRS or the limited partnership.

4. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government), KRS Board of Trustees members, employees, or consultants of KRS, or any other person, if any, who suggested the retention of the placement agent.

5. Please provide evidence of the regulatory agencies, if any, in any Federal, state or foreign jurisdiction the placement agent or any of its affiliates are registered with, such as the Securities and Exchange Commission ("SEC"), FINRA, or any similar regulatory agency.

6. Please provide a resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

7. Please describe the services to be performed by the Placement Agent.

8. Please disclose whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any and all Kentucky state and local (county) governments.

9. Please disclose any political contributions made by the Placement Agent to any Kentucky official within the prior 2 years.

10. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government) KRS Board of Trustees members, employees, or consultants of KRS that are receiving any fees or compensation from the External Manager and/or placement agent. Please disclose any additional known relationships or conflicts with same.

    Not applicable.

11. Please disclose any political contributions made by External Manager or principals of the External Manager in the prior 2 years.

    There have been no political contributions made concerning any Kentucky federal, state or local government organizations or persons.

12. Please disclose whether any principals of the firm have been involved in any regulatory proceedings, and if so, details concerning the same.

    Not applicable.

13. Please provide a statement representing and warranting the accuracy of the information provided to KRS regarding the Statement of Disclosure, and acknowledge that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

    External Manager represents and warrants the information provided to KRS regarding the Statement of Disclosure is accurate and acknowledges that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

[redacted] 02/10/2025

External Manager Signature Date

## ATTACHMENT V

Compliance Certificate

(The remainder of this page intentionally left blank.)

Compliance Certificate

As a duly authorized officer of T. Rowe Price Associates, Inc. (the "Investment Manager"), I hereby certify that I am familiar with that certain Investment Management Agreement dated _____, 20__ (the "Agreement") between County Employees Retirement Systems and the Investment Manager relating to investment of certain CERS assets by the Investment Manager. In addition, to the best of my knowledge after diligent inquiry, I hereby certify to CERS that:

(a) All investments of the CERS assets made by the Investment Manager during the fiscal year ending December 31, ____, were made within applicable Investment Policy and Procedures incorporated in the Agreement at the time each investment was made, except as set forth below;

(b) All current investment holdings in the portfolio managed by the Investment Manager are in compliance with the Investment Policy and Procedures currently applicable under the Agreement, except as set forth below;

(c) During the fiscal year ending December 31, ____, no member of the CERS Board of Trustees, or key staff of CERS, and no person claiming to represent or have influence with the Board of Trustees has contacted the Investment Manager with respect to a financial transaction or solicitation which is not solely on behalf of CERS with the Investment Manager, except as set forth below; and

(d) The Investment Manager is in compliance with all representations, warranties and covenants in the Agreement which apply to the Investment Manager, including but not limited to any indemnity or insurance coverage requirements, except as set forth below. Current insurance coverage applicable to CERS's assets are as follows: (Please attach insurance certificates.)

Errors and Omissions dedicated to the Agreement: Date of expiration: _____

Per occurrence limit: _____

Annual aggregate: _____

Directors and officers liability: _____ Date of expiration: _____

Brokers blanket bond or similar coverage: _____ Date of expiration: _____

Other: _____ Date of expiration: _____

Exceptions: (Attach a separate sheet if necessary.)

Dated: _____ By: _____

Name: _____

Title: _____

## ATTACHMENT VI

Authorized Persons

(Remainder of this page left blank intentionally.)

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

**David L. Eager, Executive Director**

1260 Louisville Road · Frankfort, Kentucky 40601
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822

Kentucky Public Pensions Authority

December 19, 2022

Re: Designation of Authority

To Whom It May Concern:

Pursuant to the authority granted to me in the Investment Policy Statements (as amended from time to time), and the Investment Procurement Policies (as amended from time to time), as the Chief Investment Officer for the Kentucky Public Pensions Authority ("KPPA"), I hereby designate the individuals below to transact the following official investment business, on behalf of the Kentucky Retirement Systems ("KRS") and the County Employees Retirement System ("CERS"), jointly referred to as the "Plans":

- Execute trades on fixed income and equity securities (including exchange-traded funds or "ETF's"); and,
- Execute necessary and proper documents pertaining to investment managers including investment agreements, and related documentation such as subscription agreements or side-letter agreements; and,
- Execute necessary and proper documents pertaining to investment related transactions or other investment functions.

The designation granted herein is effective as of October 28, 2022, and will continue in effect until the authorized designee no longer occupies the position, or notification is issued regarding a change of authorization to execute investment documents on behalf of the Plans.

In addition to the authority designated above, under the Investment Policy Statements, the Boards of Trustees have designated that these individuals have the authority to:

- direct rebalancing transactions to reallocate assets from over-allocated asset classes to under-allocated asset classes; and,
- use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from asset allocation targets; and,
- enter into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements; and,
- enter into collateral arrangements to mitigate counterparty credit or performance risk
- invest in derivative securities and related restrictions as defined in the Investment Policy Statements including, but not limited to, futures contracts, options, and over-the-counter securities

**Executive Director, Office of Investments**
**Chief Investment Officer**
**Kentucky Public Pensions Authority**
Stephen M. Willer, CFA
(502) 696-8490 phone, (502) 696-8806 fax

Signature: S. M. Willer

I understand and accept the above designation.

**Deputy Chief Investment Officer**
**Kentucky Public Pensions Authority**
Anthony Chiu
(502) 696-8491 phone, (502) 696-8806 fax

Signature: _____

I understand and accept the above designation.

**Portfolio Manager**
**Kentucky Public Pensions Authority**
Joe Gilbert
(502) 696-8632 phone, (502) 696-8806 fax

Signature: _____

I understand and accept the above designation.

**Senior Investment Analyst**
**Kentucky Public Pensions Authority**
Brian Caldwell
(502) 696-8705 phone, (502) 696-8806 fax

Signature: _____

**ATTACHMENT VII**

Proxy Voting Policy

(The remainder of this page intentionally left blank.)

County Employees Retirement System
Investment Proxy Voting Policy
Approved: March 16, 2022

The County Employees Retirement System (CERS) Board of Trustees (Board) appoints an Investment Committee with full authority to act for the Board in the acquisition, sale and management of the securities and funds of the Retirement Systems. The Board also authorizes the Investment Committee or designee, custodian, investment manager or agent to execute stock proxies for the Board. Said delegate(s) shall maintain detailed records of its performance of its duty and provide such records to the Board as may be requested by the Board from time to time.

This position paper is hereby adopted by the Investment Committee to provide a set of guidelines to be followed in order to execute proxies. The following statement reflects the general policy that shall be applied as proxy issues are considered:

> To support management if management's position appears reasonable, is not detrimental to the long term equity ownership of the corporation and reflects consideration of the impact of societal values and attitudes on the long-term liability of the corporation and is in the best interest of the plan participants.

The following paragraphs shall be applied when considering the more specific proxy issues that are likely to be encountered on a more routine basis.

## A. Routine Business or Financial Matters

Election of Directors — FOR

In a majority of instances, election of directors is a routine voting issue. Unless there is a proxy fight for seats on the Board, CERS will usually vote in favor of the Management-proposed slate of directors.

Appointment of Auditors — FOR

The selection of independent accountants to audit the company's financial records is a routine business matter and in most instances is submitted to shareholders for public relations reasons. Since the accounting firm selected to do the audit has no effect on the investment value of the company's securities, CERS will support Management's recommendation.

Increase Authorized Common Stock — FOR *

CERS will support an increase in authorized common stock needed to implement a stock split when coupled with intent to immediately effect the split, or aid in a restructuring or acquisition or provide a sufficient number of shares for employee savings plans, stock option or executive compensation plans.

A satisfactory explanation for a company's plans for the stock must be disclosed in the proxy statement.

* CERS will oppose increases in authorized common stock if we suspect that the shares are to be used to implement a poison pill or another form of anti-takeover device, or if the issuance of new shares could excessively dilute the value of the outstanding shares upon issuance.

Changes in Board Structure FOR *

Companies may propose various provisions related to the structure of the Board of Directors. These provisions may include changing the way Board vacancies are filled, directors are nominated or the number of directors. These provisions may include Majority Vote Director Elections and the Separation of the CEO and Chairman of Board. These proposals may be proposed amendments to the Charter or by-laws and need to be reviewed by the shareholders prior to voting. In most instances these proposals are not controversial nor an anti-takeover device. Therefore, CERS generally votes in favor of the proposal.

* However, CERS is opposed to cumulative voting for members of the Board and attempts to limit term of Board of Directors based on tenure or age.

## B. Non-Routine Business or Financial Matters

Considering Non-Financial Effects of a Merger Proposal AGAINST

CERS will oppose proposals that require the Board of Directors to consider what impact a merger would have on certain groups other than a company's shareholders, such as employees, consumers, business partners, and the communities in which the company is located. We expect that a company's Board of Directors will act in the best interest of its shareholders at all times.

Director Liability and Indemnification FOR *

The Investment Committee believes that proposals concerning Liability and Indemnification, which limit the personal liability of directors for breaches of fiduciary duty of care and provisions for payment of expenses incurred by officials, directors and other representatives who become defendants in lawsuits, should be evaluated on a case by case basis with reasonable measures supported and extreme measures opposed.

Executive Compensation FOR *

Executive compensation can take various forms but should provide adequate compensation and incentives to management consistent with the long term interests of the shareholders of the company.

* Management should have some assurance that they will not, in the event of a takeover, be terminated without motive and compensation. However, CERS is concerned that some compensation agreements provide excessive compensation in the event of a takeover. CERS does not oppose agreements which provide executives with a reasonable period of compensation after termination; however, they will oppose compensation plans which are excessive.

Stock Splits FOR

CERS will vote in favor of a proposal to split the company's stock if there is an immediate intent to effect the split.

Employment Relations FOR *

The Board of Directors and Corporate Management have the responsibility for harmonious labor relations. This responsibility also includes conducting labor negotiations within the appropriate laws of the jurisdiction.

* Where efficient operation of the corporation requires plant closings or relocations, the corporation should give as much notice as possible and assist its employees in relocating or in seeking other employment. Resolutions of shareholders which seek to impose requirements on management in this regard will not be supported automatically. Support will be contingent upon whether or not managers can demonstrate that efforts have been made to retain good employment relations subject to the constraints encountered in the particular circumstances.

## C. Anti-Takeover Issues

Blank Check Preferred Stock AGAINST

A Blank Check Preferred Stock proposal is one that authorizes the issuance of certain preferred stock at some future point in time and allows the Board of Directors to establish voting, dividend, conversion, and other rights at the time of issuance. While Blank Check Preferred Stock can provide a corporation with the flexibility needed to meet changing financial conditions, it also may be used as the vehicle for implementing a poison pill defense, or it may be placed in friendly hands to help block a takeover bid. CERS' concern is that once this stock has been authorized, shareholders have no further power to determine how or when it will be allocated.

Classified Boards AGAINST

A Classified Board is typically divided into three separate classes, each class to hold office for a term of two or three years. Only a portion of the Board of Directors can be elected or replaced each year. Since this type of proposal has fundamental anti-takeover implications, CERS opposes the adoption of Classified Boards.

Fair Price Provisions AGAINST

A Fair Price provision in the company's charter or by-laws is designed to assure that, if the Corporation is acquired under a plan not agreed to by the Board of Directors, each shareholder's securities will be purchased at the same price. In most instances the provision requires that any tender offer made by a third party be made to all shareholders at the same price.

Fair pricing provisions attempt to limit the "two-tiered" pricing systems in which the interested party or would-be acquirer of the company initially offers a premium for a sufficient number of shares of the company to garner control. Thereafter, an offer at a much lower price is made to the remaining shareholders who have no choice at all but to accept the offer. The "two-tiered" approach is coercive in that it makes it easier for an outsider to gain control of a company because it provides an incentive to the shareholder to sell his shares immediately in order to receive the benefits of a higher price per share and avoid falling into the second tier, if the offer is successful. The coercive pressures associated with these offers have caused many states to adopt controlled share acquisition statutes which restrict this practice by law.

In theory this type of provision is acceptable standing alone, however, given the fact that the practice is in most aspects prohibited by law, and the fact that Fair Price Provisions are invariably linked with other

anti-takeover measures, such as supermajority voting requirements to approve certain transactions, CERS will vote against most Fair Price Provisions.

Limiting Shareholders' Right to Call Special Meetings AGAINST

Companies contend that such limitations are necessary to prevent minority shareholders from taking control of the company's agenda. However, such limits also have anti-takeover implications such as preventing a shareholder who has acquired a significant stake in the company from forcing management to address the potential sale of the company. Additionally, a limitation on shareholder action makes it difficult for a large shareholder or group of shareholders to use this facility to force management to address issues that may be of urgent or utmost importance. Since, in most instances, state law prohibits shareholders from abusing or using this facility in certain manners, CERS sees no justifiable reason for management to eliminate this facility. CERS will oppose the elimination of this fundamental shareholder right.

Limiting Shareholders' Right to Act by Written Consent AGAINST

Action by written consent enables a large shareholder or group of shareholders of a company to initiate and vote on corporate matters without having to wait until the date of the next annual meeting. CERS believes this is a fundamental shareholder right that is inherent in the concept of stock ownership and will oppose any proposals which may limit.

Supermajority Vote Requirements AGAINST

A Supermajority Vote Requirement is a charter or by-law requirement that, when implemented, raises the percentage of shareholder votes needed to approve certain proposals such as mergers, changes of control, or proposals to amend or repeal a portion of the Articles of Incorporation.

Re-incorporation AGAINST

For various reasons, a corporation may choose to reincorporate under the laws of a different state. Their reasoning may include taxation, the state's General Business Law and the level of corporate experience the state's court may have. However, in a majority of instances a re-incorporation proposal has its foundation in the corporation's desire to incorporate in another state in order to take advantage of that state's laws governing corporations and corporate control and the state courts' views ininterpreting laws that make it more difficult for unsolicited takeovers to occur. In such cases, CERS willoppose proposals for reincorporation.

Issuance of Stock with Unequal Voting Rights AGAINST

Proposals of this nature are generally anti-takeover schemes which result in unequal voting rights among different classes of shareholders. The most frequent proposal of this type is a dual class capitalization plan which establishes two classes of stock. As an incentive to encourage shareholders to approve plans designed to concentrate voting power in the hands of insiders, some plans give higher dividends to shareholders willing to exchange shares with superior voting rights for shares with inferior voting rights.

Unequal voting rights plans are designed to reduce the voting power of existing shareholders and concentrate a significant amount of voting power in the hands of management. In the majority of instances, they serve as an effective safeguard against hostile takeovers. For these reasons, CERS deems these plans unacceptable and in most instances will vote against these proposals.

Elimination of Preemptive Rights AGAINST

Preemptive Rights allow the shareholders of the company to buy newly issued shares before they are offered to the public in order to retain their then current percentage of ownership as well as to avoid ownership dilution by the issuance of additional stock. CERS believes this is fundamental right of a shareholder and barring a compelling reason should not be eliminated by management. CERS will oppose management proposals requesting eliminating these rights and will support shareholder proposalswhich request the restoration of Preemptive Rights.

## D. Corporate Governance Shareholder Proposals

Submit Company's Shareholder Rights Plan Shareholder Vote FOR *

Most Shareholder Rights Plans (sometimes called poison pills) permit the shareholders of a target company involved in a hostile takeover to acquire shares of that company, the acquiring company, or both, at a substantial discount once a triggering event occurs. A triggering event is usually a hostile tender offer or the acquisition by an outside party of a certain percentage of the company's stock. Sincemost plans exclude the hostile bidder from the purchase, the effect in most instances, is to dilute the equity interest and the voting rights of the potential acquirer once the plan is triggered. Shareholder Rights Plans are designed to be so disadvantageous to potential acquirers that merely their existence could deter possible acquirers from making a hostile bid.

* CERS will support shareholder proposals asking that the company submit their Shareholder Rights Plan to a shareholder vote. CERS will vote case-by- case on proposals to completely redeem Rights Plans.

Anti-Greenmail Proposal FOR

Greenmail payments generally result when a potential hostile acquirer has accumulated a significant percentage of the company's stock and the company acquires the raider's stock at an aggregate price usually above the then current market value usually in exchange for an agreement that the raider would not attempt to acquire control within a certain number of years. The proposal that has been proposed most often to prevent greenmail is the adoption of charter amendments severely limiting the board's ability to acquire blocks of the company's stock in these situations and at above market prices. CERS will vote in favor of an anti-greenmail proposal standing alone provided the proposal has no other management initiated anti-takeover attributes.

## E. Social and Policy Issues

We believe that most decisions of a policy nature, having either a direct or an indirect effect on the conduct of business and on corporate profitability should remain management responsibilities. As such, they should be subject only to their Board of Director's approval; therefore, we would support the position taken by management.

Signatories

As Adopted by the Investment Committee

Date: 4/1/22

Signature:

Dr. Merl Hackbart
Chair, Investment Committee

As Adopted by the Board of Directors

Date: 03/16/2022

Signature: Betty A Pendergrass

Ms. Betty Pendergrass
Chair, Board of Trustees

**ATTACHMENT VIII**

Conflict of Interest and Confidentiality Policy

(The remainder of this page intentionally left blank.)

**EXHIBIT B – Conflict of Interest Statement**

**KENTUCKY RETIREMENT SYSTEMS**

**CONFLICT OF INTEREST STATEMENT**

In consideration of the investment by Kentucky Retirement Systems and Kentucky Retirement Systems Insurance Trust Fund (collectively, "KRS") in a vehicle or account ("Account") managed by T. Rowe Price Associates, Inc. (the "Manager"), the Manager acknowledges the need to maintain the public's confidence and trust in the integrity of KRS and the Commonwealth of Kentucky. In light of the forgoing, the Manager agrees to:

- Diligently identify, disclose, avoid and manage conflicts of interest that may arise through its relationship with KRS.
- Conduct activities with KRS so as not to advance or protect its own interests or the private interests of others with whom it has a relationship in a way that is detrimental to the interests of KRS.
- Conduct its activities in a manner to best promote the interests of KRS, but subject to the Manager's duty which requires it not to put the interests of one investor ahead of those of another investor.
- Upon discovery of an actual or potential conflict of interest involving KRS, disclose such conflict of interest to KRS and work with KRS in good faith to resolve or mitigate such conflict.
- Not engage directly or indirectly in any financial or other transactions with a trustee or employee of KRS that would violate the standards of the Executive Branch Ethics provisions as set forth in KRS Chapter 11A.

Agreed this the 10th day of February, 2025

MANAGER

For itself and on behalf of the Account

[redacted]

Title: Vice President

(Rev. Feb 2018)

**KENTUCKY RETIREMENT SYSTEMS**

**INVESTMENT MANAGEMENT AGREEMENT**

THIS INVESTMENT MANAGEMENT AGREEMENT (the "Agreement" or "Contract") is entered into as of June 23rd, 2025 by and between T. Rowe Price Associates, Inc. ("Manager"), and Kentucky Retirement Systems ("KRS" or "Systems"), a 401(a) governmental pension plan; each a "Party" and together the "Parties".

**WITNESSETH:**

WHEREAS, KRS desires to appoint T. Rowe Price as investment manager with authority to manage and control a portion of KRS' assets held from time to time (the "Account") pursuant to this Contract;

**NOW, THEREFORE,** in consideration of the foregoing and subject to the terms and conditions set forth herein, the parties hereby agree as follows:

1. **Designation of Manager; Prudent Person**. Subject to the terms and conditions contained in this Agreement, KRS hereby appoints Manager as investment manager of the Account with full power and discretion to manage such assets of the Account as KRS designates, such assets not otherwise being subject to the management or control of another investment manager specifically appointed by KRS. Manager hereby accepts appointment as investment manager of the Account pursuant to the terms of this Agreement. Manager shall discharge its duties under this Agreement solely in the interest of KRS with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investment manager acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, pursuant to Kentucky Revised Statutes Section 61.650(1)(c) or Section 78.790(1)(c). In addition, in managing the Account the Manager will take into account the duties it has as a "fiduciary" of KRS, as that term is defined the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to the investment and management of the assets in the Account, as if the Account were subject to ERISA. KRS has selected the Manager's U.S. Structured Research Equity strategy. Manager is permitted to delegate to its advisory affiliates any of its rights or obligations related to investment management services as well as to non-affiliates administrative or operational services as it deems reasonably necessary in its performance of its obligations. Notwithstanding any such delegations, Manager shall remain responsible for all of its obligations under this Agreement, including any fees that may be charged.

2. **Custody of Account Assets**. KRS has established or will establish one or more investment accounts at a custodian of KRS's choice (the "Custodian"). Title to all Systems' Account assets shall at all times be registered in the name of Systems or the name of the Systems' Master Custodian or its nominee for the account of Systems, and the indicia of ownership of all Systems' Account assets shall at all times be maintained in trust by the Systems' Master Custodian. The Manager shall at no time have the right to physically possess or to have the securities making up the Account registered in its own name or that of its nominee, nor shall the Manager in any manner acquire or become possessed of any income or proceeds

distributable by reason of selling, holding or controlling the Account. KRS shall instruct the Custodian to provide the Manager with written statements of the Account, at least monthly, and such other information as Manager may reasonably request from time to time.

3. **Investment Policy and Procedures**. The Manager hereby agrees to provide the services enumerated in Item 1 and Item 2 above in accordance with the Investment Policy Statements (the "Investment Policy") as issued by Systems, as amended from time to time, which are attached hereto as Attachment I and incorporated herein by this reference, and the Portfolio Guidelines for the Manager (the "Guidelines"), which are attached hereto as Attachment II and incorporated herein by this reference. Manager shall exercise its power and authority with respect to the Account in accordance with the Investment Policy. The Investment Policy and Guidelines shall remain in effect until such time as KRS approves (in writing) a modification to the Investment Policy or Guidelines. The Manager shall have no responsibility to implement any changes in the investments of the Account as a result of any change in the Investment Policy or the Guidelines unless and until such change is communicated to the Manager in writing; provided, such change becomes effective only upon the Manager's written acknowledgment of receipt. The Manager shall acknowledge receipt within five (5) business days after receiving the notification and shall be in compliance with the modified Investment Policy and Guidelines within forty-five (45) days after receiving notification. Notwithstanding anything to the contrary contained herein, in the event the terms of the Guidelines conflict with those of the Investment Policy, the terms of the Investment Policy shall control.

4. **Brokerage.** In selecting brokers or dealers, the Manager shall use reasonable efforts to seek the most favorable combination of price and execution under the circumstances, and may consider the fact that a broker or dealer has furnished, or has agreed to furnish in the future, statistical, research or other information or services which enhance the Manager's investment research and portfolio management capability for investing the assets, all in accordance with Section 28(e) of the U.S. Securities Exchange Act of 1934. If Manager accepts or receives such information or services from a broker or dealer, then Manager shall report to KRS in accordance with Section 18(b)(iv) of this Agreement.

Notwithstanding the foregoing, the Manager shall not place orders with any broker/dealer who: (a) KRS has by written notice to the Manager deemed unsuitable for Account trades, (b) is affiliated with the Manager or (c) is affiliated with an investment consultant that provides non-brokerage related services to KRS. KRS shall provide the initial list of restricted broker/dealers arising under (a) and (c), and any changes, to the Manager in writing. The Manager agrees to be bound by such broker/dealer list, or any changes to such broker/dealer list upon receipt of written notice from KRS. In addition, the Manager shall not engage in transactions that involve a broker acting as a principal where the broker is also the investment manager, without KRS's advance written consent.

KRS authorizes Manager to combine orders for the Account with orders for other clients of Manager. When effecting trades on an aggregated basis, the Manager is required to allocate aggregated trades promptly and fairly. Securities purchased or proceeds of securities sold through aggregated orders shall be allocated in accordance with the Manager's Trade Allocation & Aggregation Policy. Further, in the event not all portfolios are allocated the entire number of securities sought to be bought or sold on behalf of such portfolio, it is possible that no portfolio will be deemed to have purchased or sold the entire number of securities sought to be purchased or sold on behalf of such portfolio.

5. **Performance Objectives.** The Manager acknowledges that KRS has established performance objectives for the assets in the Account as are set forth in Attachment II attached hereto (the "Performance Objectives"), as the same may be amended from time to time by KRS in writing, and that failure to consistently meet such performance standards may result in termination of this Agreement. The Manager hereby acknowledges that it has reviewed and is familiar with the Performance Objectives. KRS may amend the Performance Objectives by providing written notice to Manager.

6. **Fees and Terms of Payment**. As consideration for the services rendered pursuant to this Agreement, the Manager shall receive a management fee, payable quarterly in arrears, and calculated as outlined in Attachment III titled "Fee Schedule". If the fees are not paid by KRS, KRS shall cause the Custodian to compensate Manager for its services under this Agreement from the assets of the Account. Except as provided in Attachment III or as otherwise stated herein, the Manager shall not be entitled to receive any additional fees or reimbursements for travel expenses, meals, production materials, or any other service or product provided in connection with this Agreement. Under Section 61.645(19)(i) and Section 78.782(18)(i) of the Kentucky Revised Statutes, KRS is required to disclose, and post on its website, the dollar value of fees and commissions paid to each individual manager or partnership. KRS shall not publicly disclose the Fee Schedule listed in Attachment III, unless legally required to do so after exhausting all reasonable available remedies to prevent disclosure as determined by KRS, however, on a quarterly basis, it is legally required to update and post to its website the fees and commissions paid for each fund administered by the board, as well as any fees and commissions paid to a manager or partnership. If KRS does disclose the Fee Schedule listed in Attachment III, KRS shall immediately notify the Manager. Public disclosure shall not encompass KRS' lawful responses to a valid subpoena or order from a Court of competent jurisdiction, or disclosure and posting required pursuant to KRS 61.645(20) or KRS 78.782(19). KRS shall also reimburse the Manager for any third-party costs incurred by the Manager at the instruction of KRS.

7. **[RESERVED.]**

8. **Placement Agents**. The Manager agrees that it will remain in compliance with System's Statement of Disclosure and Placement Agent policy, which is attached hereto as Attachment IV. The Manager warrants that no person or selling agency has been employed or retained to solicit and secure this Agreement upon an agreement or understanding for commission, percentage, brokerage or contingency; excepting bona fide employees or selling agents maintained by the Manager for the purpose of securing business unless disclosed in writing, prior to the engagement. The Manager has not paid any placement fees, finder's fees, or gratuities (including gifts and entertainment) to any fiduciary, trustee or employee of KRS. The Manager has not made any contributions that would result in an Investment Adviser being disqualified from collecting performance fees under rule 206(4)-5 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). Additionally, under Section 61.645(21) and Section 78.782(20) of the Kentucky Revised Statutes, Manager acknowledges and agrees that no funds of KRS, including the fees and commissions paid to the Manager, shall be used to pay fees and commissions to placement agents. For the purposes of this Agreement, "placement agent" means a third-party individual, who is not an employee, or firm, wholly or partially owned by the entity being hired, who solicits investments on behalf of an investment manager, private fund, or company issuing securities

9. **Authorization**. In accordance with this Contract and all Attachments hereto, Manager is hereby authorized, without prior consultation with, or approval of, KRS, to:

a) use its sole judgment and discretion in the acquisition, placement, maintenance, transfer, swap, sale, or other disposition of any and all Account assets;

b) bind or commit KRS to any contract(s) or agreement(s) necessary to accomplish its duties and obligations set forth in this Agreement;

c) direct the Custodian with respect to all powers subject to such direction under any Agreement including, but not limited to, buying and selling securities, signing contracts or other agreements; and

d) combine orders on behalf of the account with orders on behalf of the Manager or its affiliates or of other clients of the Manager.

10. **Trading Procedures.** All transactions authorized by this Agreement shall be settled through the Custodian, who shall retain sole possession of and have complete custodial responsibility for the assets. The Manager shall notify and instruct the Custodian on (a) orders which the Manager places for the sale or purchase of assets and the management or disposition of such assets, and (b) the purchase or acquisition of other securities or property for the Account. The Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as the Custodian may designate. In its sole discretion, KRS may (by giving notice to either the Manager or the Custodian) amend, limit or revoke Manager's above-described authority to direct the Custodian.

11. **Prohibited Transactions.** The Manager shall not act as a principal in sales and/or purchases of the assets, unless the Manager shall have received prior written approval from an Authorized Person (defined below) for such transaction. The Manager shall also not engage in non-exempt prohibited transactions to the extent set forth in ERISA; provided however, the Account shall not be restricted from purchasing securities whether issued by KRS, an affiliate or otherwise, except as KRS instructs pursuant to cusips, tickers, or other specific identifiers in the Guidelines or in an affiliates list.

12. **Trade Confirmation and Settlement**. Where a transaction is eligible for settlement through the Depository Trust Company's Institutional Delivery System, the Manager shall use such System for trade confirmation and settlement. The Manager shall cooperate with KRS's Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

13. **Discretionary Rights and Powers Affecting the Assets**. The Manager may receive requests for instructions from the Custodian concerning the assets held in the Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by the Manager. The Manager shall be responsible for timely directing the Custodian as to the exercise of such rights and/or powers if, and solely to the extent, the Manager has actual knowledge of same based on a written notice or request for instructions received from the Custodian or KRS. The Manager shall not be responsible for notifying KRS or the Custodian of, or managing, monitoring or conducting litigation or other proceedings (including class action or bankruptcy proceedings) related to any investment held or once held in the Account, and KRS acknowledges and agrees that it, and any legal adviser of KRS, shall remain solely responsible for the management of such

proceedings. Despite the preceding sentence, the Manager will use reasonable efforts to forward to KRS any proof of claims forms that the Manager receives and that are directed to the attention of the Account.

14. **Acting on Illegal Information**. The Manager shall not place orders to purchase and/or sell any assets on the basis of any material information obtained, or utilized, by the Manager in violation of the securities laws of the United States, or any other country in which the Manager transacts business on the Fund's behalf.

15. **Account Reconciliation**. The Manager shall cooperate with the Custodian to reconcile the Account each month. The Manager shall review all performance and other reports provided to it by the Custodian with respect to the Account assets, and notify KRS in writing of any material errors or discrepancies that are not reconciled.

16. **Notification of Tax Liabilities**. The Manager agrees to use reasonable efforts not to knowingly prejudice or adversely affect KRS or the Account's tax status as tax exempt. The Manager shall use reasonable efforts to notify KRS within a reasonable amount of time if, at any time, the Manager has actual knowledge of KRS's obligation to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets. The Manager is not an expert in tax matters and does not possess the information necessary to assist KRS in determining its tax liabilities. Notwithstanding anything to the contrary, the Manager will not, under any circumstances, be obligated to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets.

KRS acknowledges that the Manager may be required to request from KRS certain tax documentation, as required for purposes of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS), that may then be shared with a third party (e.g., a broker, dealer, counterparty, or its agent). It is KRS's responsibility to provide and update such documentation to comply with the applicable legal and regulatory requirements.

17. **Manager Representations**. Manager hereby represents and acknowledges to KRS that:

a) Manager is duly organized, validly existing and in good standing under the laws of the state of its organization and has complete authority to carry out its business as it has been conducted;

b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby are within the power of the Manager and have been duly authorized by all necessary corporate action. The Manager has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreement and obligation of the Manager, enforceable against the Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.

c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided herein, will violate any agreement to which the Manager is a party or by which it is bound, any law, regulation, order, or any provision of the charter documents of the Manager.

d) Manager is a registered investment adviser as defined is the Investment Advisers Act of 1940, as amended ("the Advisers Act"), and therefore eligible to act as an investment manager under ERISA, is registered in or is exempt from registration in accordance with applicable state laws and is not subject to any of the disqualifications set forth in Section 411 of ERISA. In accordance with the provisions of the Advisers Act, no assignment of this Agreement shall be made by Manager without KRS' permission;

e) Manager has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents, or examinations required by any government or governmental authority for acts as contemplated by this Agreement;

f) Manager will maintain the following insurance coverage[1] for the duration of the Agreement plus ) thirty-six (36) months after expiration or termination of the Agreement. Proof of the existence of such policies shall be provided to KRS annually with the Compliance Certificate in Attachment V:

i) A fidelity bond in the minimum amount of $[redacted] per claim in the aggregate. The bond shall cover at a minimum, losses due to dishonest or fraudulent acts by the Manager; and

ii) An errors and omissions policy in the minimum amount of [redacted] per claim and in the aggregate. The policy shall cover, at a minimum, Manager's services under this Agreement and any insurable claim related to the services provided under this Agreement by the Manager to which the Manager is legally liable.

g) As of the date hereof, Manager warrants and represents that to its actual knowledge there is no litigation pending that alleges any breaches of fiduciary duty or other material failures in the performance of its duties as an investment adviser. To the extent permitted by applicable law, the Manager will inform KRS in a reasonable time if a court of law or governmental authority issues a judgment or concludes an enforcement action in which the Manager is found to have breached its fiduciary duty or violated federal or state securities laws, rules or regulations in a manner that would be reasonably expected to adversely impact the Account or the Manager's ability to discharge its responsibilities to the Account in the future.

h) The Manager has adopted policies and procedures reasonably designed to ensure that the Manager will make all required filings with all applicable regulatory agencies within all prescribed deadlines on behalf of its investments of the assets in the Account.

i) The Manager shall annually file with KRS a compliance certificate, executed by a responsible officer of the Manager's firm, in the form attached hereto as Attachment V, within thirty (30) days after each December 31. For clarity, the Parties acknowledge and

[1] The limits of insurance described herein shall not limit the liability of the Manager and Manager's officers, employees, agents, representatives or subcontractors. Failure to procure and maintain insurance shall constitute a material breach of this Agreement upon which KRS may immediately terminate the Agreement.

agree that the compliance certificate is not intended to establish additional obligations or requirements not explicitly addressed in this Agreement.

j) Pursuant to Kentucky Revised Statutes Section 61.650(1)(d)2. and Section 78.790(1)(d)(2), the Manager shall comply with all applicable provisions of the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers.

k) Manager shall comply with all laws and regulations issued from time to time by any governmental or administrative or other body with jurisdiction over the Manager, which relate to the discharge of its duties under this Agreement. For clarity, the Manager shall be considered to have satisfied its obligations under this and other paragraphs of Section 17 and elsewhere in this Agreement that require compliance with applicable laws, regulations, and rules under U.S. federal, state, or foreign law, so long as the Manager has adopted policies and procedures reasonably designed to comply with all such laws, regulations, and rules and has provided reasonable responses to KRS's inquiries related thereto.

18. **Reporting Requirements**. Manager shall furnish reports in the format specified by KRS upon their reasonable request.

a) The Manager shall provide the following reports monthly (either hard copy or by electronic access) within ten (10) business days of month-end:

i) Reports describing in detail the previous month's portfolio activities, including GIPS compliant performance tabulations gross and net of fees for the 1-month, 3-month, calendar YTD, fiscal YTD, 1-year, 3-year, 5-year, 10-year, and since inception as appropriate. A summary of purchases & sales (Account activity), sector weights and other appropriate Account characteristics (e.g. convexity and effective duration, P/E, etc.) for both the benchmark and the Account; and

ii) Reports tracking units, original cost, amortized cost, market value, and gain/loss of each holding.

b) The Manager shall provide quarterly reports within thirty (30) calendar days of calendar quarter-end:

i) Reports reviewing portfolio performance (as above) and the Manager's current investment strategy and outlook;

ii) A summary of the proxy votes for the quarter;

iii) An attribution breakdown for the current quarter, and 1 year periods;

iv) Reports tracking the Manager's utilization of brokers/dealers, including the identification of the brokers/dealers utilized, the perceived market costs (market impact) if any at a portfolio level, and the dollar volume executed through each broker/dealer, and a commission analysis report;

v) A synopsis of the key investment decisions made by the Manager, underlying rationale, and how those decisions could affect future results;

vi) A commentary on investment results in light of the appropriate standards of performance; and

c) The Manager shall provide annually, after the close of the calendar year:

i) Within 120 days after the end of Manager's fiscal year, a copy of SEC form ADV – Part 2, any amendments thereto as available;

ii) A Compliance Certificate provided in Attachment V;

iii) A report on the Manager's use of soft dollars earned and expended resulting from its duties under this Agreement. The report shall include the products and services obtained through soft dollar arrangements. Otherwise, the Manager shall indicate in writing that soft dollar information is not applicable to this Account.

d) The Manager shall provide the following information periodically as reasonably requested:

i) Information relating to industries, businesses, corporations or securities, in which the Account has invested, as requested by KRS;

ii) Reports containing the Manager's and affiliates' conflict of interest policies; and

iii) Any other such reports regarding the Account as KRS or the Custodian may reasonably request.

19. **Meetings**. On a periodic basis mutually convenient to Manager and KRS, one or more members of the Manager's investments team, as selected in the Manager's reasonable discretion, shall meet with KRS (either virtually or in person as mutually agreed upon by the parties) to review the Account investments and to discuss current holdings and future placements and acquisitions. Additionally, the client services individual or individuals assigned by the Manager to the Systems account must be generally accessible by telephone to Systems on a daily basis during regular business hours.

20. **Change in Status**. The Manager acknowledges as an investment adviser, as such term is defined in the Adviser's Act, it is required to take reasonable steps to notify its clients, including KRS, of any material change in Manager's business which may materially adversely affect Manager's ability to perform its duties and responsibilities under its client agreements, including this Agreement, including, but not limited to, any change in Manager's status as an SEC-registered investment adviser, any material litigation, any material adverse change to the Manager's financial or organizational status, or any material adverse change in its Executive Committee, and any change in portfolio managers managing a KRS Account; provided that the timeliness of Manager's notification under this section will be consistent with and subject to the legal obligations of publicly traded companies and their subsidiaries. The Manager has adopted and implemented conflicts of interest policies to outline key ways that the Manager identifies, manages, and discloses actual or potential conflicts of interest arising in connection with its investment business, including disclosures in the Manager's Form ADV as filed with the SEC and agrees to take reasonable steps consistent with such policies to notify KRS of any material conflicts of interest arising

from Manager's relationship with any KRS employees, KRS trustees, elected officials of the Commonwealth of Kentucky, or third-party vendors of KRS to the extent related to the services provided under this Agreement.

21. **KRS Representations and Acknowledgement**. KRS hereby represents to Manager that the execution and performance of this Agreement and the making of investments of the Account in accordance with this Agreement will not violate any provision of the governing documents of KRS, require KRS to obtain any consent or any waiver that has not heretofore been obtained, or violate any contract or other agreement to which KRS is a party or by which it or its assets (including the Account) may be bound or any statute, rule, regulation or order of any governmental body. KRS will inform the Manager of any event which might affect this authority or the propriety of this Agreement. KRS hereby represents that it is independent of, and unrelated to, the Manager or any affiliate thereof. KRS acknowledges that it has received Part 2 of the Manager's Form ADV or similar disclosure document prior to entering into this Agreement. KRS represents that the definition of a Qualified Institutional Buyer ("QIB") under Rule 144A of the Securities Act of 1933 is met for purposes of such purchases and it will promptly notify Manager in the event the definition is no longer met. Unless Attachment II restricts the purchase of Initial Public Offerings, KRS represents that the Account is not restricted from participating in such offerings pursuant to FINRA Rule 5130 or FINRA Rule 5131. KRS further represents and warrants that the Account is not a "private fund" as defined in Section 202(a)(29) of the Advisers Act.

22. **Authorized Parties; Directions to the Manager**. KRS may appoint or designate any person or committee to act on its behalf concerning this Agreement and its operation, as it deems appropriate. KRS has furnished to the Manager a list of authorized persons, in Attachment VI ("Authorized Persons"), which it will update from time to time as necessary and until written notice of changes are received by the Manager, the Manager may conclusively rely upon the authority of the Authorized Persons to act on behalf of KRS. All directions to the Manager by or on behalf of KRS shall be in writing signed by one or more Authorized Persons and the Manager shall be fully protected in relying on such directions.

23. **Assignment**. The Manager may not assign, convey, or otherwise transfer any of its rights, obligations, or interests herein without the prior express written consent of KRS.

24. **Audit or Examination of Records**. The Manager will provide reasonable cooperation to KRS and its representatives with any requests for access to examine any directly pertinent books, documents, papers, and records of the Manager relating to the Account assets upon reasonable advance notice and during the Managers normal business hours. The Manager has developed policies and procedures to reasonably designed to comply with the record retention requirements of the Advisers Act.

25. **Reliance on Representations**. KRS and the Manager each acknowledge that the other will be relying, and shall be entitled to rely, on the representations, undertakings and acknowledgments of the other set forth in this Agreement. KRS and the Manager each agree to notify the other promptly in the event of any material misrepresentations of its representations, undertakings, or acknowledgments set forth in this Agreement which would have an adverse effect on KRS, the Manager, or the Account.

26. **Notice**. All notices, instructions and advices with respect to securities transactions or other matters contemplated by this Contract shall be deemed duly given when delivered to and received by the respective parties as follows (a facsimile transmission is acceptable only for purposes of amending this

Contract and only if the receipt of such facsimile is confirmed by the recipient. Electronic mail transmissions are acceptable only for purposes of providing notice or instructions with respect to securities transaction or cash flows. Electronic mail transmissions may not be used to terminate or amend this Contract):

| | |
|---|---|
| The Manager at: | T. Rowe Price Associates, Inc.<br>Attn [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| With a copy to: | T. Rowe Price Associates, Inc.<br>Attn: [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| KRS at: | Steve Willer<br>Executive Director Office of Investments<br>Chief Investment Officer<br>1260 Louisville Rd<br>Frankfort KY, 40601 |
| With a copy to: | Victoria Hale<br>Office of Legal Services<br>Division of Non-Advocacy<br>1260 Louisville Road<br>Frankfort, KY 40601 |

27. **Controlling Law; Jurisdiction and Venue; Waiver**. All questions as to the execution, validity, interpretation, construction, and performance of this agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of laws principles thereof, except to the extent preempted by federal law(s), if any. The Manager hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in the Franklin Circuit Court located in Franklin County, Kentucky. Manager stipulates and agrees that it is subject to personal jurisdiction of such courts. To the extent that in any jurisdiction Manager may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Manager, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

28. **Confidentiality**. The Manager shall protect the financial privacy of all information relating to the Account and recognizes that the information is confidential in nature. The Manager's employees and agents shall be allowed access to the information only as needed for their duties related to the Agreement and in accordance with the rules established by the custodian of the records. The Manager shall preserve the confidentiality of the information except where otherwise required by law, where requested by an appropriate regulator, or where reasonably required to be disclosed by the Manager to a

person (including, without limitation, affiliates, the Custodian, delegates, agents, advisers, brokers and counterparties) in order to perform the services under this Agreement. The Manager shall maintain positive policies and procedures for safeguarding the confidentiality of such information. The Manager recognizes that it may be liable for the negligent, wanton, or willful release of such information.

KRS is a public agency subject to (i) Kentucky's public record law (Kentucky Revised Statutes sections 61.870 to 61.884, the "Open Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Open Records Act and (ii) Kentucky Revised Statutes Sections 61.645(19)(l) and (20), and Sections 78.782 (18)(1) and (19) (the "Document Disclosure Laws"), which provide generally that all contracts or offering documents for services, goods, or property purchased or utilized by KRS shall be made available to the public, and posted on KRS' website, unless exempt under the Document Disclosure Laws (the Open Records Act and Document Disclosure Laws, collectively, the "Kentucky Information Disclosure Laws"). Notwithstanding any provision in this Agreement to the contrary, the Manager hereby agrees that (i) KRS will, to the extent required by the Kentucky Information Disclosure Laws treat all information received from the Manager as open to public inspection under the Kentucky Information Disclosure Laws unless such information is exempt from such disclosure under the Kentucky Information Disclosure Laws, and (ii) KRS will not be deemed to be in violation of any provision of this Agreement if KRS discloses or makes available to the public (e.g., via KRS' website) any information regarding the Manager to the extent required pursuant to or under the Kentucky Information Disclosure Laws, provided that KRS shall use reasonable efforts to notify the Manager of any request for disclosure of this Agreement which is not redacted or any other information or material relating to the business of the Manager and provided by the Manager and marked by the Manager as "Confidential" (or with words of similar import) pursuant to the Kentucky Information Disclosure Laws so that the Manager may, at its own expense, seek an appropriate exemption to such disclosure as and to the extent permitted under any Kentucky Information Disclosure Law. Manager acknowledges that KRS is subject to the Open Records Act. Manager also acknowledges that a party requesting information that is unable to obtain such information directly from KRS may bring legal action (either in a court of law, or by appealing to the attorney general) to compel disclosure of the information.

29. **Remedies**. In addition to the right to terminate this Agreement, KRS may also file suit against the Manager for breach of duty and/or confidentiality, without limitation. Should KRS obtain a judgment against the Manager as a result of a breach of contract, the Manager consents to such judgment being set-off against any monies owed by KRS to the Manager under this or other contracts. This Section 29 shall not be interpreted to limit KRS's remedies as provided for by law.

30. **Defense and Indemnification.**

a) Manager shall indemnify, hold harmless and defend KRS and its agents, officers and employees from and against all claims, any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach of this Agreement by the Manager or Manager's officers, employees, agents, or representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense to the extent arising from the sole negligence or willful misconduct of KRS or its agents, officers and employees, or its Custodian and other third parties. Manager's obligation to defend, indemnify and hold KRS and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or

restricted by any requirement in this Agreement for Manager to procure and maintain a policy of insurance.

b) Unless otherwise prohibited by law and subject to the availability of funds properly appropriated for such purposes, KRS shall indemnify, hold harmless and defend KRS and its agents, officers and employees from and against any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach with respect to the Account or the Systems by KRS or KRS's officers, employees, and representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense arising from the negligence, breach of duty or willful misconduct of Manager or its agents, officers and employees.

31. **Securities Lending.** The Manager understands that KRS may engage in a "Securities lending program". The Manager and KRS agree that the Manager shall not be responsible or liable for any consequences or damages arising from a delay in or failed delivery of any securities subject to any such "Securities lending program" and any lending activities thereunder.

32. **Duration of Contract.** The period in which subject services are to be performed shall begin on such date as is mutually agreed to in writing by the parties, and continue through the date that one of the parties hereto notifies the other party that it wishes to terminate the Agreement in accordance with Section 33 below.

33. **Termination**. KRS and Manager reserve the right to terminate this Agreement without penalty provided that written notice is sent under any one of the following circumstances:

a) At KRS's discretion, with or without cause, after five (5) business days written notice to the Manager or at Manager's discretion upon thirty (30) calendar days written notice to KRS. Manager shall cooperate with KRS and follow KRS's written directions in connection with the termination of this agreement to effect the smooth and orderly transfer of securities and all applicable records to a successor or other entity designated by KRS; or

b) At KRS's discretion, immediately, if a result of the Manager's default or breach of contract as specifically described in KRS's notice of termination; or

c) At KRS's discretion, immediately, if the Manager's decisions/conduct/actions are deemed not to be in alignment with KRS's interests specifically described in KRS's notice of termination.

Following termination notification, Manager shall not take any action with respect to the Account, unless specifically authorized to do so by KRS, provided that the Manager is permitted to take actions in the ordinary course of business in connection with any transaction entered into prior to or at the time such termination notification is received.

34. **Withdrawal of Assets from Management**. KRS may withdraw from and decrease the Account assets in its sole discretion, with prior notice provided to the Manager within a reasonable time frame. Any such notice shall set forth the amount of any such withdrawal or identify the investment assets

and amount of cash to be withdrawn, the date as of which such withdrawal shall be effective and such other information that KRS deems necessary or appropriate. On and after the effective date of such withdrawal and decrease and except as may otherwise be set forth in such notice, the Manager shall cease to be responsible for future investment of the assets and/or cash withdrawn.

35. **Amendments**. Except as otherwise provided herein, written modifications, amendments or additions to this Contract shall be effective only when signed by both parties.

36. **Conflicts of Laws**. Manager hereby certifies Manager is legally entitled to enter into the subject contract with the Commonwealth of Kentucky and certifies that Manager is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this Contract. The Manager shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of Systems which would violate standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A. Manager hereby agrees to provide the services referenced in this agreement, and execute the corresponding External Conflict of Interest Statement, in accordance with KRS' Conflict of Interest and Confidentiality Policy as adopted by Systems, which are attached hereto as Attachment VIII and incorporated herein by this reference. Manager hereby affirms that there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a Conflict of Interest except as otherwise set forth in its Form ADV Part II, as amended from time to time, as received by KRS. A Conflict of Interest means that because of other activities or relationships with other persons, Manager is unable or potentially unable to render impartial assistance or advice to KRS, or Manager's objectivity in performing the Agreement work is or might be otherwise impaired. If any other actual or potential Conflict of Interest arises subsequent to the date of this Agreement, Manager shall make a full disclosure in writing to KRS of all relevant facts and circumstances. This disclosure shall include a description of actions that Manager has taken and proposes to take to avoid, mitigate, or neutralize the action or potential Conflict of Interest. Manager will continue performance of work under this Agreement until notified by KRS of any contrary action to be taken.

37. **Sovereign Immunity.** Manager acknowledges that KRS reserves all immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of its entry into this Agreement, by an express or implied provision thereof or by any actions or omissions to act by KRS or any of its employees, representatives or agents, whether taken pursuant to this Agreement prior to the execution thereof, provided that KRS shall not knowingly evade the contractual obligations of this Agreement by relying on the immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution.

38. **Purchasing by the Commonwealth of Kentucky.** The Manager hereby certifies that it will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky.

39. **Severability**. In case one or more of the provisions contained in this Agreement shall be found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, to the fullest extent permitted by law.

40. **Miscellaneous**. All section headings in this Agreement are for convenience of reference only, do not form part of this Agreement, and will not affect in any way the meaning or interpretation of this Agreement.

No term or provision of this Agreement may be waived except in writing signed by the party against whom such waiver is sought to be enforced. A party's failure to insist at any time on strict compliance with this Agreement or with any of the terms of the Agreement or any continued course of such conduct on its part will not constitute or be considered a waiver by such party of any of its rights or privileges. Manager is an independent contractor, and nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture or other relationship between Manager and KRS. This Agreement contains the entire understanding between KRS and Manager concerning the subject matter of this Agreement, and supersedes all prior agreements, arrangements and understandings, written or oral, between the parties.

KRS understands that Manager serves as investment manager for other clients and will continue to do so. KRS also understands that Manager, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for KRS. Manager is not obligated to buy, sell or recommend for KRS any security or other investment that Manager or its Affiliated Persons may buy, sell or recommend for any other client or for their own accounts. This Agreement does not limit or restrict in any way Manager or any of its Affiliated Persons from buying, selling or trading in any securities for their own accounts; provided, however, that neither Manager nor any of its Affiliated Persons will act as principal or receive any compensation in connection with the purchase or sale of any securities by the Account, other than the investment management fee described in Section 6 above.

Manager does not guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that Manager may use, or the success of Manager's overall management of the Account. KRS understands that investment decisions made for the Account by Manager are subject to various market, currency, economic and business risks, and that those investment decisions will not always be profitable. Manager will manage only the securities, cash and other investments held in the Account and in making investment decisions for the Account, Manager will not consider any other securities, cash or other investments owned by KRS. Except as may otherwise be provided by law, Manager will not be liable to KRS for (i) any loss that KRS may suffer by reason of any investment decision made or other action taken or omitted in good faith by Manager with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity would use; or (ii) any loss arising from Manager's adherence to KRS's instructions. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement shall waive or limit any rights which KRS may have under those laws.

Manager acknowledges and agrees that in the event any representations, undertakings, or acknowledgments set forth in this Agreement cease to be true, the Manager shall notify KRS of such event if required under applicable law. KRS acknowledges and agrees that it shall promptly notify the Manager in the event any representation, undertaking, or acknowledgement set forth in this Agreement is no longer required. KRS and Manager acknowledge that where this Agreement or any Exhibit hereto call for notice within a "reasonable" time frame, such "reasonable" notice will be understood to mean fourteen (14) Business Days.

41. **Voting of Proxies.** The Manager will not vote proxies for the Account; [redacted]

42. **Investment in Adviser Affiliated Commingled Investment Vehicles.** To the extent set forth in Attachment II, the Manager is authorized to open an account with and invest the cash reserves of the Account in the T. Rowe Price Government Reserve Fund (**"RIF"**) and T. Rowe Price Treasury Reserve Fund (**"GRF"**) for which Manager provides investment advisory services. The purchase and sale of shares of RIF and GRF and its investment objectives are subject to the terms of its prospectus. Information regarding RIF's and GRF's expenses and fees, including fees paid to the Manager or its affiliates, is available in RIF's and GRF's shareholder reports. KRS acknowledges receipt of the current prospectus for RIF and GRF and approves the non-advisory administrative fees and expenses paid by RIF and GRF (that include fees paid to affiliates of Adviser). RIF and GRF do not charge an advisory fee; therefore, there will be no double billing of advisory fees. KRS shall receive quarterly account statements from T. Rowe Price Investment Services, Inc., the distributor for RIF and GRF reflecting KRS's holdings in such funds.

**IN WITNESS WHEREOF,** the parties have caused this Agreement to be executed as of the date first above written.

**Kentucky Retirement Systems**

By: 

Name: Joe Gilbert
Title: Portfolio Manager
Kentucky Public Pensions Authority on behalf of Kentucky Retirement Systems
1260 Louisville Road
Frankfort, KY 40601
On behalf of Kentucky Retirement Systems

[redacted]

[redacted]

Name: [redacted]
Title: Vice President
T. Rowe Price Associates, Inc.

1307 Point Street
Baltimore, MD 21231
On behalf of Manager

## ATTACHMENT I

Investment Policy and Procedures

(Remainder of this page left blank intentionally.)

# Kentucky Retirement Systems

Investment Policy Statement
Adopted January 30, 2024

This Investment Policy Statement ("IPS") is issued by the Board of Trustees ("Board" or "Trustees") of the Kentucky Retirement Systems (" KRS") in connection with investing the assets of the Kentucky Employees Retirement System ("KERS") and the State Police Retirement System ("SPRS"), jointly referred to as "Systems." This document supersedes all prior documents entitled Statement of Investment Policy or Investment Policy Statement.

## Introduction

### A. Purpose

The purpose of this IPS is to define the framework for investing the assets of the Systems This IPS is intended to provide general principles for establishing the goals, the allocation of assets, employment of outside asset management, and monitoring the results of the Systems

The pension plans administered by KRS are "Qualified Pension Plans" under Section 401(a) of the Internal Revenue Code. Additionally, Kentucky Revised Statutes 61.701 establishes health insurance benefits to recipients of KERS, and SPRS Kentucky Revised Statutes 61 702 provides that all amounts necessary to provide for insurance benefits shall be paid to the insurance fund The Board shall administer the insurance trust fund in the same manner as the pension plans

### B. Philosophy

The Trustees of KRS recognize their fiduciary duty not only to invest the Systems' assets in formal compliance with the Prudent Person Rule, but also to manage those assets in continued recognition of the basic long-term nature of the Systems The Trustees interpret this to mean, in addition to the specific guidelines and restrictions set forth in the law and this document, that the assets of the Systems shall be proactively managed - that is, investment decisions regarding the particular asset classes, strategies, and securities to be purchased or sold shall be the result of the conscious exercise of discretion

The Trustees recognize that asset allocation is the primary driver of long-term investment performance, and will therefore review asset allocation and asset-liability studies on a regular basis as outlined in Section III of this document. The asset allocation guidelines represent a strategic decision, with the primary aim that the portfolios meet their performance objectives in the long- term while understanding that this may not necessarily occur in the short term

The Trustees recognize that there is generally an inverse relationship between market efficiency, and the ability for active management to produce alpha. Therefore, investments in efficient markets will be made using index or index-like investments with the goal of replicating index returns with low management fees. Active management will be pursued in less efficient markets, accepting higher tracking error, and paying higher management fees with the expectation of producing excess returns over the long term This focuses Office of Investments' ("Staff") and consultant(s) efforts on identifying, selecting, and monitoring managers as well as the overall management fees paid, in the areas of the market most likely to produce excess returns.

The Trustees recognize that, commensurate with their overall objective of maximizing long-term returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both across and within the classes of securities held to minimize/mitigate overall portfolio risk. Consistent with carrying out their fiduciary responsibilities, the Trustees will not systematically exclude any investments in companies industries, countries, or geographic areas unless required to do so by statute. Within this context of proactive management and the necessity for adherence to proper diversification, the Trustees rely upon appropriate professional advice from Staff and multiple service providers

## Responsibilities

The Trustees and other fiduciaries shall discharge their duties with respect to the Systems

(1) solely in the interest of the participants and beneficiaries;
(2) for the exclusive purpose of providing benefits to participants and beneficiaries;
(3) with the care, skill and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose (Prudent Person Rule);
(4) impartially;
(5) incurring and paying appropriate and reasonable expenses of administration and management which may not necessarily be the lowest: and,
(6) in accordance with a good faith interpretation of the laws regulations and other instruments governing KRS and the Systems

Additionally, the Trustees and other fiduciaries shall not engage in any transaction which results in a substantial diversion of the Systems' income or assets without adequate security and reasonable rate of return to a disqualified person or in any other prohibited transaction described in Internal Revenue Code Section 503(b) - Prohibited Transactions.

A. Board of Trustees

The Investment Committee is created by Kentucky Revised Statutes 61.650 and the Board as set forth in the Board's Statement of Bylaws and Committee Organization document The Board Chair authorizes and appoints members to an Investment Committee with full power to act for the Board in the acquisition, sale and management of the assets of the Systems in accordance with the provisions of any applicable statutes, and policies of the Board The Board shall review and ratify the actions of the Investment Committee at the Board meeting following the Investment Committee meeting where such action was taken.

B. Investment Committee

The Investment Committee consists of at least three (3) Trustees appointed by the Governor to the Board pursuant to Kentucky Revised Statutes 61.645(1)(c) Additional members may be appointed by the Board Chair. The Investment Committee acts on behalf of the Board on investment related matters

The Investment Committee has the following oversight responsibilities.

A. Assure compliance with this IPS and all applicable laws and regulations.
B Approve the selection and termination of service providers If the need arises to terminate a manager between Board meetings, the Chief Investment Officer ("CIO") will have

discretion to do so after receiving approval from either the Board Chair or the Investment Committee Chair. The Investment Committee and the Board must be notified of the manager termination at the next scheduled Investment Committee and Board meetings

C Meet no less than quarterly to evaluate whether this IPS the investment activities and management controls and processes continue to be consistent in meeting the Systems' goals. Mandate actions necessary to maintain the overall effectiveness of the investment program.

D. Review assessment of investment program management processes and procedures, and this IPS relative to meeting stated goals

C. Staff

The Chief Investment Officer is responsible for the administration of investment assets of the Systems consistent with the policies, guidelines and limits established by the law, the Board, and the Investment Committee

The Chief Investment Officer receives direction from and reports to the Investment Committee on all investment matters, including but not limited to the following

i. Maintaining the diversification and risk exposure of the Systems consistent with policies and guidelines
ii. Assessing and reporting on the performance and risk exposure of the overall investment program relative to goals, objectives policies and guidelines.
iii. Monitoring and assessing service providers to assure that they meet expectations and conform to policies and guidelines
iv. Recommending changes to service providers, statutes, policies or guidelines as needed to maintain a productive relationship between the investment program and its goals; acting as liaison on all investment related matters
v. Identifying issues for consideration by the Investment Committee and preparing recommendations or reports regarding such matters.
vi. Preparing, for each proposed investment, a memo to the Investment Committee covering the pertinent details of the investment, including but not limited to: amount of the investment, type of investment purpose, opportunity/goal, risks volatility assumptions, liquidity, structure, fees, background of investment firm with reasons for selection, list of other firms considered.

The Chief Investment Officer or designee is authorized to execute trades on fixed income and equity securities (including exchange-traded funds or "ETF's") and to execute proxies for the Board consistent with this IPS.

To carry out the IPS and any investment related decisions of the Board, the Chief Investment Officer or designee is authorized to execute agreements and other necessary or proper documents pertaining to investment managers, consultants, investment related transactions or other investment functions.

D Investment Managers

In instances where the Investment Committee has determined it is desirable to employ the services of an external Investment Manager, the following shall be applicable:

i. Investment Managers shall be qualified by the Chief Investment Officer, agree to serve as a fiduciary to the Systems, and should be of institutional quality as deemed by Staff in

consultation with the investment consultant(s).

ii. Investment Managers shall manage assets in accordance with this IPS and any additional guidelines established by contract, as may be modified in writing from time to time.

iii. Total assets assigned to the selected manager shall not exceed 25% of that firm's total assets under management and shall not exceed 25% of a firm's total assets under management in a commingled product. Separate accounts or funds of one are not included in this 25% limitation for commingled products

iv The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets in the pension and insurance funds per KRS 61.650(5).

v. All investment management services will be contracted according to the Investment Procurement Policy established by the Board.

E. Custody Bank

The KPPA shall hire custodians and other agents who will be fiduciaries to the Systems and who will assume responsibility for the safekeeping and accounting of all assets held on behalf of the Systems, as well as other duties as agreed to by contract.

A process may implement a portfolio accounting system that includes plan accounting and unitization methods. Investment related service provider(s) may be selected to execute the process in accordance with the Boards' selection process. The following is a brief description of our plan accounting processing:

Within the plan accounting structure there are two primary types of accounts Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool. An account is established for each plan and these accounts hold Units of Participation that represent the plan's/fund's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. These accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan/fund contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the Plan Accounts Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in market value in the investment pool Earnings are allocated based on the daily weighted average of Master Trust Units held by each plan/fund account during the monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

An institutional accounting system may support a method for determining the amount of monthly earnings are allocated to each plan account.

F. Investment Consultants

Qualified independent investment consultants may be retained by the Systems for asset allocation studies, asset allocation recommendations, performance reviews manager searches, and other investment related consulting functions and duties as set forth by contract.

G. Selection

Qualified investment managers, investment consultants, and other investment related service providers shall be selected by the Investment Committee in accordance with the IPS. The selection shall be based upon the demonstrated ability of the professional(s) to provide the required expertise or assistance described in the RFP/RFI (if utilized). In order to create an efficient and effective process, the Investment Committee or Chief Investment Officer may, in their sole discretion, utilize a Request For Information ("RFI"), a Request For Proposals ("RFP"), third party proprietary software or databases, review of existing service provider capabilities, or any combination of these, or other methods to select a service provider.

## III. Asset Allocation Guidelines

In establishing asset allocation guidelines, the Board recognizes that each plan and any underlying fund* have their own capacity to tolerate investment volatility, or risk. The asset allocation guidelines of each Fund will be reviewed annually.

Based on the December 2023 asset liability study and an efficient frontier analysis conducted in December 2023, which analyzes the expected returns, risk, and correlations of various asset classes, projected liabilities, liquidity, and the risks associated with alternative asset mix strategies, the Board has established the following Asset Allocation Guidelines, effective February 1, 2024. The asset classes are grouped together into macro-asset classes based on their expected correlations to one another in order to create a better understanding of risk and diversification and based on asset class exposures to the economic factors of growth and inflation.

*KERS Hazardous and Non-hazardous

| KERS Hazardous Pension Fund and the KRS Insurance Trust Fund | | | |
|---|---|---|---|
| Asset Class | Target | Minimum | Maximum |
| **Equity** | | | |
| Public Equity | 40% | 25% | 50% |
| Private Equity | 8% | 4% | 12% |
| **Fixed Income** | | | |
| Core Fixed Income | 10% | 8% | 15% |
| Specialty Credit** | 25% | 20% | 30% |
| Cash | 2% | 0% | 5% |
| **Inflation Protected** | | | |
| Real Estate | 7% | 4% | 10% |
| Real Return | 8% | 5% | 11% |
| | | | |

**includes High Yield Fixed Income

| KERS Non-Hazardous Pension Fund and SPRS Pension Plan | | | |
|---|---|---|---|
| Asset Class | Target | Minimum | Maximum |
| **Equity** | | | |
| Public Equity | 30% | 20% | 40% |
| Private Equity | 6% | 3% | 9% |
| **Fixed Income** | | | |
| Core Fixed Income | 27% | 22% | 35% |
| Specialty Credit** | 20% | 15% | 25% |
| Cash | 2% | 0% | 5% |
| **Inflation Protected** | | | |
| Real Estate | 5% | 3% | 7% |
| Real Return | 10% | 7% | 13% |

**includes High Yield Fixed Income

The intent of the Board in allocating funds to the investment managers is for the investment managers to fully invest the funds However the Board is aware that from time to time the investment manager will require a portion of the allocated funds to be held in cash provided the cash holdings do not exceed five percent (5%) of the manager's allocation for any given quarter unless such cash holdings are an integral part of a fixed income manager's investment strategy

The individual asset allocations of each Pension and Insurance Funds constituent will be reviewed monthly by Staff relative to its target asset class allocation taking into account any tactical policy shift directed by the Investment Committee.

Regarding individual investment manager initial allocations, Staff will get approval at the Investment Committee meeting for a specific dollar amount intended to be committed to a closed-end fund such as private equity or real estate funds and will get approval for a percent of the appropriate asset class target for open-end investments such as public equity, and public fixed income investment managers. For those open-end funds where assets can be added or subtracted, the Chief Investment Officer will have discretion to reduce or increase an investment manager's allocation between 50% and 150% of the approved target. The target will not be raised prior to the one-year anniversary of the amount approved by the Investment Committee, and must be reported to the Investment Committee at the next scheduled meeting. If the need arises to terminate an investment manager between Board meetings, the Chief Investment Officer will have discretion to do so after receiving approval from either the Board Chair or the Investment Committee Chair. The Investment Committee and the Board must be notified of the investment manager termination at the next scheduled Investment Committee and Board meetings

Short-term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, Staff shall direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class. Within the allowable ranges, Staff should use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from policy targets. Except when there is a perceived extraordinary downside risk in a particular asset class, movement outside the normal ranges should be avoided.

Investments in private assets are generally less liquid than investments in public markets

securities and are typically implemented via periodic commitments to funds with limited partnership structures. As a result, actual allocations to these asset classes may deviate from their strategic targets for extended periods. Actual vs. target deviations for these asset classes shall not be considered in violation of the Asset Allocation Guidelines. Under/over weights to these asset classes shall be invested in public markets securities with the most similar risk/return characteristics as a short-term proxy for the private asset classes

In keeping with its responsibility as a Board and wherever consistent with its fiduciary responsibility, the Board encourages the investment of the Systems assets in investments, funds, and securities of corporations which provide a positive contribution to the economy of the Commonwealth of Kentucky. However, where any security is not a prohibited investment under the governing laws and policies, discretion will be granted to the appointed investment managers in the selection of such securities and timing of transactions consistent with the following guidelines and restrictions.

A. Equity

Public Equity

Investment may be made in common stock, securities convertible into common stock, preferred stock of publicly traded companies on stock markets, asset class relevant ETF's or any other type of security contained in a manager's benchmark. Each individual equity account shall have a comprehensive set of investment guidelines prepared, which contains a listing of permissible investments, portfolio restrictions, and standards of performance for the account.

The internally managed equity index funds are intended, to gain exposure to a broad asset sector to replicate the characteristics of the asset class, to minimize administrative expenses, and to help achieve overall portfolio objectives. These objectives can be achieved through several management techniques, including but not limited to, portfolio optimization, non-reinvestment of index dividends, and other management techniques intended to help achieve the objectives of the Systems

Private Equity Investments

Subject to specific approval of the Investment Committee, investments may be made for the purpose of creating a diversified portfolio of alternative investments. Private equity investments are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional investments. Accordingly, total rates of return from private equity investments are expected to be greater than those that might be obtained from conventional public equity or debt investments. Examples of such investments include, but are not limited to, private investments into venture capital, leveraged buyouts, special situations, distressed debt, private debt, timberland, oil and gas partnerships, infrastructure, commodities and private placements. While it is expected that the majority of these assets will be invested within the United States, a portion can be allocated to non-US investments. These non-U.S. investments are not restricted by geography.

The private equity market is highly sophisticated and specialized with respect to variety and types of investment structures. There exists major competition for deal flow on the part of both investor and general partners. To a great extent, market forces drive the bargaining of economic terms. Most investment vehicles are structured as commingled vehicles and often blind pool investment partnerships. The most common offering forms are equity private placements where the

governing laws of the partnership impose a passive role of the limited partner investor These contractual arrangements are long-term in nature and provide the general partner or sponsors a reasonable time horizon to wisely invest capital, add value through intensive operational management, then realize the proceeds of such an investment. Moreover, terms of the partnership are proposed by the general partner and are critical to the economic incentives and ultimate net performance of the partnership

**Investment Strategy and Plan Guidelines**

To strengthen the diversification of the investments, several guidelines will be utilized in Staffs formulation and recommended annual investment strategy and plan These guidelines encompass annual commitment levels to the asset class, types of investment vehicles that can be utilized, controlling financing stage risks, industry, manager and geography concentration/diversification limits, acceptable contract negotiations, appropriate sizes for investments, and the preferred alignment of interests.

*Investment Vehicles*: The Systems will gain exposure to private equity investments by hiring external investment managers either directly or through participation in secondary private equity markets. Typically, KRS will subscribe as a Limited Partner ("LP") to limited partnership vehicles sponsored by such specialty external investment managers. KRS will also at times structure separately managed accounts with specific investment objectives to be implemented by external investment managers. The Systems may also gain exposure by utilizing the following vehicles: limited liability companies and co-investments alongside KRS' existing or potential limited partnerships

*Investment Timing Risks:* Staff should limit the potential for any one investment to negatively impact the long-term results of the portfolio by investing across business cycles. Moreover, the portfolio must gain exposure to the array of financing stages by opportunistically exploiting the best investments at different stages of the business cycle Staff may also consider purchasing secondary partnership interests to shorten the effective life of the partnership interest and therefore positively impacting the current and long-term net return of the portfolio. In addition, mindful of vintage year diversification, the Systems should seek to identify attractive commitments annually, further ensuring the portfolio invests across business cycles.

*General Partner Diversification:* Staff will seek to work with a variety of general partners due to their specialized expertise in particular segments of the private equity market and source of their deal flow. No more than fifteen (15) percent of the overall Systems' Pension or Insurance Trust Fund total allocation to private equity investments may be committed to any one partnership, without the approval of the Board.

B. Fixed Income Core

Fixed Income

Core Fixed Income investments will be similar in type to those securities found in the Systems' core fixed income benchmark(s), and the characteristics of the Systems' core fixed income portfolio will be similar to the System' core fixed income benchmarks. The core fixed income accounts may include, but are not limited to the following fixed income securities: U.S. Government and Agency bonds, investment grade U.S. corporate credit, investment grade non-U.S. corporate credit, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage-backed securities, commercial mortgage-backed securities, and whole loans, asset-backet securities, and asset class relevant ETFs

Each individual core fixed income account shall have a comprehensive set of investment guidelines which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

Specialty Credit

Specialty Credit investments will be similar in type to those securities found in the Systems' high yield benchmarks and the characteristics of the portfolio will be similar to the Systems' high yield fixed income benchmarks. The high yield fixed income accounts may include, but are not limited to, the following fixed income securities: non-investment grade U.S. corporate credit including both bonds and bank loans, non-investment grade non-U.S. corporate credit including bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities, and whole loans, asset-backed securities, and emerging market debt ("EMD") including both sovereign EMD and corporate EMD, and asset class relevant ETF's

Each individual high yield/specialty credit account shall have a comprehensive set of investment guidelines which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account

Cash Equivalent Securities

Selection of particular short-term instruments, whether viewed as liquidity reserves or as investment vehicles, should be determined primarily by the safety and liquidity of the investment and only secondarily by the available yield. The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds, variable rate demand notes, government and agency bonds, mortgages, municipal bonds, and collective short-term investment funds ("STIFs"), money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days. Repurchase agreements shall be deemed to have a maturity equal to the period remaining until the date on which the repurchase of the underlying securities is scheduled to occur. Variable rate securities shall be deemed to have a maturity equal to the time left until the next interest rate reset occurs, but in no case will any security have a stated final maturity of more than three years.

The Systems' fixed income managers that utilize cash equivalent securities as an integral part of their investment strategy are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for fixed income managers shall be included in the investment manager's investment guidelines.

C. Inflation Protected

Real Estate

Investments may be made in equity and debt real estate for the purpose of achieving the highest total rate of return possible consistent with a prudent level of risk. Allowable real estate investments include open-end and closed-end commingled real estate funds, joint venture investments, public and private real estate investment trusts ("REITs"), public real estate operating companies, and real estate related debt.

The Systems has determined that the primary role of the real estate asset class is to provide for the following:

- Attractive risk adjusted returns through active management and ability to access managers with the expertise and capabilities to exploit market inefficiencies in the asset class. The illiquid nature of real estate investments combined with the complexity of investments makes it difficult for casual investors to effectively access the asset class effectively. It is our belief that through active management and by investing in top tier managers with interests aligned through co-investment and incentive based compensation, the Systems can maximize their risk adjusted returns. This active management approach will be pursued.

- Diversification benefits through low correlations with other asset classes, primarily the U.S. equity markets.

- Provide a hedge against unanticipated inflation, which real estate has historically provided due to lease structures and the increases in material and labor costs during inflationary periods.

- Permit the Systems to invest in unique opportunities that arise due to dislocations in markets that occur from time to time.

Real Return

The purpose of the Real Return Portfolio is to identify strategies that provide both favorable stand-alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans. Real Return strategies are not necessarily a separate asset class but may include real assets, such as infrastructure, real estate, commodities, and natural resources among others, as well as financial assets that have a positive correlation to inflation. This can include "real" bonds such as Treasury Inflation-Protected Securities ("TIPs") (and other inflation linkers) or "real" stocks such as REITs, Master Limited Partnerships ("MLPs") and oil & gas stocks. Additionally, Real Return managers may attempt to add value by tactically allocating to various asset classes according to how each asset class performs across an economic cycle and the manager's perception of where we are in the cycle. The goal is to invest in inflation sensitive assets during inflationary periods, and avoid those assets in deflationary periods, thus providing a positive real return across the cycle.

The real return opportunity set may include numerous vehicles to access a wide variety of investment styles and strategies. These investment vehicles may include mutual funds, ETFs, separately managed accounts as well as hedge funds (open-end limited partnerships) and private equity (close-end limited partnerships). The list of strategies that the Systems' Real Return Portfolio may include, but is not limited to, the following:

- Global Tactical Asset Allocation ("GTAA")/Global Macro: GTAA or macro strategies are those that make directional bets on major markets or asset classes instead of individual securities. GTAA and macro strategies typically invest in all major asset classes including equity markets, credit and debt instruments, currencies/interest rates, and commodities. These strategies tend to focus on economic factors that would suggest an opportune time to invest in a given asset class, and will change their allocations actively over time. These strategies may use inflation as the economic factor to gain exposure to and will target a real rate of return over time.

- Inflation Linked Securities are securities that directly tie coupon payments or principal increases to an inflation index, such as Consumer Price Index ("CPI"). These strategies could include not only US TIPS, but also global sovereign inflation linked bonds, corporate or infrastructure inflation linked bonds, and possibly short duration floating rate bonds.

- Inflation Sensitive Equities include publicly traded equity and equity related securities in companies which have a high sensitivity to inflation in their profit margins via the nature of their operating assets, such as energy companies, basic materials and miners, natural resource stocks, and listed infrastructure. This category can also include REITs, MLPs as well as ETFs and index products on REITS, MLPs, natural resource stocks.

- Commodities: Commodities are the raw materials that are physical inputs into the production process. Managers that invest in liquid commodity strategies using exchange traded futures can span from simple indexing (matching a long-only commodities index), to enhanced indexing or active long (selecting positions that vary from the index but within fairly tight ranges), as well as unconstrained long-short managers.

- Private Property: For the purposes of this IPS, private property refers to the ownership of an idiosyncratic, physical asset that is predominately fixed and/or permanent or at least substantially long-lived. This includes real estate, such as land and any improvements to or on the land, as well as timberland and farmland. Timberland investing involves the institutional ownership of forest for the purpose of growing and harvesting the timber. Private property can also include infrastructure investing, which refers to financing the manufacture or development of the underlying fundamental assets and basic systems that are necessary for an economy whereby such assets are largely fixed and long-lived. These tend to be high cost, capital-intensive investments that are vital to a society's prosperity and facilitate the transfer, distribution, or production of basic goods and services.

- Natural Resources: Natural resources can include investing in the financing, development extraction, and production of minerals, basic materials, petroleum products, and water as well as renewable resources such as agricultural commodities and solar energy. As opposed to property, the returns generated in these investment strategies come more from the actual production of the resource itself. Further, these are depleting and/or consumable assets that are also portable and fungible and which in the aggregate comprise a majority of the inputs into most measurements of inflation.

- Private Assets: Private assets can include tangible or intangible assets that are not easily sold in the regular course of a business' operations for cash, and which are held for their role in contributing directly to the business' ability to generate profit. As the useful life of the asset tends to extend across many years and the assets tend to be capital intensive as well, they have some similarity to private infrastructure. Further, given that the assets contribute directly to the production process as well as often retaining intrinsic value, there

is a fundamental link to inflation somewhat similar to natural resources.

- Other (Inflation Hedge): Other strategies include those that have a propensity to provide a positive real return or positive correlation with inflation over time. Liquid strategies such as inflation swaps, diversified inflation hedging mutual funds, or nominal bonds backed by inflation sensitive assets may be included in this allocation, while other illiquid strategies that may provide the same real profile can include private equity in inflation sensitive companies, hard asset-backed private credit, and structured inflation-linked products among others.

**Portfolio Guidelines**

No more than 50% of the total net assets of the Real Return portfolio may be invested in any one registered investment vehicle, mutual fund, or separately managed account.

No more than 20% of the total net assets of the Real Return portfolio may be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.

The relative allocations to the liquid and illiquid portfolios will be determined according to each individual Plan's liquidity needs, funding status, and allocation targets on an investment by investment basis.

D. Co-Investment Policy

The CIO hes discretion to make direct co-investments in companies alongside of current general partners. Any co-investment opportunity must also be part of the main account or fund into which the Systems has already invested before it can be considered. For purposes of this IPS, a direct co-investment is defined as a direct investment in a portfolio company alongside an existing Systems' partnership deemed in good standing.

The maximum investment in any co-investment vehicle shall not exceed 50 percent of the total capital committed by all partners at the time of the final closing. The maximum investment in any single direct co-investment shall not exceed 20 percent of the original partnership commitment. Total investment in direct co-investments shall not exceed 20 percent of the asset class portfolio on a cost basis at the time of investment.

## IV. Monitoring

Performance Measurement

The Systems overall fund performance is measured relative to the Systems' Pension or Insurance Total Fund Benchmark. The benchmark is calculated by means of a weighted average methodology. This method is consistent with the CFA Institute Global Investment Performance Standards (GIPS®), a set of standardized, industry-wide ethical principles that guide investment managers and asset owners on how to fairly calculate and present their investment results with the goal of promoting performance transparency and comparability. It is the product of the various component weights (i.e. asset classes' percentages) by their respective performance (returns). Due to market fluctuations and acceptable divergence, the asset classes' weights (percentages) are often not equivalent to the benchmark's weights. Therefore, the performance may indicate that the Funds have outperformed (underperformed) relative to their respective benchmarks, even when the preponderance of lesser weighted categories have underperformed (outperformed) their indices.

The Systems measures its asset classes, sub-asset classes, sectors, strategies, portfolios, and instruments (investment) performance with indexes that are recognized and published (e.g., S&P 500 & Barclays Aggregate Bond Index). These indexes are determined to be appropriate measures of investments and composites of investments with identical or similar investments profiles, characteristics, and strategies. The benchmarks and indexes are intended to be objective, investable, replicable, representative and measurable of the investment mandate and, developed from publicly available information that is acceptable to the Systems and the investment manager/advisor as the neutral position consistent with the underlying investor status The Systems' investment consultant and Staff recommend the benchmarks and indexes. These measures shall be subject to the review and approval of the Investment Committee with ratification by the Board when asset allocation studies are performed, or when a change to existing benchmarks is recommended by Staff and the investment consultant The current asset class benchmarks, effective as of February 1, 2024 with the adoption of the asset allocation, are as follows:

| Asset Class | Benchmark |
|---|---|
| **Equity** | |
| Public Equity | MSCIAONI |
| Private Equity | Russell 3000 + 300 bps (lagged) |
| **Fixed Income** | |
| Core Fixed Income | Bloomberg US Aggregate |
| Specialty Credit | 50% Bloomberg US High Yield/ 50% Morningstar LSTA US Leveraged Loan |
| Cash | Citi Grp 3-mos Treasury Bill |
| **Inflation Protected** | |
| Real Estate | NCREIFODCE |
| Real Return | US CPI+ 3% |

The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of the Systems. They are to be computed and expressed on a time-weighted total return basis

*Total Public Asset Class Allocations*

Short-term

- For periods less than five years or a full market cycle, the Asset Class Allocation should exceed the returns of the appropriate Index.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, the Asset Class Allocation should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index

*Individual Public Security Portfolios:* Individual portfolios shall be assigned a market goal or benchmark that is representative of the style or market capitalization of the assignment Individual accounts should be monitored using the following Standards:

Short-term

- For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

Alternative Assets:

Private Equity

The Private Equity portfolio should also seek to achieve the following

Short-term

- Alternative investments should earn a Net Internal Rate of Return ("IRR") that place the investment above the median Net IRR of other similar funds, of the same vintage year.

Intermediate & Long-term

- The private equity portfolio should earn a return that meets or exceeds the Systems' Private Equity Index. Individual private equity investments should earn a Net IRR above the median Net IRR of other similar funds, of the same vintage year.

Real Estate

Private Real Estate investments are unique and can be illiquid and long term in nature. Given that this may lead to large short-term performance discrepancies versus public benchmarks, the Systems more appropriately measures its real estate investments based on both relative return and absolute return methodologies:

Relative Return: The Real Estate portfolio is expected to generate returns, net of all fees and expenses, in excess of the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index ("NCREIF ODCE") lagged 1 calendar quarter.

Absolute Return: The long-term real return objective (returns adjusted for inflation) for the Systems' Real Estate portfolio is five percent (5%) over the Barclays Capital U.S. 7-10 Year Treasury Bond Index, net of investment management fees. This return shall be calculated on a time-weighted basis using industry standard reporting methodologies.

Real Return

The total Real Return allocation shall seek to:

(1) Short-term benchmark: For periods less than five (5) years or a full market cycle, the allocation should achieve an annual rate of return that exceeds the appropriate benchmark (the weighted average return of the underlying investment benchmarks) annually over a complete market cycle, net of all investment management fees.

(2) Strategic objective: For periods greater than five (5) years or a full market cycle

the allocation should not only outperform the short-term benchmark, but also achieve a rate of return that exceeds (CPI + 300 basis points) as well.
(3) Achieve a positive risk/reward trade-off when compared to similar style Real Return Investment Managers.

Performance Review

Not less than quarterly the Investment Committee will review the performance of the portfolio for determination of compliance with this IPS. On an annual basis, a comprehensive review of each asset class and underlying portfolios shall be conducted by the Staff and presented to the Investment Committee. The review shall consist of an organizational, performance and compliance assessment.

The Compliance Officer shall perform tests at least monthly to assure compliance with the restrictions imposed by this IPS. These tests shall be performed at the asset class and total fund level. Quarterly, the Compliance Officer shall prepare a report to the Investment Committee detailing the restrictions tested, exceptions, the cause of the exception and the subsequent resolution. The Investment Committee shall report the findings to the Board at the next regularly scheduled meeting.

The following restrictions shall be tested at least monthly:

- The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of the Systems' assets.

- The amount of stock held in the domestic or international equity allocation shall not exceed 3% of the outstanding shares of any single corporation.

- Investment in "frontier" markets (those countries not included in the MSCI EM Index) shall not exceed 5% of the Systems' international equity assets.

- The duration of the core fixed income portfolios combined shall not vary from that of the Systems' Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration, or dollar duration except when the Investment Committee has determined a target duration to be used for an interim basis.

- The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the Systems' fixed income assets, with the exception of U.S. Government issued, guaranteed or agency obligations (or securities collateralized by same), and derivative securities used for exposure, cost efficiency, or risk management purposes in compliance with Section VII of this policy.

- 50% of the core fixed income assets must have stated liquidity that is trade date plus three days or better.

The CIO shall develop a comprehensive set of investment guidelines for each externally managed account. These guidelines should ensure, at the total fund and asset class level, that the restrictions set forth above are preserved.

Under the CIO's direction, Investment Staff shall perform site visits with all current investment managers over 3-year rolling market cycles, with at least 1/3 of all current managers occurring on a yearly basis.

## V Additional Items

**Derivatives Permitted Use:**

The Systems permits external managers and Staff to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Typical uses of derivatives in the portfolio are broadly defined below:

**Exposure:**

Derivatives are an effective way for a portfolio manager to gain exposure to a security that the manager does not want to purchase in the cash market. Reasons for gaining exposure to a security through the use of derivatives may include cheaper transactions costs, liquidity/lack of supply in the underlying market, and the flexibility to implement investment views with minimum portfolio disruption. An example is a cash equitization program.

**Cost Efficiency:**

Derivatives are often used due to the cost efficiency associated with the contract properties. Given the fact that derivatives can be used as a form of insurance, upfront trading costs must be sufficiently low for investors to purchase the contract and insure their portfolios efficiently. Furthermore, due to properties associated with derivatives and cash outlay characteristics (minimal cash outlay at inception of the contract) derivatives are generally a vehicle of gaining cost efficient exposure. An example is the cost (zero) to purchase a futures contract.

**Risk Management:**

Derivatives can be used for mitigating risk in the portfolio. When used as a risk management tool, derivatives can significantly reduce an identified financial risk or involuntary risk from investment areas by providing changes in fair values or cash flows that substantially offset the changes in fair values or cash flows of the associated item being hedged. An example is the use of currency forwards to offset periods of dollar strength when international equity markets increase in value thereby protecting foreign asset gains in the portfolio.

**Derivatives Restricted Use:**

**Settlement:**

Investments in futures contracts are to be cash settled unless physically settled and stored by external managers. At no time shall the Systems agree to take physica delivery on a futures contract.

**Position Limits:**

Futures and options positions entered into by the Systems, or on its behalf, will comply with all position and aggregate limits established by the local governing authorities within each jurisdiction.

**Over-the-Counter (OTC):**

Investments in securities not traded on public exchanges that are deemed over-the-counter (OTC) in nature are allowed provided that a counterparty risk monitoring component is delineated in the manager's guideline section of the manager's contract. All counterparties must have a short-term credit rating of at least BBB (Standard and Poor's or Fitch) or Baa2 (Moody's).

All OTC derivative transactions, including those managed through Agency Agreements, must be subject to established International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements and have full documentation of all legal obligations of the Systems under the transactions. All ISDA Master Agreements entered into by or on behalf of the Systems by the Staff and external manager pursuant to an Agency Agreement shall provide that Netting applies. (Netting allows the parties to an ISDA Master Agreement to aggregate the amounts owed by each of them under all of the transactions outstanding under that ISDA Master Agreement and replace them with a single net amount payable by one party to the other.) The Staff and external managers may also use collateral arrangements to mitigate counterparty credit or performance risk. If an external manager utilizes a collateral arrangement to mitigate counterparty credit or performance risk the arrangement shall be delineated in the manager's guideline section of the manager's contract.

**Derivatives <u>Applications Not Permitted:</u>**

**Speculation:**

Except for investments in Real Return investments, derivatives may not be used for any activity for which the primary purpose is speculation or to profit while materially increasing risk to the Systems. Derivatives are considered speculative if their uses have no material relation to objectives and strategies specified by the IPS or applicable to the portfolio. Derivatives may not be used for circumventing any limitations or restrictions imposed by the IPS or applicable regulatory requirements.

**Leverage:**

Leverage is inherent in derivative contracts since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the cash markets, where in most cases the cash outlay is equal to the asset acquired, derivative investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional cash market portfolio. Therefore, risk management and control processes must focus on the total risk, i.e., the net notional value, assumed in a derivative investment.

*The above is not intended to limit the Systems from borrowing to cover short-term cash flow needs nor prohibit the Systems from loaning securities in accordance with a securities lending agreement.*

The Board recognizes that the voting of proxies is an important responsibility in assuring the overall performance of the Systems over a long time horizon. The Board has delegated the responsibility of voting all proxies to an outside Proxy Voting service provider or contracted external investment manager. The Board expects that the proxy voting service will execute all proxies in a timely fashion, and in accordance with the Systems' voting policy which has been formally adopted.

The Board has adopted the ISS U.S. Proxy Voting Guidelines as the Systems' approved Proxy Voting Policy for all internally voted items. This policy is updated at least annually by ISS is and hereby incorporated by this reference

A. Investment Procurement Policy, as amended, is hereby incorporated by reference.
B. KRS Investment Brokerage Policy, as amended, is hereby incorporated by reference.
C. KRS Transactions Procedures Policy, as amended, is hereby incorporated by reference.
D. KRS Securities Litigation Policy and Procedures, as amended is hereby incorporated by reference.
E. KRS Investment Securities Lending Guidelines, as amended, is hereby incorporated by reference.
F. KRS Securities Trading Policy for Trustees and Employees, as amended, is hereby incorporated by reference.
G. KRS Manager and Placement Agent Statement of Disclosure Policy, as amended, is hereby incorporated by reference.
H. KRS Real Estate Policy, as amended, is hereby incorporated by reference.
I. KRS Proxy Voting Policy, as amended, is hereby incorporated by reference.

Signatories

As Adopted by the Investment Committee

Date: 2/17/24

Signature: C. Prewitt Lane

C. Prewitt Lane

Chair, Investment Committee

As Adopted by the Board of Trustees

04/23/2024

Date

Signature: E. Lynn Hampton

Lynn Hampton

Chair, Board of Trustees

## ATTACHMENT II

Portfolio Guidelines

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# KENTUCKY RETIREMENT SYSTEMS

Investment Guidelines for **T. Rowe Price Associates, Inc.**
U.S. Structured Research Equity Strategy

## PURPOSE

These investment guidelines represent an extension of the Statement of Investment Policy for the Kentucky Retirement Systems.

## INVESTMENT MANAGEMENT OBJECTIVES

1. The overall goal of the U.S. Structured Research Equity Strategy portfolio is to provide exposure to the U.S. large cap equity market, while exceeding the market return in a manner that is consistent with the volatility exhibited by the S&P 500 Index ("Market Benchmark").
2. The portfolio shall be broadly diversified across sectors, industries, and securities in a manner that is consistent with accepted standards of prudence.
3. The portfolio shall be managed in accordance with the Statement of Investment Policy and the following performance objectives, guidelines and restrictions set forth in the following sections.

## PORTFOLIO BENCHMARK

S&P 500 Index

## PERFORMANCE BENCHMARK

Manager will report performance relative to the Russell Top 500 Index.

## KRS RETURN AND RISK OBJECTIVES

To outperform the S&P500 Index over a market cycle (typically 3-5 year time horizon), with an expected tracking error under 2.5%.

## GUIDELINES

1. Permitted Securities—
    a. Common stocks and convertible securities of companies traded on a U.S. stock exchange and may also include American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), International Depository Receipts, publicly traded partnerships (PTPs), publicly traded LLCs, exchange-traded funds ("ETFs"), index futures, Business Development Companies ("BDC/RIC"), and real estate investment trusts ("REITs");
        i. Foreign Securities. The account may invest up to 5% of the Account's assets at time of purchase in securities of foreign issuers listed on a major U.S. exchange or traded on a major U.S. market.
        ii. Restricted securities. The resale of which is exempt from the registration requirement of the Securities Act of 1933 pursuant to Rule 144A or Regulation S.
        iii. Index Futures and ETFs. US Large Cap Indices futures or ETFs may be used solely as a cash management tool in order to gain exposure to the equity market pending direct investment. Futures and ETFs may not be used to leverage the portfolio or any other speculative purpose.
        iv. IPOs. The account may participate in initial public offerings given the manager is not lead. Any transactions, where the manager's affiliates are part of the syndicate will require written approval from KRS prior to any trade occurring.
        v. Capitalization. The majority of the assets will be invested in large cap securities as defined by the benchmark; however, up to 10% of assets can be invested in mid- and small cap securities.
        vi. Cash Reserves. The Account is expected to be fully invested. Cash reserves, not to exceed 5% of the Account except with written permission of the Client, may be invested in one or more of the Custodian's STIF at the discretion of the Adviser, the T. Rowe Price Government Reserve Fund ("RIF"), the T. Rowe Price Treasury Reserve Fund ("GRF"), registered investment companies for which the Manager serves as investment adviser, or other money market instruments at the discretion of the Adviser. The Account will be temporarily exempted from this restriction due to timing differences of trade settlements and for a period of ten days from the date of large cash contributions (or in preparation for large cash redemptions upon notice by Client). Manager

will avoid overdrafts within the Manager's reasonable control and Manager will be responsible for any overdraft charges incurred by KRS to the extent such overdraft was within Manager's reasonable control.

vii. Affiliated Securities. The Account is not restricted from purchasing securities whether issued by Client or an "affiliate" or otherwise, except as Client instructs pursuant to cusips, tickers, or other specific identifiers in an "affiliates" list.

b. Cash or short-term cash equivalents denominated in U.S. currency; and

2. Prohibited Investments/ Strategies—
   a. Leverage (borrowing & borrowing on margin);
   b. Short sales;
   c. Non-dollar denominated securities;
   d. Margin purchases, lending or horrowing of Account assets;
   e. Loans;
   f. Private placements in private companies;
   g. Direct participations; and
   h. Direct investments in real estate;
   i. Physical commodities or commodity futures or options; and
   j. Derivatives except as authorized above regarding index futures and options.

Equity portfolios are to be diversified to reduce the impact of large losses in individual investments in a manner that is at the discretion of the portfolio manager.

3. There are no specific restrictions regarding the rate of turnover in the portfolio. KRS will monitor the portfolio turnover levels and expects the Advisor to exercise prudent judgment when addressing the issue of portfolio turnover. The Advisor shall foremost seek to achieve "best execution" when transacting.

**RESTRICTIONS**

1.) **Security restriction.** Weights in individual securities are monitored against the corresponding weight in the S&P 500 Index. Individual security positions will be within +/- 100 basis points of the weight of the same stock in the S&P 500 Index. If a stock weight in the S&P 500 Index is larger than 3%, then the allowable band is +/- 150 basis points.

2.) **Industry restriction.** The weight of an industry in the Account (as classified by the Adviser) will be within +/- 100 basis points of the weight of the same industry in the S&P 500 index.

3.) **Sector restriction.** The weight of a sector in the Account (as classified by the Adviser) will be within +/- 150 basis points of the weight of the same sector in the S&P 500 Index.

4.) **Per issuer outstanding stock restriction.** No more than 3% of the issued and outstanding stock of any one issuer may be purchased for the Account.

5.) **Cash Restrictions.** Manager's cash holding, not including cash held for investments yet to settle, shall not exceed 5% of manager's portfolio.

Note: Small deviations from the above constraints regarding security, industry and sector weightings are acceptable prior to monthly rebalancing, if in the judgment of the Manager the deviations do not contribute significantly to overall Account risk.

## ATTACHMENT III

**Fee Schedule**

Fees are paid quarterly in arrears upon submission of an invoice by Manager. Fees shall be computed on the basis of the average of the adjusted closing market value of assets as determined by the Master Custodian on the last business day of each month in the calendar quarter, in accordance with the following schedule;

The annual advisory fee for the portfolio is calculated as follows:

The [redacted] rate of [redacted] on all assets is offered from the effective date of the Agreement until assets exceed [redacted] at which point the fee table below will apply. In the event the Account assets fall below [redacted], the parties agree that the Manager's standard fee schedule will apply. Manager may amend fees at any time based on mutual expectations regarding asset levels.

| Market Value of Assets | Annual Fee |
|---|---|
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets exceed [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |

*A transitional credit is applied to the fee schedule as assets approach or fall below this breakpoint.

**NOTE:** Assets of the KRS Account will be combined with assets of the CERS Account for which the Manager acts as an adviser in the same investment strategy
solely for purposes of determining the total Market Value of Assets under supervision. Each account will be billed a pro-rated share of the fees based on the total average market value of assets invested by each account in the strategy.

If an investment strategy utilizes a commingled, pooled fund, mutual fund, money fund, or other vehicle managed by the Manager or an affiliate thereof which has a built in management fee the Manager will deduct the assets already assessed a fee, from their fee calculation. (Details shown on the invoice.) Any over-billing will be reimbursed to KRS Account within a reasonable time period. Assets invested in the T. Rowe Price Government Reserve Fund ("RIF") and the T. Rowe Price Treasury Reserve Fund ("GRF") will be included in the market value for billing purposes as RIF and GRF do not charge advisory fees; therefore, there will be no double billing of advisory fees.

### PRO-RATION OF CONTRIBUTIONS/WITHDRAWALS

Fees are calculated at the end of each calendar quarter on the basis of the aggregate average of the closing market value of assets on the last day of each month in the calendar quarter; provided however, that the

market value shall be adjusted such that contributions and disbursements made during the quarter (and which constitute greater than 1 (one) percent of the total portfolio market value) shall be billed on a pro rata basis for the amount of time under management.

The **adjusted monthly market value** = month-end asset value adjusted for contributions or withdrawals made by KRS.

(a) For **contributions to** the assets in the account after the first business day of a month, the adjusted ending assets will be determined by subtracting from the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the contribution by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

(b) For **withdrawals from** the account after the first business day of a month, the adjusted assets will be determined by adding to the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the withdrawal by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

## ATTACHMENT IV

Statement of Disclosure and Placement Agents

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**EXHIBIT C – Statement of Disclosure and Placement Agents**

## Kentucky Retirement Systems

### Statement of Disclosure and Placement Agents – Manager Questionnaire

1. Did your firm use a placement agent as defined in the KRS "Statement of Disclosure and Placement Agents" policy in an effort to solicit an Investment from KRS Please indicate fund vehicle title if relevant? If yes, please continue to question 2; if no, please proceed to question 10.

No.

2. Please disclose the name of the placement agency used, the names of the individuals contracted by the placement agency (either as employees or as sub-agents) in order to solicit an investment from KRS, and the fees paid or payable to the placement agent in connection with a prospective KRS investment.

3. Please represent that any fees paid to placement agents are the sole obligation of the investment manager and not that of KRS or the limited partnership.

4. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government), KRS Board of Trustees members, employees, or consultants of KRS, or any other person, if any, who suggested the retention of the placement agent.

5. Please provide evidence of the regulatory agencies, if any, in any Federal, state or foreign jurisdiction the placement agent or any of its affiliates are registered with, such as the Securities and Exchange Commission ("SEC"), FINRA, or any similar regulatory agency.

6. Please provide a resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

7. Please describe the services to be performed by the Placement Agent.

8. Please disclose whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any and all Kentucky state and local (county) governments.

9. Please disclose any political contributions made by the Placement Agent to any Kentucky official within the prior 2 years.

10. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government) KRS Board of Trustees members, employees, or consultants of KRS that are receiving any fees or compensation from the External Manager and/or placement agent. Please disclose any additional known relationships or conflicts with same.

    Not applicable.

11. Please disclose any political contributions made by External Manager or principals of the External Manager in the prior 2 years.

    There have been no political contributions made concerning any Kentucky federal, state or local government organizations or persons

12. Please disclose whether any principals of the firm have been involved in any regulatory proceedings, and if so, details concerning the same.

    Not applicable.

13. Please provide a statement representing and warranting the accuracy of the information provided to KRS regarding the Statement of Disclosure, and acknowledge that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

    External Manager represents and warrants the information provided to KRS regarding the Statement of Disclosure is accurate and acknowledges that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

[redacted] /2025

External Manager Signature Date

## ATTACHMENT V

Compliance Certificate

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Compliance Certificate

As a duly authorized officer of T. Rowe Price Associates, Inc. (the "Investment Manager"), I hereby certify that I am familiar with that certain Investment Management Agreement dated _____, 20__ (the "Agreement") between Kentucky Retirement Systems and the Investment Manager relating to investment of certain KRS assets by the Investment Manager. In addition, to the best of my knowledge after diligent inquiry, I hereby certify to KRS that:

(a) All investments of the KRS assets made by the Investment Manager during the fiscal year ending December 31, ____ , were made within applicable Investment Policy and Procedures incorporated in the Agreement at the time each investment was made, except as set forth below;

(b) All current investment holdings in the portfolio managed by the Investment Manager are in compliance with the Investment Policy and Procedures currently applicable under the Agreement, except as set forth below;

(c) During the fiscal year ending December 31, ____, no member of the KRS Board of Trustees, or key staff of KRS, and no person claiming to represent or have influence with the Board of Trustees has contacted the Investment Manager with respect to a financial transaction or solicitation which is not solely on behalf of KRS with the Investment Manager, except as set forth below; and

(d) The Investment Manager is in compliance with all representations, warranties and covenants in the Agreement which apply to the Investment Manager, including but not limited to any indemnity or insurance coverage requirements, except as set forth below. Current insurance coverage applicable to KRS's assets are as follows: (Please attach insurance certificates.)

Errors and Omissions dedicated to the Agreement: Date of expiration: _____

Per occurrence limit: _____

Annual aggregate: _____

Directors and officers liability: _____ Date of expiration:_____

Brokers blanket bond or similar coverage: _____ Date of expiration:_____

Other: _____ Date of expiration:_____

Exceptions: (Attach a separate sheet if necessary.)

Dated:_____ By: _____

Name: _____

Title:__

## ATTACHMENT VI

Authorized Persons

(Remainder of this page left blank intentionally.)

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

**David L. Eager, Executive Director**

1260 Louisville Road · Frankfort, Kentucky 40601
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822

Kentucky Public Pensions Authority

December 19, 2022

Re: Designation of Authority

To Whom It May Concern:

Pursuant to the authority granted to me in the Investment Policy Statements (as amended from time to time), and the Investment Procurement Policies (as amended from time to time), as the Chief Investment Officer for the Kentucky Public Pensions Authority ("KPPA"), I hereby designate the individuals below to transact the following official investment business, on behalf of the Kentucky Retirement Systems ("KRS") and the County Employees Retirement System ("CERS"), jointly referred to as the "Plans":

- Execute trades on fixed income and equity securities (including exchange-traded funds or "ETF's"); and,
- Execute necessary and proper documents pertaining to investment managers including investment agreements, and related documentation such as subscription agreements or side-letter agreements; and,
- Execute necessary and proper documents pertaining to investment related transactions or other investment functions.

The designation granted herein is effective as of October 28, 2022, and will continue in effect until the authorized designee no longer occupies the position, or notification is issued regarding a change of authorization to execute investment documents on behalf of the Plans.

In addition to the authority designated above, under the Investment Policy Statements, the Boards of Trustees have designated that these individuals have the authority to:

- direct rebalancing transactions to reallocate assets from over-allocated asset classes to under-allocated asset classes; and,
- use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from asset allocation targets; and,
- enter into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements; and,
- enter into collateral arrangements to mitigate counterparty credit or performance risk
- invest in derivative securities and related restrictions as defined in the Investment Policy Statements including, but not limited to, futures contracts, options, and over-the-counter securities

**Executive Director, Office of Investments**
**Chief Investment Officer**
**Kentucky Public Pensions Authority**
Stephen M. Willer, CFA
(502) 696-8490 phone, (502) 696-8806 fax

Signature: S. M. Willer

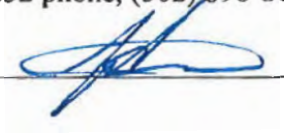
I understand and accept the above designation.

**Deputy Chief Investment Officer**
**Kentucky Public Pensions Authority**
Anthony Chiu
(502) 696-8491 phone, (502) 696-8806 fax

Signature: 

I understand and accept the above designation.

**Portfolio Manager**
**Kentucky Public Pensions Authority**
Joe Gilbert
(502) 696-8632 phone, (502) 696-8806 fax

Signature: 

I understand and accept the above designation.

**Senior Investment Analyst**
**Kentucky Public Pensions Authority**
Brian Caldwell
(502) 696-8705 phone, (502) 696-8806 fax

Signature: 

**ATTACHMENT VII**

Proxy Voting Policy

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# Kentucky Retirement Systems

Investment Proxy Voting Policy
Approved March 2, 2022

The Kentucky Retirement Systems (KRS) Board of Trustees (Board) appoints an Investment Committee with full authority to act for the Board in the acquisition, sale and management of the securities and funds of the Retirement Systems. The Board also authorizes the Investment Committee or designee, custodian, investment manager or agent to execute stock proxies for the Board. Said delegate(s) shall maintain detailed records of its performance of its duty and provide such records to the Board as may be requested by the Board from time to time.

This position paper is hereby adopted by the Investment Committee to provide a set of guidelines to be followed in order to execute proxies. The following statement reflects the general policy that shall be applied as proxy issues are considered:

> To support management if management's position appears reasonable, is not detrimental to the long term equity ownership of the corporation and reflects consideration of the impact of societal values and attitudes on the long-term liability of the corporation and is in the best interest of the plan participants.

The following paragraphs shall be applied when considering the more specific proxy issues that are likely to be encountered on a more routine basis.

## A. Routine Business or Financial Matters

Election of Directors — FOR

In a majority of instances, election of directors is a routine voting issue. Unless there is a proxy fight for seats on the Board, KRS will usually vote in favor of the Management-proposed slate of directors.

Appointment of Auditors — FOR

The selection of independent accountants to audit the company's financial records is a routine business matter and in most instances is submitted to shareholders for public relations reasons. Since the accounting firm selected to do the audit has no effect on the investment value of the company's securities, KRS will support Management's recommendation.

Increase Authorized Common Stock — FOR *

KRS will support an increase in authorized common stock needed to implement a stock split when coupled with intent to immediately effect the split, or aid in a restructuring or acquisition or provide a sufficient number of shares for employee savings plans, stock option or executive compensation plans.

A satisfactory explanation for a company's plans for the stock must be disclosed in the proxy statement.

* KRS will oppose increases in authorized common stock if we suspect that the shares are to be used to implement a poison pill or another form of anti-takeover device, or if the issuance of new shares could excessively dilute the value of the outstanding shares upon issuance.

Changes in Board Structure FOR *

Companies may propose various provisions related to the structure of the Board of Directors. These provisions may include changing the way Board vacancies are filled, directors are nominated or the number of directors. These provisions may include Majority Vote Director Elections and the Separation of the CEO and Chairman of Board. These proposals may be proposed amendments to the Charter or by-laws and need to be reviewed by the shareholders prior to voting. In most instances these proposals are not controversial nor an anti-takeover device. Therefore, KRS generally votes in favor of the proposal.

* However, KRS is opposed to cumulative voting for members of the Board and attempts to limit term of Board of Directors based on tenure or age.

## B. Non-Routine Business or Financial Matters

Considering Non-Financial Effects of a Merger Proposal AGAINST

KRS will oppose proposals that require the Board of Directors to consider what impact a merger would have on certain groups other than a company's shareholders, such as employees, consumers, business partners, and the communities in which the company is located. We expect that a company's Board of Directors will act in the best interest of its shareholders at all times.

Director Liability and Indemnification FOR *

The Investment Committee believes that proposals concerning Liability and Indemnification, which limit the personal liability of directors for breaches of fiduciary duty of care and provisions for payment of expenses incurred by officials, directors and other representatives who become defendants in lawsuits, should be evaluated on a case by case basis with reasonable measures supported and extreme measures opposed.

Executive Compensation FOR *

Executive compensation can take various forms but should provide adequate compensation and incentives to management consistent with the long term interests of the shareholders of the company.

* Management should have some assurance that they will not, in the event of a takeover, be terminated without motive and compensation. However, KRS is concerned that some compensation agreements provide excessive compensation in the event of a takeover. KRS does not oppose agreements which provide executives with a reasonable period of compensation after termination; however, they will oppose compensation plans which are excessive.

Stock Splits FOR

KRS will vote in favor of a proposal to split the company's stock if there is an immediate intent to effect the split.

Employment Relations FOR *

The Board of Directors and Corporate Management have the responsibility for harmonious labor relations. This responsibility also includes conducting labor negotiations within the appropriate laws of the jurisdiction.

* Where efficient operation of the corporation requires plant closings or relocations, the corporation should give as much notice as possible and assist its employees in relocating or in seeking other employment. Resolutions of shareholders which seek to impose requirements on management in this regard will not be supported automatically. Support will be contingent upon whether or not managers can demonstrate that efforts have been made to retain good employment relations subject to the constraints encountered in the particular circumstances.

## C. Anti-Takeover Issues

Blank Check Preferred Stock AGAINST

A Blank Check Preferred Stock proposal is one that authorizes the issuance of certain preferred stock at some future point in time and allows the Board of Directors to establish voting, dividend, conversion, and other rights at the time of issuance. While Blank Check Preferred Stock can provide a corporation with the flexibility needed to meet changing financial conditions, it also may be used as the vehicle for implementing a poison pill defense, or it may he placed in friendly hands to help block a takeover bid. KRS' concern is that once this stock has been authorized, shareholders have no further power to determine how or when it will be allocated.

Classified Boards AGAINST

A Classified Board is typically divided into three separate classes, each class to hold office for a term of two or three years. Only a portion of the Board of Directors can be elected or replaced each year. Since this type of proposal has fundamental anti-takeover implications, KRS opposes the adoption of Classified Boards.

Fair Price Provisions AGAINST

A Fair Price provision in the company's charter or by-laws is designed to assure that, if the Corporation is acquired under a plan not agreed to by the Board of Directors, each shareholder's securities will be purchased at the same price. In most instances the provision requires that any tender offer made by a third party be made to all shareholders at the same price.

Fair pricing provisions attempt to limit the "two-tiered" pricing systems in which the interested party or would-be acquirer of the company initially offers a premium for a sufficient number of shares of the company to garner control. Thereafter, an offer at a much lower price is made to the remaining shareholders who have no choice at all but to accept the offer. The "two-tiered" approach is coercive in that it makes it easier for an outsider to gain control of a company because it provides an incentive to the shareholder to sell his shares immediately in order to receive the benefits of a higher price per share and avoid falling into the second tier, if the offer is successful. The coercive pressures associated with these offers have caused many states to adopt controlled share acquisition statutes which restrict this practice by law.

In theory this type of provision is acceptable standing alone, however, given the fact that the practice is in most aspects prohibited by law, and the fact that Fair Price Provisions are invariably linked with other

anti-takeover measures, such as supermajority voting requirements to approve certain transactions, KRS will vote against most Fair Price Provisions.

Limiting Shareholders' Right to Call Special Meetings AGAINST

Companies contend that such limitations are necessary to prevent minority shareholders from taking control of the company's agenda. However, such limits also have anti-takeover implications such as preventing a shareholder who has acquired a significant stake in the company from forcing management to address the potential sale of the company. Additionally, a limitation on shareholder action makes it difficult for a large shareholder or group of shareholders to use this facility to force management to address issues that may be of urgent or utmost importance. Since, in most instances, state law prohibits shareholders from abusing or using this facility in certain manners. KRS sees no justifiable reason for management to eliminate this facility. KRS will oppose the elimination of this fundamental shareholder right.

Limiting Shareholders' Right to Act by Written Consent AGAINST

Action by written consent enables a large shareholder or group of shareholders of a company to initiate and vote on corporate matters without having to wait until the date of the next annual meeting. KRS believes this is a fundamental shareholder right that is inherent in the concept of stock ownership and will oppose any proposals which may limit.

Supermajority Vote Requirements AGAINST

A Supermajority Vote Requirement is a charter or by-law requirement that, when implemented, raises the percentage of shareholder votes needed to approve certain proposals such as mergers, changes of control, or proposals to amend or repeal a portion of the Articles of Incorporation.

Re-incorporation AGAINST

For various reasons, a corporation may choose to reincorporate under the laws of a different state. Their reasoning may include taxation, the state's General Business Law and the level of corporate experience the state's court may have. However, in a majority of instances a re-incorporation proposal has its foundation in the corporation's desire to incorporate in another state in order to take advantage of that state's laws governing corporations and corporate control and the state courts' views in interpreting laws that make it more difficult for unsolicited takeovers to occur. In such cases, KRS will oppose proposals for reincorporation.

Issuance of Stock with Unequal Voting Rights AGAINST

Proposals of this nature are generally anti-takeover schemes which result in unequal voting rights among different classes of shareholders. The most frequent proposal of this type is a dual class capitalization plan which establishes two classes of stock. As an incentive to encourage shareholders to approve plans designed to concentrate voting power in the hands of insiders, some plans give higher dividends to shareholders willing to exchange shares with superior voting rights for shares with inferior voting rights.

Unequal voting rights plans are designed to reduce the voting power of existing shareholders and concentrate a significant amount of voting power in the hands of management. In the majority of instances, they serve as an effective safeguard against hostile takeovers. For these reasons, KRS deems these plans unacceptable and in most instances will vote against these proposals.

Elimination of Preemptive Rights AGAINST

Preemptive Rights allow the shareholders of the company to buy newly issued shares before they are offered to the public in order to retain their then current percentage of ownership as well as to avoid ownership dilution by the issuance of additional stock. KRS believes this is fundamental right of a shareholder and barring a compelling reason should not be eliminated by management. KRS will oppose management proposals requesting eliminating these rights and will support shareholder proposals which request the restoration of Preemptive Rights.

## D. Corporate Governance Shareholder Proposals

Submit Company's Shareholder Rights Plan Shareholder Vote FOR *

Most Shareholder Rights Plans (sometimes called poison pills) permit the shareholders of a target company involved in a hostile takeover to acquire shares of that company, the acquiring company, or both, at a substantial discount once a triggering event occurs. A triggering event is usually a hostile tender offer or the acquisition by an outside party of a certain percentage of the company's stock. Since most plans exclude the hostile bidder from the purchase, the effect in most instances, is to dilute the equity interest and the voting rights of the potential acquirer once the plan is triggered. Shareholder Rights Plans are designed to be so disadvantageous to potential acquirers that merely their existence could deter possible acquirers from making a hostile bid.

* KRS will support shareholder proposals asking that the company submit their Shareholder Rights Plan to a shareholder vote. KRS will vote case-by- case on proposals to completely redeem Rights Plans.

Anti-Greenmail Proposal FOR

Greenmail payments generally result when a potential hostile acquirer has accumulated a significant percentage of the company's stock and the company acquires the raider's stock at an aggregate price usually above the then current market value usually in exchange for an agreement that the raider would not attempt to acquire control within a certain number of years. The proposal that has been proposed most often to prevent greenmail is the adoption of charter amendments severely limiting the board's ability to acquire blocks of the company's stock in these situations and at above market prices. KRS will vote in favor of an anti-greenmail proposal standing alone provided the proposal has no other management initiated anti-takeover attributes.

## E. Social and Policy Issues

We believe that most decisions of a policy nature, having either a direct or an indirect effect on the conduct of business and on corporate profitability should remain management responsibilities. As such, they should be subject only to their Board of Director's approval; therefore, we would support the position taken by management.

Signatories

As Adopted by the Investment Committee

Date: 5/23/22

Signature: _____

Mr. Prewitt Lane
Chair, Investment Committee

As Adopted by the Board of Directors

Date: 3/14/22

Signature: _____

Mr. Keith Peercy
Chair, Board of Trustees

**ATTACHMENT VIII**

Conflict of Interest and Confidentiality Policy

(The remainder of this page intentionally left blank.)

**EXHIBIT B – Conflict of Interest Statement**

**KENTUCKY RETIREMENT SYSTEMS**

**CONFLICT OF INTEREST STATEMENT**

In consideration of the investment by Kentucky Retirement Systems and Kentucky Retirement Systems Insurance Trust Fund (collectively, "KRS") in a vehicle or account ("Account") managed by T. Rowe Price Associates, Inc. (the "Manager"), the Manager acknowledges the need to maintain the public's confidence and trust in the integrity of KRS and the Commonwealth of Kentucky. In light of the forgoing, the Manager agrees to:

- Diligently identify, disclose, avoid and manage conflicts of interest that may arise through its relationship with KRS.
- Conduct activities with KRS so as not to advance or protect its own interests or the private interests of others with whom it has a relationship in a way that is detrimental to the interests of KRS.
- Conduct its activities in a manner to best promote the interests of KRS, but subject to the Manager's duty which requires it not to put the interests of one investor ahead of those of another investor.
- Upon discovery of an actual or potential conflict of interest involving KRS, disclose such conflict of interest to KRS and work with KRS in good faith to resolve or mitigate such conflict.
- Not engage directly or indirectly in any financial or other transactions with a trustee or employee of KRS that would violate the standards of the Executive Branch Ethics provisions as set forth in KRS Chapter 11A.

Agreed this the 10th day of February, 2025

MANAGER

For itself and on behalf of the Account

By [redacted]

Title: Vice President

(Rev. Feb 2018)

# KENTUCKY RETIREMENT SYSTEMS INSURANCE TRUST FUND
# INVESTMENT MANAGEMENT AGREEMENT

THIS INVESTMENT MANAGEMENT AGREEMENT (the "Agreement" or "Contract") is entered into as of June 23rd, 2025 by and between T. Rowe Price Associates, Inc. ("Manager"), and Kentucky Retirement Systems Insurance Trust Fund ("KRS" or "Systems"), a 115 governmental insurance trust; each a "Party" and together the "Parties".

**WITNESSETH:**

WHEREAS, KRS desires to appoint T. Rowe Price as investment manager with authority to manage and control a portion of KRS' assets held from time to time (the "Account") pursuant to this Contract;

**NOW, THEREFORE**, in consideration of the foregoing and subject to the terms and conditions set forth herein, the parties hereby agree as follows:

1. **Designation of Manager; Prudent Person**. Subject to the terms and conditions contained in this Agreement, KRS hereby appoints Manager as investment manager of the Account with full power and discretion to manage such assets of the Account as KRS designates, such assets not otherwise being subject to the management or control of another investment manager specifically appointed by KRS. Manager hereby accepts appointment as investment manager of the Account pursuant to the terms of this Agreement. Manager shall discharge its duties under this Agreement solely in the interest of KRS with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investment manager acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, pursuant to Kentucky Revised Statutes Section 61.650(1)(c) or Section 78.790(1)(c). In addition, in managing the Account the Manager will take into account the duties it has as a "fiduciary" of KRS, as that term is defined the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to the investment and management of the assets in the Account, as if the Account were subject to ERISA. KRS has selected the Manager's U.S. Structured Research Equity strategy. Manager is permitted to delegate to its advisory affiliates any of its rights or obligations related to investment management services as well as to non-affiliates administrative or operational services as it deems reasonably necessary in its performance of its obligations. Notwithstanding any such delegations, Manager shall remain responsible for all of its obligations under this Agreement, including any fees that may be charged.

2. **Custody of Account Assets**. KRS has established or will establish one or more investment accounts at a custodian of KRS's choice (the "Custodian"). Title to all Systems' Account assets shall at all times be registered in the name of Systems or the name of the Systems' Master Custodian or its nominee for the account of Systems, and the indicia of ownership of all Systems' Account assets shall at all times be maintained in trust by the Systems' Master Custodian. The Manager shall at no time have the right to physically possess or to have the securities making up the Account registered in its own name or that of its nominee, nor shall the Manager in any manner acquire or become possessed of any income or proceeds

distributable by reason of selling, holding or controlling the Account. KRS shall instruct the Custodian to provide the Manager with written statements of the Account, at least monthly, and such other information as Manager may reasonably request from time to time.

3. **Investment Policy and Procedures**. The Manager hereby agrees to provide the services enumerated in Item 1 and Item 2 above in accordance with the Investment Policy Statements (the "Investment Policy") as issued by Systems, as amended from time to time, which are attached hereto as Attachment I and incorporated herein by this reference, and the Portfolio Guidelines for the Manager (the "Guidelines"), which are attached hereto as Attachment II and incorporated herein by this reference. Manager shall exercise its power and authority with respect to the Account in accordance with the Investment Policy. The Investment Policy and Guidelines shall remain in effect until such time as KRS approves (in writing) a modification to the Investment Policy or Guidelines. The Manager shall have no responsibility to implement any changes in the investments of the Account as a result of any change in the Investment Policy or the Guidelines unless and until such change is communicated to the Manager in writing; provided, such change becomes effective only upon the Manager's written acknowledgment of receipt. The Manager shall acknowledge receipt within five (5) business days after receiving the notification and shall be in compliance with the modified Investment Policy and Guidelines within forty-five (45) days after receiving notification. Notwithstanding anything to the contrary contained herein, in the event the terms of the Guidelines conflict with those of the Investment Policy, the terms of the Investment Policy shall control.

4. **Brokerage.** In selecting brokers or dealers, the Manager shall use reasonable efforts to seek the most favorable combination of price and execution under the circumstances, and may consider the fact that a broker or dealer has furnished, or has agreed to furnish in the future, statistical, research or other information or services which enhance the Manager's investment research and portfolio management capability for investing the assets, all in accordance with Section 28(e) of the U.S. Securities Exchange Act of 1934. If Manager accepts or receives such information or services from a broker or dealer, then Manager shall report to KRS in accordance with Section 18(b)(iv) of this Agreement.

Notwithstanding the foregoing, the Manager shall not place orders with any broker/dealer who: (a) KRS has by written notice to the Manager deemed unsuitable for Account trades, (b) is affiliated with the Manager or (c) is affiliated with an investment consultant that provides non-brokerage related services to KRS. KRS shall provide the initial list of restricted broker/dealers arising under (a) and (c), and any changes, to the Manager in writing. The Manager agrees to be bound by such broker/dealer list, or any changes to such broker/dealer list upon receipt of written notice from KRS. In addition, the Manager shall not engage in transactions that involve a broker acting as a principal where the broker is also the investment manager, without KRS's advance written consent.

KRS authorizes Manager to combine orders for the Account with orders for other clients of Manager. When effecting trades on an aggregated basis, the Manager is required to allocate aggregated trades promptly and fairly. Securities purchased or proceeds of securities sold through aggregated orders shall be allocated in accordance with the Manager's Trade Allocation & Aggregation Policy. Further, in the event not all portfolios are allocated the entire number of securities sought to be bought or sold on behalf of such portfolio, it is possible that no portfolio will be deemed to have purchased or sold the entire number of securities sought to be purchased or sold on behalf of such portfolio.

5. **Performance Objectives.** The Manager acknowledges that KRS has established performance objectives for the assets in the Account as are set forth in Attachment II attached hereto (the "Performance Objectives"), as the same may be amended from time to time by KRS in writing, and that failure to consistently meet such performance standards may result in termination of this Agreement. The Manager hereby acknowledges that it has reviewed and is familiar with the Performance Objectives. KRS may amend the Performance Objectives by providing written notice to Manager.

6. **Fees and Terms of Payment**. As consideration for the services rendered pursuant to this Agreement, the Manager shall receive a management fee, payable quarterly in arrears, and calculated as outlined in Attachment III titled "Fee Schedule". If the fees are not paid by KRS, KRS shall cause the Custodian to compensate Manager for its services under this Agreement from the assets of the Account. Except as provided in Attachment III or as otherwise stated herein, the Manager shall not be entitled to receive any additional fees or reimbursements for travel expenses, meals, production materials, or any other service or product provided in connection with this Agreement. Under Section 61.645(19)(i) and Section 78.782(18)(i) of the Kentucky Revised Statutes, KRS is required to disclose, and post on its website, the dollar value of fees and commissions paid to each individual manager or partnership. KRS shall not publicly disclose the Fee Schedule listed in Attachment III, unless legally required to do so after exhausting all reasonable available remedies to prevent disclosure as determined by KRS, however, on a quarterly basis, it is legally required to update and post to its website the fees and commissions paid for each fund administered by the board, as well as any fees and commissions paid to a manager or partnership. If KRS does disclose the Fee Schedule listed in Attachment III, KRS shall immediately notify the Manager. Public disclosure shall not encompass KRS' lawful responses to a valid subpoena or order from a Court of competent jurisdiction, or disclosure and posting required pursuant to KRS 61.645(20) or KRS 78.782(19). KRS shall also reimburse the Manager for any third-party costs incurred by the Manager at the instruction of KRS.

7. **[RESERVED.]**

8. **Placement Agents**. The Manager agrees that it will remain in compliance with System's Statement of Disclosure and Placement Agent policy, which is attached hereto as Attachment IV. The Manager warrants that no person or selling agency has been employed or retained to solicit and secure this Agreement upon an agreement or understanding for commission, percentage, brokerage or contingency; excepting bona fide employees or selling agents maintained by the Manager for the purpose of securing business unless disclosed in writing, prior to the engagement. The Manager has not paid any placement fees, finder's fees, or gratuities (including gifts and entertainment) to any fiduciary, trustee or employee of KRS. The Manager has not made any contributions that would result in an Investment Adviser being disqualified from collecting performance fees under rule 206(4)-5 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). Additionally, under Section 61.645(21) and Section 78.782(20) of the Kentucky Revised Statutes, Manager acknowledges and agrees that no funds of KRS, including the fees and commissions paid to the Manager, shall be used to pay fees and commissions to placement agents. For the purposes of this Agreement, "placement agent" means a third-party individual, who is not an employee, or firm, wholly or partially owned by the entity being hired, who solicits investments on behalf of an investment manager, private fund, or company issuing securities

9. **Authorization**. In accordance with this Contract and all Attachments hereto, Manager is hereby authorized, without prior consultation with, or approval of, KRS, to:

a) use its sole judgment and discretion in the acquisition, placement, maintenance, transfer, swap, sale, or other disposition of any and all Account assets;

b) bind or commit KRS to any contract(s) or agreement(s) necessary to accomplish its duties and obligations set forth in this Agreement;

c) direct the Custodian with respect to all powers subject to such direction under any Agreement including, but not limited to, buying and selling securities, signing contracts or other agreements; and

d) combine orders on behalf of the account with orders on behalf of the Manager or its affiliates or of other clients of the Manager.

10. **Trading Procedures.** All transactions authorized by this Agreement shall be settled through the Custodian, who shall retain sole possession of and have complete custodial responsibility for the assets. The Manager shall notify and instruct the Custodian on (a) orders which the Manager places for the sale or purchase of assets and the management or disposition of such assets, and (b) the purchase or acquisition of other securities or property for the Account. The Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as the Custodian may designate. In its sole discretion, KRS may (by giving notice to either the Manager or the Custodian) amend, limit or revoke Manager's above-described authority to direct the Custodian.

11. **Prohibited Transactions.** The Manager shall not act as a principal in sales and/or purchases of the assets, unless the Manager shall have received prior written approval from an Authorized Person (defined below) for such transaction. The Manager shall also not engage in non-exempt prohibited transactions to the extent set forth in ERISA; provided however, the Account shall not be restricted from purchasing securities whether issued by KRS, an affiliate or otherwise, except as KRS instructs pursuant to cusips, tickers, or other specific identifiers in the Guidelines or in an affiliates list.

12. **Trade Confirmation and Settlement**. Where a transaction is eligible for settlement through the Depository Trust Company's Institutional Delivery System, the Manager shall use such System for trade confirmation and settlement. The Manager shall cooperate with KRS's Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

13. **Discretionary Rights and Powers Affecting the Assets**. The Manager may receive requests for instructions from the Custodian concerning the assets held in the Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by the Manager. The Manager shall be responsible for timely directing the Custodian as to the exercise of such rights and/or powers if, and solely to the extent, the Manager has actual knowledge of same based on a written notice or request for instructions received from the Custodian or KRS. The Manager shall not be responsible for notifying KRS or the Custodian of, or managing, monitoring or conducting litigation or other proceedings (including class action or bankruptcy proceedings) related to any investment held or once held in the Account and KRS acknowledges and agrees that it, and any legal adviser of KRS, shall remain solely responsible for the management of such

proceedings. Despite the preceding sentence, the Manager will use reasonable efforts to forward to KRS any proof of claims forms that the Manager receives and that are directed to the attention of the Account.

14. **Acting on Illegal Information**. The Manager shall not place orders to purchase and or sell any assets on the basis of any material information obtained, or utilized, by the Manager in violation of the securities laws of the United States, or any other country in which the Manager transacts business on the Fund's behalf.

15. **Account Reconciliation**. The Manager shall cooperate with the Custodian to reconcile the Account each month. The Manager shall review all performance and other reports provided to it by the Custodian with respect to the Account assets, and notify KRS in writing of any material errors or discrepancies that are not reconciled.

16. **Notification of Tax Liabilities**. The Manager agrees to use reasonable efforts not to knowingly prejudice or adversely affect KRS or the Account's tax status as tax exempt. The Manager shall use reasonable efforts to notify KRS within a reasonable amount of time if, at any time, the Manager has actual knowledge of KRS's obligation to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets. The Manager is not an expert in tax matters and does not possess the information necessary to assist KRS in determining its tax liabilities. Notwithstanding anything to the contrary, the Manager will not, under any circumstances, be obligated to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Account assets.

KRS acknowledges that the Manager may be required to request from KRS certain tax documentation, as required for purposes of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS), that may then be shared with a third party (e.g., a broker, dealer, counterparty, or its agent). It is KRS's responsibility to provide and update such documentation to comply with the applicable legal and regulatory requirements.

17. **Manager Representations**. Manager hereby represents and acknowledges to KRS that:

a) Manager is duly organized, validly existing and in good standing under the laws of the state of its organization and has complete authority to carry out its business as it has been conducted;

b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby are within the power of the Manager and have been duly authorized by all necessary corporate action. The Manager has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreement and obligation of the Manager, enforceable against the Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.

c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions provided herein, will violate any agreement to which the Manager is a party or by which it is bound, any law, regulation, order, or any provision of the charter documents of the Manager.

d) Manager is a registered investment adviser as defined is the Investment Advisers Act of 1940, as amended ("the Advisers Act"), and therefore eligible to act as an investment manager under ERISA, is registered in or is exempt from registration in accordance with applicable state laws and is not subject to any of the disqualifications set forth in Section 411 of ERISA. In accordance with the provisions of the Advisers Act, no assignment of this Agreement shall be made by Manager without KRS' permission;

e) Manager has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents, or examinations required by any government or governmental authority for acts as contemplated by this Agreement;

f) Manager will maintain the following insurance coverage[1] for the duration of the Agreement plus ) thirty-six (36) months after expiration or termination of the Agreement. Proof of the existence of such policies shall be provided to KRS annually with the Compliance Certificate in Attachment V:

i) A fidelity bond in the minimum amount of $[redacted] per claim in the aggregate. The bond shall cover at a minimum, losses due to dishonest or fraudulent acts by the Manager; and

ii) An errors and omissions policy in the minimum amount of $[redacted] per claim and in the aggregate. The policy shall cover, at a minimum, Manager's services under this Agreement and any insurable claim related to the services provided under this Agreement by the Manager to which the Manager is legally liable.

g) As of the date hereof, Manager warrants and represents that to its actual knowledge there is no litigation pending that alleges any breaches of fiduciary duty or other material failures in the performance of its duties as an investment adviser. To the extent permitted by applicable law, the Manager will inform KRS in a reasonable time if a court of law or governmental authority issues a judgment or concludes an enforcement action in which the Manager is found to have breached its fiduciary duty or violated federal or state securities laws, rules or regulations in a manner that would be reasonably expected to adversely impact the Account or the Manager's ability to discharge its responsibilities to the Account in the future.

h) The Manager has adopted policies and procedures reasonably designed to ensure that the Manager will make all required filings with all applicable regulatory agencies within all prescribed deadlines on behalf of its investments of the assets in the Account.

i) The Manager shall annually file with KRS a compliance certificate, executed by a responsible officer of the Manager's firm, in the form attached hereto as Attachment V, within thirty (30) days after each December 31. For clarity, the Parties acknowledge and

[1] The limits of insurance described herein shall not limit the liability of the Manager and Manager's officers, employees, agents, representatives or subcontractors. Failure to procure and maintain insurance shall constitute a material breach of this Agreement upon which KRS may immediately terminate the Agreement.

agree that the compliance certificate is not intended to establish additional obligations or requirements not explicitly addressed in this Agreement.

j) Pursuant to Kentucky Revised Statutes Section 61.650(1)(d)2. and Section 78.790(1)(d)(2), the Manager shall comply with all applicable provisions of the federal Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and shall comply with all other applicable federal securities statutes and related rules and regulations that apply to investment managers.

k) Manager shall comply with all laws and regulations issued from time to time by any governmental or administrative or other body with jurisdiction over the Manager, which relate to the discharge of its duties under this Agreement. For clarity, the Manager shall be considered to have satisfied its obligations under this and other paragraphs of Section 17 and elsewhere in this Agreement that require compliance with applicable laws, regulations, and rules under U.S. federal, state, or foreign law, so long as the Manager has adopted policies and procedures reasonably designed to comply with all such laws, regulations, and rules and has provided reasonable responses to KRS's inquiries related thereto.

18. **Reporting Requirements**. Manager shall furnish reports in the format specified by KRS upon their reasonable request.

a) The Manager shall provide the following reports monthly (either hard copy or by electronic access) within ten (10) business days of month-end:

i) Reports describing in detail the previous month's portfolio activities, including GIPS compliant performance tabulations gross and net of fees for the 1-month, 3-month, calendar YTD, fiscal YTD, 1-year, 3-year, 5-year, 10-year, and since inception as appropriate. A summary of purchases & sales (Account activity), sector weights and other appropriate Account characteristics (e.g. convexity and effective duration, P/E, etc.) for both the benchmark and the Account; and

ii) Reports tracking units, original cost, amortized cost, market value, and gain/loss of each holding.

b) The Manager shall provide quarterly reports within thirty (30) calendar days of calendar quarter-end:

i) Reports reviewing portfolio performance (as above) and the Manager's current investment strategy and outlook;

ii) A summary of the proxy votes for the quarter;

iii) An attribution breakdown for the current quarter, and 1 year periods;

iv) Reports tracking the Manager's utilization of brokers/dealers, including the identification of the brokers/dealers utilized, the perceived market costs (market impact) if any at a portfolio level, and the dollar volume executed through each broker/dealer, and a commission analysis report;

v) A synopsis of the key investment decisions made by the Manager, underlying rationale, and how those decisions could affect future results;

vi) A commentary on investment results in light of the appropriate standards of performance; and

c) The Manager shall provide annually, after the close of the calendar year:

i) Within 120 days after the end of Manager's fiscal year, a copy of SEC form ADV – Part 2, any amendments thereto as available;

ii) A Compliance Certificate provided in Attachment V;

iii) A report on the Manager's use of soft dollars earned and expended resulting from its duties under this Agreement. The report shall include the products and services obtained through soft dollar arrangements. Otherwise, the Manager shall indicate in writing that soft dollar information is not applicable to this Account.

d) The Manager shall provide the following information periodically as reasonably requested:

i) Information relating to industries, businesses, corporations or securities, in which the Account has invested, as requested by KRS;

ii) Reports containing the Manager's and affiliates' conflict of interest policies; and

iii) Any other such reports regarding the Account as KRS or the Custodian may reasonably request.

19. **Meetings**. On a periodic basis mutually convenient to Manager and KRS, one or more members of the Manager's investments team, as selected in the Manager's reasonable discretion, shall meet with KRS (either virtually or in person as mutually agreed upon by the parties) to review the Account investments and to discuss current holdings and future placements and acquisitions. Additionally, the client services individual or individuals assigned by the Manager to the Systems account must be generally accessible by telephone to Systems on a daily basis during regular business hours.

20. **Change in Status**. The Manager acknowledges as an investment adviser, as such term is defined in the Adviser's Act, it is required to take reasonable steps to notify its clients, including KRS, of any material change in Manager's business which may materially adversely affect Manager's ability to perform its duties and responsibilities under its client agreements, including this Agreement, including, but not limited to, any change in Manager's status as an SEC-registered investment adviser, any material litigation, any material adverse change to the Manager's financial or organizational status, or any material adverse change in its Executive Committee, and any change in portfolio managers managing a KRS Account; provided that the timeliness of Manager's notification under this section will be consistent with and subject to the legal obligations of publicly traded companies and their subsidiaries. The Manager has adopted and implemented conflicts of interest policies to outline key ways that the Manager identifies, manages, and discloses actual or potential conflicts of interest arising in connection with its investment business, including disclosures in the Manager's Form ADV as filed with the SEC and agrees to take reasonable steps consistent with such policies to notify KRS of any material conflicts of interest arising

from Manager's relationship with any KRS employees, KRS trustees, elected officials of the Commonwealth of Kentucky, or third-party vendors of KRS to the extent related to the services provided under this Agreement.

21. **KRS Representations and Acknowledgement**. KRS hereby represents to Manager that the execution and performance of this Agreement and the making of investments of the Account in accordance with this Agreement will not violate any provision of the governing documents of KRS, require KRS to obtain any consent or any waiver that has not heretofore been obtained, or violate any contract or other agreement to which KRS is a party or by which it or its assets (including the Account) may be bound or any statute, rule, regulation or order of any governmental body. KRS will inform the Manager of any event which might affect this authority or the propriety of this Agreement. KRS hereby represents that it is independent of, and unrelated to, the Manager or any affiliate thereof. KRS acknowledges that it has received Part 2 of the Manager's Form ADV or similar disclosure document prior to entering into this Agreement. KRS represents that the definition of a Qualified Institutional Buyer ("QIB") under Rule 144A of the Securities Act of 1933 is met for purposes of such purchases and it will promptly notify Manager in the event the definition is no longer met. Unless Attachment II restricts the purchase of Initial Public Offerings, KRS represents that the Account is not restricted from participating in such offerings pursuant to FINRA Rule 5130 or FINRA Rule 5131. KRS further represents and warrants that the Account is not a "private fund" as defined in Section 202(a)(29) of the Advisers Act.

22. **Authorized Parties; Directions to the Manager**. KRS may appoint or designate any person or committee to act on its behalf concerning this Agreement and its operation, as it deems appropriate. KRS has furnished to the Manager a list of authorized persons, in Attachment VI ("Authorized Persons"), which it will update from time to time as necessary and until written notice of changes are received by the Manager, the Manager may conclusively rely upon the authority of the Authorized Persons to act on behalf of KRS. All directions to the Manager by or on behalf of KRS shall be in writing signed by one or more Authorized Persons and the Manager shall be fully protected in relying on such directions.

23. **Assignment**. The Manager may not assign, convey, or otherwise transfer any of its rights, obligations, or interests herein without the prior express written consent of KRS.

24. **Audit or Examination of Records**. The Manager will provide reasonable cooperation to KRS and its representatives with any requests for access to examine any directly pertinent books, documents, papers, and records of the Manager relating to the Account assets upon reasonable advance notice and during the Managers normal business hours. The Manager has developed policies and procedures to reasonably designed to comply with the record retention requirements of the Advisers Act.

25. **Reliance on Representations**. KRS and the Manager each acknowledge that the other will be relying, and shall be entitled to rely, on the representations, undertakings and acknowledgments of the other set forth in this Agreement. KRS and the Manager each agree to notify the other promptly in the event of any material misrepresentations of its representations, undertakings, or acknowledgments set forth in this Agreement which would have an adverse effect on KRS, the Manager, or the Account.

26. **Notice**. All notices, instructions and advices with respect to securities transactions or other matters contemplated by this Contract shall be deemed duly given when delivered to and received by the respective parties as follows (a facsimile transmission is acceptable only for purposes of amending this

Contract and only if the receipt of such facsimile is confirmed by the recipient. Electronic mail transmissions are acceptable only for purposes of providing notice or instructions with respect to securities transaction or cash flows. Electronic mail transmissions may not be used to terminate or amend this Contract):

| | |
|---|---|
| The Manager at: | T. Rowe Price Associates, Inc.<br>Attn: [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| With a copy to: | T. Rowe Price Associates, Inc.<br>Attn: [redacted]<br>1307 Point Street<br>Baltimore, MD, 21231 |
| KRS at: | Steve Willer<br>Executive Director Office of Investments<br>Chief Investment Officer<br>1260 Louisville Rd<br>Frankfort KY, 40601 |
| With a copy to: | Victoria Hale<br>Office of Legal Services<br>Division of Non-Advocacy<br>1260 Louisville Road<br>Frankfort, KY 40601 |

27. **Controlling Law; Jurisdiction and Venue; Waiver**. All questions as to the execution, validity, interpretation, construction, and performance of this agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of laws principles thereof, except to the extent preempted by federal law(s), if any. The Manager hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in the Franklin Circuit Court located in Franklin County, Kentucky. Manager stipulates and agrees that it is subject to personal jurisdiction of such courts. To the extent that in any jurisdiction Manager may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Manager, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

28. **Confidentiality**. The Manager shall protect the financial privacy of all information relating to the Account and recognizes that the information is confidential in nature. The Manager's employees and agents shall be allowed access to the information only as needed for their duties related to the Agreement and in accordance with the rules established by the custodian of the records. The Manager shall preserve the confidentiality of the information except where otherwise required by law, where requested by an appropriate regulator, or where reasonably required to be disclosed by the Manager to a

person (including, without limitation, affiliates, the Custodian, delegates, agents, advisers, brokers and counterparties) in order to perform the services under this Agreement. The Manager shall maintain positive policies and procedures for safeguarding the confidentiality of such information. The Manager recognizes that it may be liable for the negligent, wanton, or willful release of such information.

KRS is a public agency subject to (i) Kentucky's public record law (Kentucky Revised Statutes sections 61.870 to 61.884, the "Open Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Open Records Act and (ii) Kentucky Revised Statutes Sections 61.645(19)(l) and (20), and Sections 78.782 (18)(1) and (19) (the "Document Disclosure Laws"), which provide generally that all contracts or offering documents for services, goods, or property purchased or utilized by KRS shall be made available to the public, and posted on KRS' website, unless exempt under the Document Disclosure Laws (the Open Records Act and Document Disclosure Laws, collectively, the "Kentucky Information Disclosure Laws"). Notwithstanding any provision in this Agreement to the contrary, the Manager hereby agrees that (i) KRS will, to the extent required by the Kentucky Information Disclosure Laws treat all information received from the Manager as open to public inspection under the Kentucky Information Disclosure Laws unless such information is exempt from such disclosure under the Kentucky Information Disclosure Laws, and (ii) KRS will not be deemed to be in violation of any provision of this Agreement if KRS discloses or makes available to the public (e.g., via KRS' website) any information regarding the Manager to the extent required pursuant to or under the Kentucky Information Disclosure Laws, provided that KRS shall use reasonable efforts to notify the Manager of any request for disclosure of this Agreement which is not redacted or any other information or material relating to the business of the Manager and provided by the Manager and marked by the Manager as "Confidential" (or with words of similar import) pursuant to the Kentucky Information Disclosure Laws so that the Manager may, at its own expense, seek an appropriate exemption to such disclosure as and to the extent permitted under any Kentucky Information Disclosure Law. Manager acknowledges that KRS is subject to the Open Records Act. Manager also acknowledges that a party requesting information that is unable to obtain such information directly from KRS may bring legal action (either in a court of law, or by appealing to the attorney general) to compel disclosure of the information.

29. **Remedies**. In addition to the right to terminate this Agreement, KRS may also file suit against the Manager for breach of duty and/or confidentiality, without limitation. Should KRS obtain a judgment against the Manager as a result of a breach of contract, the Manager consents to such judgment being set-off against any monies owed by KRS to the Manager under this or other contracts. This Section 29 shall not be interpreted to limit KRS's remedies as provided for by law.

30. **Defense and Indemnification.**

a) Manager shall indemnify, hold harmless and defend KRS and its agents, officers and employees from and against all claims, any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach of this Agreement by the Manager or Manager's officers, employees, agents, or representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense to the extent arising from the sole negligence or willful misconduct of KRS or its agents, officers and employees, or its Custodian and other third parties. Manager's obligation to defend, indemnify and hold KRS and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or

restricted by any requirement in this Agreement for Manager to procure and maintain a policy of insurance.

b) Unless otherwise prohibited by law and subject to the availability of funds properly appropriated for such purposes, KRS shall indemnify, hold harmless and defend KRS and its agents, officers and employees from and against any actual damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, to the extent arising directly from a fiduciary breach with respect to the Account or the Systems by KRS or KRS's officers, employees, and representatives; provided, however, such indemnification shall not extend to or cover loss, damage or expense arising from the negligence, breach of duty or willful misconduct of Manager or its agents, officers and employees.

31. **Securities Lending.** The Manager understands that KRS may engage in a "Securities lending program". The Manager and KRS agree that the Manager shall not be responsible or liable for any consequences or damages arising from a delay in or failed delivery of any securities subject to any such "Securities lending program" and any lending activities thereunder.

32. **Duration of Contract.** The period in which subject services are to be performed shall begin on such date as is mutually agreed to in writing by the parties, and continue through the date that one of the parties hereto notifies the other party that it wishes to terminate the Agreement in accordance with Section 33 below.

33. **Termination**. KRS and Manager reserve the right to terminate this Agreement without penalty provided that written notice is sent under any one of the following circumstances:

a) At KRS's discretion, with or without cause, after five (5) business days written notice to the Manager or at Manager's discretion upon thirty (30) calendar days written notice to KRS. Manager shall cooperate with KRS and follow KRS's written directions in connection with the termination of this agreement to effect the smooth and orderly transfer of securities and all applicable records to a successor or other entity designated by KRS; or

b) At KRS's discretion, immediately, if a result of the Manager's default or breach of contract as specifically described in KRS's notice of termination; or

c) At KRS's discretion, immediately, if the Manager's decisions/conduct/actions are deemed not to be in alignment with KRS's interests specifically described in KRS's notice of termination.

Following termination notification, Manager shall not take any action with respect to the Account, unless specifically authorized to do so by KRS, provided that the Manager is permitted to take actions in the ordinary course of business in connection with any transaction entered into prior to or at the time such termination notification is received.

34. **Withdrawal of Assets from Management**. KRS may withdraw from and decrease the Account assets in its sole discretion, with prior notice provided to the Manager within a reasonable time frame. Any such notice shall set forth the amount of any such withdrawal or identify the investment assets

and amount of cash to be withdrawn, the date as of which such withdrawal shall be effective and such other information that KRS deems necessary or appropriate. On and after the effective date of such withdrawal and decrease and except as may otherwise be set forth in such notice, the Manager shall cease to be responsible for future investment of the assets and/or cash withdrawn.

35. **Amendments**. Except as otherwise provided herein, written modifications, amendments or additions to this Contract shall be effective only when signed by both parties.

36. **Conflicts of Laws**. Manager hereby certifies Manager is legally entitled to enter into the subject contract with the Commonwealth of Kentucky and certifies that Manager is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this Contract. The Manager shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of Systems which would violate standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A. Manager hereby agrees to provide the services referenced in this agreement, and execute the corresponding External Conflict of Interest Statement, in accordance with KRS' Conflict of Interest and Confidentiality Policy as adopted by Systems, which are attached hereto as Attachment VIII and incorporated herein by this reference. Manager hereby affirms that there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a Conflict of Interest except as otherwise set forth in its Form ADV Part II, as amended from time to time, as received by KRS. A Conflict of Interest means that because of other activities or relationships with other persons, Manager is unable or potentially unable to render impartial assistance or advice to KRS, or Manager's objectivity in performing the Agreement work is or might be otherwise impaired. If any other actual or potential Conflict of Interest arises subsequent to the date of this Agreement, Manager shall make a full disclosure in writing to KRS of all relevant facts and circumstances. This disclosure shall include a description of actions that Manager has taken and proposes to take to avoid, mitigate, or neutralize the action or potential Conflict of Interest. Manager will continue performance of work under this Agreement until notified by KRS of any contrary action to be taken.

37. **Sovereign Immunity.** Manager acknowledges that KRS reserves all immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of its entry into this Agreement, by an express or implied provision thereof or by any actions or omissions to act by KRS or any of its employees, representatives or agents, whether taken pursuant to this Agreement prior to the execution thereof, provided that KRS shall not knowingly evade the contractual obligations of this Agreement by relying on the immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution.

38. **Purchasing by the Commonwealth of Kentucky.** The Manager hereby certifies that it will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky.

39. **Severability**. In case one or more of the provisions contained in this Agreement shall be found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, to the fullest extent permitted by law.

40. **Miscellaneous**. All section headings in this Agreement are for convenience of reference only, do not form part of this Agreement, and will not affect in any way the meaning or interpretation of this Agreement.

No term or provision of this Agreement may be waived except in writing signed by the party against whom such waiver is sought to be enforced. A party's failure to insist at any time on strict compliance with this Agreement or with any of the terms of the Agreement or any continued course of such conduct on its part will not constitute or be considered a waiver by such party of any of its rights or privileges. Manager is an independent contractor, and nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture or other relationship between Manager and KRS. This Agreement contains the entire understanding between KRS and Manager concerning the subject matter of this Agreement, and supersedes all prior agreements, arrangements and understandings, written or oral, between the parties.

KRS understands that Manager serves as investment manager for other clients and will continue to do so. KRS also understands that Manager, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for KRS. Manager is not obligated to buy, sell or recommend for KRS any security or other investment that Manager or its Affiliated Persons may buy, sell or recommend for any other client or for their own accounts. This Agreement does not limit or restrict in any way Manager or any of its Affiliated Persons from buying, selling or trading in any securities for their own accounts; provided, however, that neither Manager nor any of its Affiliated Persons will act as principal or receive any compensation in connection with the purchase or sale of any securities by the Account, other than the investment management fee described in Section 6 above.

Manager does not guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that Manager may use, or the success of Manager's overall management of the Account. KRS understands that investment decisions made for the Account by Manager are subject to various market, currency, economic and business risks, and that those investment decisions will not always be profitable. Manager will manage only the securities, cash and other investments held in the Account and in making investment decisions for the Account, Manager will not consider any other securities, cash or other investments owned by KRS. Except as may otherwise be provided by law, Manager will not be liable to KRS for (i) any loss that KRS may suffer by reason of any investment decision made or other action taken or omitted in good faith by Manager with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity would use; or (ii) any loss arising from Manager's adherence to KRS's instructions. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement shall waive or limit any rights which KRS may have under those laws.

Manager acknowledges and agrees that in the event any representations, undertakings, or acknowledgments set forth in this Agreement cease to be true, the Manager shall notify KRS of such event if required under applicable law. KRS acknowledges and agrees that it shall promptly notify the Manager in the event any representation, undertaking, or acknowledgement set forth in this Agreement is no longer required. KRS and Manager acknowledge that where this Agreement or any Exhibit hereto call for notice within a "reasonable" time frame, such "reasonable" notice will be understood to mean fourteen (14) Business Days.

41. **Voting of Proxies.** The Manager will not vote proxies for the Account; [redacted]

42. **Investment in Adviser Affiliated Commingled Investment Vehicles.** To the extent set forth in Attachment II, the Manager is authorized to open an account with and invest the cash reserves of the Account in the T. Rowe Price Government Reserve Fund **("RIF")** and T. Rowe Price Treasury Reserve Fund **("GRF")** for which Manager provides investment advisory services. The purchase and sale of shares of RIF and GRF and its investment objectives are subject to the terms of its prospectus. Information regarding RIF's and GRF's expenses and fees, including fees paid to the Manager or its affiliates, is available in RIF's and GRF's shareholder reports. KRS acknowledges receipt of the current prospectus for RIF and GRF and approves the non-advisory administrative fees and expenses paid by RIF and GRF (that include fees paid to affiliates of Adviser). RIF and GRF do not charge an advisory fee; therefore, there will be no double billing of advisory fees. KRS shall receive quarterly account statements from T. Rowe Price Investment Services, Inc., the distributor for RIF and GRF reflecting KRS's holdings in such funds.

**IN WITNESS WHEREOF,** the parties have caused this Agreement to be executed as of the date first above written.

**KRS Insurance Trust Fund**

By: 

Name: Joe Gilbert
Title: Portfolio Manager
Kentucky Public Pensions Authority on behalf of KRS Insurance Trust Fund
1260 Louisville Road
Frankfort, KY 40601
On behalf of KRS Insurance Trust Fund

**Manager**

By: [redacted]

Name: [redacted]
Title: Vice President
T. Rowe Price Associates, Inc.

1307 Point Street
Baltimore, MD 21231
On behalf of Manager

**ATTACHMENT I**

Investment Policy and Procedures

(Remainder of this page left blank intentionally.)

# Kentucky Retirement Systems

Investment Policy Statement
Adopted January 30, 2024

This Investment Policy Statement ("IPS") is issued by the Board of Trustees ("Board" or "Trustees") of the Kentucky Retirement Systems (" KRS") in connection with investing the assets of the Kentucky Employees Retirement System ("KERS") and the State Police Retirement System ("SPRS"), jointly referred to as 'Systems." This document supersedes all prior documents entitled Statement of Investment Policy or Investment Policy Statement.

## Introduction

### A. Purpose

The purpose of this IPS is to define the framework for investing the assets of the Systems This IPS is intended to provide general principles for establishing the goals, the allocation of assets, employment of outside asset management, and monitoring the results of the Systems

The pension plans administered by KRS are "Qualified Pension Plans" under Section 401(a) of the Internal Revenue Code. Additionally, Kentucky Revised Statutes 61.701 establishes health insurance benefits to recipients of KERS, and SPRS Kentucky Revised Statutes 61 702 provides that all amounts necessary to provide for insurance benefits shall be paid to the insurance fund The Board shall administer the insurance trust fund in the same manner as the pension plans.

### B. Philosophy

The Trustees of KRS recognize their fiduciary duty not only to invest the Systems' assets in formal compliance with the Prudent Person Rule, but also to manage those assets in continued recognition of the basic long-term nature of the Systems The Trustees interpret this to mean, in addition to the specific guidelines and restrictions set forth in the law and this document, that the assets of the Systems shall be proactively managed - that is, investment decisions regarding the particular asset classes, strategies, and securities to be purchased or sold shall be the result of the conscious exercise of discretion

The Trustees recognize that asset allocation is the primary driver of long-term investment performance, and will therefore review asset allocation and asset-liability studies on a regular basis as outlined in Section III of this document. The asset allocation guidelines represent a strategic decision, with the primary aim that the portfolios meet their performance objectives in the long- term while understanding that this may not necessarily occur in the short term.

The Trustees recognize that there is generally an inverse relationship between market efficiency, and the ability for active management to produce alpha. Therefore, investments in efficient markets will be made using index or index-like investments with the goal of replicating index returns with low management fees. Active management will be pursued in less efficient markets, accepting higher tracking error, and paying higher management fees with the expectation of producing excess returns over the long term This focuses Office of Investments' ("Staff") and consultant(s) efforts on identifying, selecting, and monitoring managers as well as the overall management fees paid, in the areas of the market most likely to produce excess returns

The Trustees recognize that, commensurate with their overall objective of maximizing long-term returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both across and within the classes of securities held to minimize/mitigate overall portfolio risk. Consistent with carrying out their fiduciary responsibilities, the Trustees will not systematically exclude any investments in companies industries, countries, or geographic areas unless required to do so by statute. Within this context of proactive management and the necessity for adherence to proper diversification, the Trustees rely upon appropriate professional advice from Staff and multiple service providers

## Responsibilities

The Trustees and other fiduciaries shall discharge their duties with respect to the Systems

(1) solely in the interest of the participants and beneficiaries;
(2) for the exclusive purpose of providing benefits to participants and beneficiaries;
(3) with the care, skill and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose (Prudent Person Rule),
(4) impartially;
(5) incurring and paying appropriate and reasonable expenses of administration and management which may not necessarily be the lowest: and,
(6) in accordance with a good faith interpretation of the laws regulations and other instruments governing KRS and the Systems.

Additionally, the Trustees and other fiduciaries shall not engage in any transaction which results in a substantial diversion of the Systems' income or assets without adequate security and reasonable rate of return to a disqualified person or in any other prohibited transaction described in Internal Revenue Code Section 503(b) - Prohibited Transactions.

A. Board of Trustees

The Investment Committee is created by Kentucky Revised Statutes 61.650 and the Board as set forth in the Board's Statement of Bylaws and Committee Organization document The Board Chair authorizes and appoints members to an Investment Committee with full power to act for the Board in the acquisition, sale and management of the assets of the Systems in accordance with the provisions of any applicable statutes, and policies of the Board. The Board shall review and ratify the actions of the Investment Committee at the Board meeting following the Investment Committee meeting where such action was taken.

B. Investment Committee

The Investment Committee consists of at least three (3) Trustees appointed by the Governor to the Board pursuant to Kentucky Revised Statutes 61.645(1)(c) Additional members may be appointed by the Board Chair. The Investment Committee acts on behalf of the Board on investment related matters.

The Investment Committee has the following oversight responsibilities.

A. Assure compliance with this IPS and all applicable laws and regulations.
B Approve the selection and termination of service providers If the need arises to terminate a manager between Board meetings, the Chief Investment Officer ("CIO") will have

discretion to do so after receiving approval from either the Board Chair or the Investment Committee Chair. The Investment Committee and the Board must be notified of the manager termination at the next scheduled Investment Committee and Board meetings

C. Meet no less than quarterly to evaluate whether this IPS, the investment activities and management controls and processes continue to be consistent in meeting the Systems' goals. Mandate actions necessary to maintain the overall effectiveness of the investment program.

D. Review assessment of investment program management processes and procedures, and this IPS relative to meeting stated goals

C. Staff

The Chief Investment Officer is responsible for the administration of investment assets of the Systems consistent with the policies, guidelines and limits established by the law, the Board, and the Investment Committee

The Chief Investment Officer receives direction from and reports to the Investment Committee on all investment matters, including but not limited to the following:

i. Maintaining the diversification and risk exposure of the Systems consistent with policies and guidelines
ii. Assessing and reporting on the performance and risk exposure of the overall investment program relative to goals, objectives policies and guidelines.
iii. Monitoring and assessing service providers to assure that they meet expectations and conform to policies and guidelines
iv. Recommending changes to service providers, statutes, policies or guidelines as needed to maintain a productive relationship between the investment program and its goals; acting as liaison on all investment related matters.
v. Identifying issues for consideration by the Investment Committee and preparing recommendations or reports regarding such matters.
vi. Preparing, for each proposed investment, a memo to the Investment Committee covering the pertinent details of the investment, including but not limited to: amount of the investment, type of investment, purpose, opportunity/goal, risks, volatility assumptions, liquidity, structure, fees, background of investment firm with reasons for selection, list of other firms considered

The Chief Investment Officer or designee is authorized to execute trades on fixed income and equity securities (including exchange-traded funds or "ETF's") and to execute proxies for the Board consistent with this IPS.

To carry out the IPS and any investment related decisions of the Board, the Chief Investment Officer or designee is authorized to execute agreements and other necessary or proper documents pertaining to investment managers, consultants, investment related transactions or other investment functions.

D. Investment Managers

In instances where the Investment Committee has determined it is desirable to employ the services of an external Investment Manager, the following shall be applicable:

i. Investment Managers shall be qualified by the Chief Investment Officer, agree to serve as a fiduciary to the Systems, and should be of institutional quality as deemed by Staff in

consultation with the investment consultant(s).

ii. Investment Managers shall manage assets in accordance with this IPS and any additional guidelines established by contract, as may be modified in writing from time to time.

iii. Total assets assigned to the selected manager shall not exceed 25% of that firm's total assets under management and shall not exceed 25% of a firm's total assets under management in a commingled product. Separate accounts or funds of one are not included in this 25% limitation for commingled products.

iv. The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets in the pension and insurance funds per KRS 61.650(5).

v. All investment management services will be contracted according to the Investment Procurement Policy established by the Board.

E. Custody Bank

The KPPA shall hire custodians and other agents who will be fiduciaries to the Systems and who will assume responsibility for the safekeeping and accounting of all assets held on behalf of the Systems, as well as other duties as agreed to by contract.

A process may implement a portfolio accounting system that includes plan accounting and unitization methods Investment related service provider(s) may be selected to execute the process in accordance with the Boards' selection process. The following is a brief description of our plan accounting processing:

Within the plan accounting structure there are two primary types of accounts Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool An account is established for each plan and these accounts hold Units of Participation that represent the plan's/fund's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. These accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan/fund contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the Plan Accounts Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in market value in the investment pool Earnings are allocated based on the daily weighted average of Master Trust Units held by each plan/fund account during the monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

An institutional accounting system may support a method for determining the amount of monthly earnings are allocated to each plan account.

F. Investment Consultants

Qualified independent investment consultants may be retained by the Systems for asset allocation studies, asset allocation recommendations, performance reviews manager searches, and other investment related consulting functions and duties as set forth by contract

G Selection

Qualified investment managers investment consultants, and other investment related service providers shall be selected by the Investment Committee in accordance with the IPS The selection shall be based upon the demonstrated ability of the professional(s) to provide the required expertise or assistance described in the RFP/RFI (if utilized) In order to create an efficient and effective process, the Investment Committee or Chief Investment Officer may, in their sole discretion, utilize a Request For Information ("RFI"), a Request For Proposals ("RFP"), third party proprietary software or databases, review of existing service provider capabilities, or any combination of these or other methods to select a service provider.

## III Asset Allocation Guidelines

In establishing asset allocation guidelines, the Board recognizes that each plan and any underlying fund* have their own capacity to tolerate investment volatility, or risk. The asset allocation guidelines of each Fund will be reviewed annually.

Based on the December 2023 asset liability study and an efficient frontier analysis conducted in December 2023, which analyzes the expected returns, risk, and correlations of various asset classes, projected liabilities, liquidity, and the risks associated with alternative asset mix strategies, the Board has established the following Asset Allocation Guidelines, effective February 1, 2024. The asset classes are grouped together into macro-asset classes based on their expected correlations to one another in order to create a better understanding of risk and diversification and based on asset class exposures to the economic factors of growth and inflation.

*KERS Hazardous and Non-hazardous

| KERS Hazardous Pension Fund and the KRS Insurance Trust Fund | | | |
|---|---|---|---|
| Asset Class | Target | Minimum | Maximum |
| **Equity** | | | |
| Public Equity | 40% | 25% | 50% |
| Private Equity | 8% | 4% | 12% |
| **Fixed Income** | | | |
| Core Fixed Income | 10% | 8% | 15% |
| Specialty Credit** | 25% | 20% | 30% |
| Cash | 2% | 0% | 5% |
| **Inflation Protected** | | | |
| Real Estate | 7% | 4% | 10% |
| Real Return | 8% | 5% | 11% |
| | | | |

**Includes High Yield Fixed Income

| KERS Non-Hazardous Pension Fund and SPRS Pension Plan | | | |
|---|---|---|---|
| Asset Class | Target | Minimum | Maximum |
| **Equity** | | | |
| Public Equity | 30% | 20% | 40% |
| Private Equity | 6% | 3% | 9% |
| **Fixed Income** | | | |
| Core Fixed Income | 27% | 22% | 35% |
| Specialty Credit** | 20% | 15% | 25% |
| Cash | 2% | 0% | 5% |
| **Inflation Protected** | | | |
| Real Estate | 5% | 3% | 7% |
| Real Return | 10% | 7% | 13% |

**includes High Yield Fixed Income

The intent of the Board in allocating funds to the investment managers is for the investment managers to fully invest the funds However the Board is aware that from time to time the investment manager will require a portion of the allocated funds to be held in cash provided the cash holdings do not exceed five percent (5%) of the manager's allocation for any given quarter, unless such cash holdings are an integral part of a fixed income manager's investment strategy.

The individual asset allocations of each Pension and Insurance Funds constituent will be reviewed monthly by Staff relative to its target asset class allocation, taking into account any tactical policy shift directed by the Investment Committee.

Regarding individual investment manager initial allocations, Staff will get approval at the Investment Committee meeting for a specific dollar amount intended to be committed to a closed-end fund such as private equity or real estate funds and will get approval for a percent of the appropriate asset class target for open-end investments such as public equity, and public fixed income investment managers. For those open-end funds where assets can be added or subtracted, the Chief Investment Officer will have discretion to reduce or increase an investment manager's allocation between 50% and 150% of the approved target. The target will not be raised prior to the one-year anniversary of the amount approved by the Investment Committee, and must be reported to the Investment Committee at the next scheduled meeting. If the need arises to terminate an investment manager between Board meetings, the Chief Investment Officer will have discretion to do so after receiving approval from either the Board Chair or the Investment Committee Chair. The Investment Committee and the Board must be notified of the investment manager termination at the next scheduled Investment Committee and Board meetings.

Short-term market shifts may cause the asset mix to drift from the allocation targets. Should the target percentage fall out of the indicated range for a particular asset class, Staff shall direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class. Within the allowable ranges, Staff should use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from policy targets. Except when there is a perceived extraordinary downside risk in a particular asset class, movement outside the normal ranges should be avoided.

Investments in private assets are generally less liquid than investments in public markets

securities and are typically implemented via periodic commitments to funds with limited partnership structures. As a result, actual allocations to these asset classes may deviate from their strategic targets for extended periods. Actual vs. target deviations for these asset classes shall not be considered in violation of the Asset Allocation Guidelines. Under/over weights to these asset classes shall be invested in public markets securities with the most similar risk/return characteristics as a short-term proxy for the private asset classes

In keeping with its responsibility as a Board and wherever consistent with its fiduciary responsibility, the Board encourages the investment of the Systems assets in investments, funds, and securities of corporations which provide a positive contribution to the economy of the Commonwealth of Kentucky. However, where any security is not a prohibited investment under the governing laws and policies, discretion will be granted to the appointed investment managers in the selection of such securities and timing of transactions consistent with the following guidelines and restrictions.

A. Equity

Public Equity

Investment may be made in common stock, securities convertible into common stock, preferred stock of publicly traded companies on stock markets, asset class relevant ETF's or any other type of security contained in a manager's benchmark. Each individual equity account shall have a comprehensive set of investment guidelines prepared, which contains a listing of permissible investments, portfolio restrictions, and standards of performance for the account.

The internally managed equity index funds are intended, to gain exposure to a broad asset sector to replicate the characteristics of the asset class, to minimize administrative expenses, and to help achieve overall portfolio objectives. These objectives can be achieved through several management techniques, including but not limited to, portfolio optimization, non-reinvestment of index dividends, and other management techniques intended to help achieve the objectives of the Systems

Private Equity Investments

Subject to specific approval of the Investment Committee, investments may be made for the purpose of creating a diversified portfolio of alternative investments. Private equity investments are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional investments. Accordingly, total rates of return from private equity investments are expected to be greater than those that might be obtained from conventional public equity or debt investments. Examples of such investments include, but are not limited to, private investments into venture capital, leveraged buyouts, special situations, distressed debt, private debt, timberland, oil and gas partnerships, infrastructure, commodities and private placements. While it is expected that the majority of these assets will be invested within the United States, a portion can be allocated to non-US investments. These non-U.S. investments are not restricted by geography.

The private equity market is highly sophisticated and specialized with respect to variety and types of investment structures. There exists major competition for deal flow on the part of both investor and general partners. To a great extent, market forces drive the bargaining of economic terms. Most investment vehicles are structured as commingled vehicles and often blind pool investment partnerships The most common offering forms are equity private placements where the

governing laws of the partnership impose a passive role of the limited partner investor These contractual arrangements are long-term in nature and provide the general partner or sponsors a reasonable time horizon to wisely invest capital, add value through intensive operational management, then realize the proceeds of such an investment. Moreover, terms of the partnership are proposed by the general partner and are critical to the economic incentives and ultimate net performance of the partnership.

**Investment Strategy and Plan Guidelines**

To strengthen the diversification of the investments, several guidelines will be utilized in Staffs formulation and recommended annual investment strategy and plan These guidelines encompass annual commitment levels to the asset class, types of investment vehicles that can be utilized, controlling financing stage risks, industry, manager and geography concentration/diversification limits, acceptable contract negotiations, appropriate sizes for investments, and the preferred alignment of interests.

*Investment Vehicles*: The Systems will gain exposure to private equity investments by hiring external investment managers either directly or through participation in secondary private equity markets. Typically, KRS will subscribe as a Limited Partner ("LP") to limited partnership vehicles sponsored by such specialty external investment managers. KRS will also at times structure separately managed accounts with specific investment objectives to be implemented by external investment managers. The Systems may also gain exposure by utilizing the following vehicles: limited liability companies and co-investments alongside KRS' existing or potential limited partnerships

*Investment Timing Risks:* Staff should limit the potential for any one investment to negatively impact the long-term results of the portfolio by investing across business cycles. Moreover, the portfolio must gain exposure to the array of financing stages by opportunistically exploiting the best investments at different stages of the business cycle. Staff may also consider purchasing secondary partnership interests to shorten the effective life of the partnership interest and therefore positively impacting the current and long-term net return of the portfolio. In addition, mindful of vintage year diversification, the Systems should seek to identify attractive commitments annually, further ensuring the portfolio invests across business cycles.

*General Partner Diversification:* Staff will seek to work with a variety of general partners due to their specialized expertise in particular segments of the private equity market and source of their deal flow. No more than fifteen (15) percent of the overall Systems' Pension or Insurance Trust Fund total allocation to private equity investments may be committed to any one partnership, without the approval of the Board.

B. Fixed Income Core

Fixed Income

Core Fixed Income investments will be similar in type to those securities found in the Systems' core fixed income benchmark(s), and the characteristics of the Systems' core fixed income portfolio will be similar to the System' core fixed income benchmarks. The core fixed income accounts may include, but are not limited to the following fixed income securities: U.S. Government and Agency bonds, investment grade U.S. corporate credit, investment grade non-U.S. corporate credit, municipal bonds, non-U.S sovereign debt, mortgages including residential mortgage-backed securities, commercial mortgage-backed securities, and whole loans, asset-backet securities, and asset class relevant ETFs.

Each individual core fixed income account shall have a comprehensive set of investment guidelines which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

Specialty Credit

Specialty Credit investments will be similar in type to those securities found in the Systems' high yield benchmarks and the characteristics of the portfolio will be similar to the Systems' high yield fixed income benchmarks. The high yield fixed income accounts may include, but are not limited to, the following fixed income securities: non-investment grade U.S. corporate credit including both bonds and bank loans, non-investment grade non-U.S. corporate credit including bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities, and whole loans, asset-backed securities, and emerging market debt ("EMO") including both sovereign EMO and corporate EMO, and asset class relevant ETF's.

Each individual high yield/specialty credit account shall have a comprehensive set of investment guidelines which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

Cash Equivalent Securities

Selection of particular short-term instruments, whether viewed as liquidity reserves or as investment vehicles, should be determined primarily by the safety and liquidity of the investment and only secondarily by the available yield. The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds, variable rate demand notes, government and agency bonds, mortgages, municipal bonds, and collective short-term investment funds ("STIFs"), money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days. Repurchase agreements shall be deemed to have a maturity equal to the period remaining until the date on which the repurchase of the underlying securities is scheduled to occur. Variable rate securities shall be deemed to have a maturity equal to the time left until the next interest rate reset occurs, but in no case will any security have a stated final maturity of more than three years.

The Systems' fixed income managers that utilize cash equivalent securities as an integral part of their investment strategy are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for fixed income managers shall be included in the investment manager's investment guidelines.

C. Inflation Protected

Real Estate

Investments may be made in equity and debt real estate for the purpose of achieving the highest total rate of return possible consistent with a prudent level of risk Allowable real estate investments include open-end and closed-end commingled real estate funds, joint venture investments, public and private real estate investment trusts ("REITs"), public real estate operating companies, and real estate related debt

The Systems has determined that the primary role of the real estate asset class is to provide for the following:

- Attractive risk adjusted returns through active management and ability to access managers with the expertise and capabilities to exploit market inefficiencies in the asset class. The illiquid nature of real estate investments combined with the complexity of investments makes it difficult for casual investors to effectively access the asset class effectively It is our belief that through active management and by investing in top tier managers with interests aligned through co-investment and incentive based compensation, the Systems can maximize their risk adjusted returns. This active management approach will be pursued

- Diversification benefits through low correlations with other asset classes, primarily the U S equity markets

- Provide a hedge against unanticipated inflation, which real estate has historically provided due to lease structures and the increases in material and labor costs during inflationary periods

- Permit the Systems to invest in unique opportunities that arise due to dislocations in markets that occur from time to time.

Real Return

The purpose of the Real Return Portfolio is to identify strategies that provide both favorable stand-alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans. Real Return strategies are not necessarily a separate asset class but may include real assets, such as infrastructure, real estate, commodities, and natural resources among others, as well as financial assets that have a positive correlation to inflation This can include "real" bonds such as Treasury Inflation-Protected Securities ("TIPs") (and other inflation linkers) or "real" stocks such as REITs, Master Limited Partnerships ("MLPs") and oil & gas stocks. Additionally, Real Return managers may attempt to add value by tactically allocating to various asset classes according to how each asset class performs across an economic cycle and the manager's perception of where we are in the cycle. The goal is to invest in inflation sensitive assets during inflationary periods, and avoid those assets in deflationary periods, thus providing a positive real return across the cycle.

The real return opportunity set may include numerous vehicles to access a wide variety of investment styles and strategies These investment vehicles may include mutual funds, ETFs, separately managed accounts as well as hedge funds (open-end limited partnerships) and private equity (close-end limited partnerships) The list of strategies that the Systems' Real Return Portfolio may include, but is not limited to the following

- Global Tactical Asset Allocation ("GTAA")/Global Macro: GTAA or macro strategies are those that make directional bets on major markets or asset classes instead of individual securities. GTAA and macro strategies typically invest in all major asset classes including equity markets, credit and debt instruments, currencies/interest rates, and commodities. These strategies tend to focus on economic factors that would suggest an opportune time to invest in a given asset class, and will change their allocations actively over time. These strategies may use inflation as the economic factor to gain exposure to and will target a real rate of return over time.

- Inflation Linked Securities are securities that directly tie coupon payments or principal increases to an inflation index, such as Consumer Price Index ("CPI"). These strategies could include not only US TIPS, but also global sovereign inflation linked bonds, corporate or infrastructure inflation linked bonds, and possibly short duration floating rate bonds.

- Inflation Sensitive Equities include publicly traded equity and equity related securities in companies which have a high sensitivity to inflation in their profit margins via the nature of their operating assets, such as energy companies, basic materials and miners, natural resource stocks, and listed infrastructure. This category can also include REITs, MLPs as well as ETFs and index products on REITS, MLPs, natural resource stocks.

- Commodities: Commodities are the raw materials that are physical inputs into the production process. Managers that invest in liquid commodity strategies using exchange traded futures can span from simple indexing (matching a long-only commodities index), to enhanced indexing or active long (selecting positions that vary from the index but within fairly tight ranges), as well as unconstrained long-short managers.

- Private Property: For the purposes of this IPS, private property refers to the ownership of an idiosyncratic, physical asset that is predominately fixed and/or permanent or at least substantially long-lived. This includes real estate, such as land and any improvements to or on the land, as well as timberland and farmland. Timberland investing involves the institutional ownership of forest for the purpose of growing and harvesting the timber Private property can also include infrastructure investing, which refers to financing the manufacture or development of the underlying fundamental assets and basic systems that are necessary for an economy whereby such assets are largely fixed and long-lived These tend to be high cost, capital-intensive investments that are vital to a society's prosperity and facilitate the transfer, distribution, or production of basic goods and services.

- Natural Resources: Natural resources can include investing in the financing, development extraction, and production of minerals, basic materials, petroleum products, and water as well as renewable resources such as agricultural commodities and solar energy. As opposed to property, the returns generated in these investment strategies come more from the actual production of the resource itself. Further, these are depleting and/or consumable assets that are also portable and fungible and which in the aggregate comprise a majority of the inputs into most measurements of inflation.

- Private Assets: Private assets can include tangible or intangible assets that are not easily sold in the regular course of a business' operations for cash, and which are held for their role in contributing directly to the business' ability to generate profit. As the useful life of the asset tends to extend across many years and the assets tend to be capital intensive as well, they have some similarity to private infrastructure Further, given that the assets contribute directly to the production process as well as often retaining intrinsic value, there

is a fundamental link to inflation somewhat similar to natural resources.

- Other (Inflation Hedge): Other strategies include those that have a propensity to provide a positive real return or positive correlation with inflation over time. Liquid strategies such as inflation swaps, diversified inflation hedging mutual funds, or nominal bonds backed by inflation sensitive assets may be included in this allocation, while other illiquid strategies that may provide the same real profile can include private equity in inflation sensitive companies, hard asset-backed private credit, and structured inflation-linked products among others.

**Portfolio Guidelines**

No more than 50% of the total net assets of the Real Return portfolio may be invested in any one registered investment vehicle, mutual fund, or separately managed account.

No more than 20% of the total net assets of the Real Return portfolio may be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.

The relative allocations to the liquid and illiquid portfolios will be determined according to each individual Plan's liquidity needs, funding status, and allocation targets on an investment by investment basis.

D. Co-Investment Policy

The CIO has discretion to make direct co-investments in companies alongside of current general partners. Any co-investment opportunity must also be part of the main account or fund into which the Systems has already invested before it can be considered. For purposes of this IPS, a direct co-investment is defined as a direct investment in a portfolio company alongside an existing Systems' partnership deemed in good standing

The maximum investment in any co-investment vehicle shall not exceed 50 percent of the total capital committed by all partners at the time of the final closing The maximum investment in any single direct co-investment shall not exceed 20 percent of the original partnership commitment Total investment in direct co-investments shall not exceed 20 percent of the asset class portfolio on a cost basis at the time of investment.

## IV. Monitoring

Performance Measurement

The Systems overall fund performance is measured relative to the Systems' Pension or Insurance Total Fund Benchmark. The benchmark is calculated by means of a weighted average methodology. This method is consistent with the CFA Institute Global Investment Performance Standards (GIPS®), a set of standardized, industry-wide ethical principles that guide investment managers and asset owners on how to fairly calculate and present their investment results with the goal of promoting performance transparency and comparability. It is the product of the various component weights (i.e. asset classes' percentages) by their respective performance (returns) Due to market fluctuations and acceptable divergence, the asset classes' weights (percentages) are often not equivalent to the benchmark's weights. Therefore, the performance may indicate that the Funds have outperformed (underperformed) relative to their respective benchmarks, even when the preponderance of lesser weighted categories have underperformed (outperformed) their indices

The Systems measures its asset classes, sub-asset classes, sectors, strategies, portfolios, and instruments (investment) performance with indexes that are recognized and published (e.g., S&P 500 & Barclays Aggregate Bond Index). These indexes are determined to be appropriate measures of investments and composites of investments with identical or similar investments profiles, characteristics, and strategies. The benchmarks and indexes are intended to be objective, investable, replicable, representative and measurable of the investment mandate and, developed from publicly available information that is acceptable to the Systems and the investment manager/advisor as the neutral position consistent with the underlying investor status. The Systems' investment consultant and Staff recommend the benchmarks and indexes. These measures shall be subject to the review and approval of the Investment Committee with ratification by the Board when asset allocation studies are performed, or when a change to existing benchmarks is recommended by Staff and the investment consultant. The current asset class benchmarks, effective as of February 1, 2024 with the adoption of the asset allocation, are as follows:

| Asset Class | Benchmark |
|---|---|
| **Equity** | |
| Public Equity | MSCIACWI |
| Private Equity | Russell 3000 + 300 bps (lagged) |
| **Fixed Income** | |
| Core Fixed Income | Bloomberg US Aggregate |
| Specialty Credit | 50% Bloomberg US High Yield/ 50% Morningstar LSTA US Leveraged Loan |
| Cash | Citi Grp 3-mos Treasury Bill |
| **Inflation Protected** | |
| Real Estate | NCREIFODCE |
| Real Return | US CPI+ 3% |

The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of the Systems. They are to be computed and expressed on a time-weighted total return basis

*Total Public Asset Class Allocations*

Short-term

- For periods less than five years or a full market cycle, the Asset Class Allocation should exceed the returns of the appropriate Index.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, the Asset Class Allocation should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index.

*Individual Public Security Portfolios:* Individual portfolios shall be assigned a market goal or benchmark that is representative of the style or market capitalization of the assignment. Individual accounts should be monitored using the following Standards.

Short-term

- For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

Intermediate & Long-term

- For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

Alternative Assets:

Private Equity

The Private Equity portfolio should also seek to achieve the following:

Short-term

- Alternative investments should earn a Net Internal Rate of Return ("IRR") that place the investment above the median Net IRR of other similar funds, of the same vintage year.

Intermediate & Long-term

- The private equity portfolio should earn a return that meets or exceeds the Systems' Private Equity Index. Individual private equity investments should earn a Net IRR above the median Net IRR of other similar funds, of the same vintage year.

Real Estate

Private Real Estate investments are unique and can be illiquid and long term in nature Given that this may lead to large short-term performance discrepancies versus public benchmarks the Systems more appropriately measures its real estate investments based on both relative return and absolute return methodologies:

Relative Return: The Real Estate portfolio is expected to generate returns, net of all fees and expenses, in excess of the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index ("NCREIF ODCE") lagged 1 calendar quarter

Absolute Return The long-term real return objective (returns adjusted for inflation) for the Systems' Real Estate portfolio is five percent (5%) over the Barclays Capital U S. 7-10 Year Treasury Bond Index, net of investment management fees. This return shall be calculated on a time-weighted basis using industry standard reporting methodologies.

Real Return

The total Real Return allocation shall seek to

(1) Short-term benchmark For periods less than five (5) years or a full market cycle, the allocation should achieve an annual rate of return that exceeds the appropriate benchmark (the weighted average return of the underlying investment benchmarks) annually over a complete market cycle, net of all investment management fees.

(2) Strategic objective: For periods greater than five (5) years or a full market cycle

the allocation should not only outperform the short-term benchmark, but also achieve a rate of return that exceeds (CPI+ 300 basis points) as well.
(3) Achieve a positive risk/reward trade-off when compared to similar style Real Return Investment Managers.

Performance Review

Not less than quarterly the Investment Committee will review the performance of the portfolio for determination of compliance with this IPS. On an annual basis, a comprehensive review of each asset class and underlying portfolios shall be conducted by the Staff and presented to the Investment Committee The review shall consist of an organizational, performance and compliance assessment.

The Compliance Officer shall perform tests at least monthly to assure compliance with the restrictions imposed by this IPS These tests shall be performed at the asset class and total fund level. Quarterly, the Compliance Officer shall prepare a report to the Investment Committee detailing the restrictions tested, exceptions, the cause of the exception and the subsequent resolution. The Investment Committee shall report the findings to the Board at the next regularly scheduled meeting.

The following restrictions shall be tested at least monthly:

- The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of the Systems' assets.

- The amount of stock held in the domestic or international equity allocation shall not exceed 3% of the outstanding shares of any single corporation.

- Investment in "frontier" markets (those countries not included in the MSCI EM Index) shall not exceed 5% of the Systems' international equity assets.

- The duration of the core fixed income portfolios combined shall not vary from that of the Systems' Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration, or dollar duration except when the Investment Committee has determined a target duration to be used for an interim basis.

- The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the Systems' fixed income assets with the exception of U.S. Government issued, guaranteed or agency obligations (or securities collateralized by same), and derivative securities used for exposure, cost efficiency, or risk management purposes in compliance with Section VII of this policy.

- 50% of the core fixed income assets must have stated liquidity that is trade date plus three days or better.

The CIO shall develop a comprehensive set of investment guidelines for each externally managed account. These guidelines should ensure, at the total fund and asset class level, that the restrictions set forth above are preserved.

Under the CIO's direction, Investment Staff shall perform site visits with all current investment managers over 3-year rolling market cycles, with at least 1/3 of all current managers occurring on a yearly basis

## V. Additional Items

**Derivatives Permitted Use:**

The Systems permits external managers and Staff to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Typical uses of derivatives in the portfolio are broadly defined below:

**Exposure:**

Derivatives are an effective way for a portfolio manager to gain exposure to a security that the manager does not want to purchase in the cash market. Reasons for gaining exposure to a security through the use of derivatives may include cheaper transactions costs, liquidity/lack of supply in the underlying market, and the flexibility to implement investment views with minimum portfolio disruption. An example is a cash equitization program

**Cost Efficiency:**

Derivatives are often used due to the cost efficiency associated with the contract properties. Given the fact that derivatives can be used as a form of insurance, upfront trading costs must be sufficiently low for investors to purchase the contract and insure their portfolios efficiently. Furthermore, due to properties associated with derivatives and cash outlay characteristics (minimal cash outlay at inception of the contract) derivatives are generally a vehicle of gaining cost efficient exposure. An example is the cost (zero) to purchase a futures contract.

**Risk Management:**

Derivatives can be used for mitigating risk in the portfolio. When used as a risk management tool, derivatives can significantly reduce an identified financial risk or involuntary risk from investment areas by providing changes in fair values or cash flows that substantially offset the changes in fair values or cash flows of the associated item being hedged. An example is the use of currency forwards to offset periods of dollar strength when international equity markets increase in value thereby protecting foreign asset gains in the portfolio.

**Derivatives Restricted Use:**

**Settlement:**

Investments in futures contracts are to be cash settled unless physically settled and stored by external managers. At no time shall the Systems agree to take physical delivery on a futures contract.

**Position Limits:**

Futures and options positions entered into by the Systems, or on its behalf, will comply with all position and aggregate limits established by the local governing authorities within each jurisdiction.

**Over-the-Counter (OTC):**

Investments in securities not traded on public exchanges that are deemed over-the-counter (OTC) in nature are allowed provided that a counterparty risk monitoring component is delineated in the manager's guideline section of the manager's contract. All counterparties must have a short-term credit rating of at least BBB (Standard and Poor's or Fitch) or Baa2 (Moody's).

All OTC derivative transactions, including those managed through Agency Agreements, must be subject to established International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements and have full documentation of all legal obligations of the Systems under the transactions. All ISDA Master Agreements entered into by or on behalf of the Systems by the Staff and external manager pursuant to an Agency Agreement shall provide that Netting applies. (Netting allows the parties to an ISDA Master Agreement to aggregate the amounts owed by each of them under all of the transactions outstanding under that ISDA Master Agreement and replace them with a single net amount payable by one party to the other.) The Staff and external managers may also use collateral arrangements to mitigate counterparty credit or performance risk. If an external manager utilizes a collateral arrangement to mitigate counterparty credit or performance risk the arrangement shall be delineated in the manager's guideline section of the manager's contract.

**Derivatives <u>Applications Not Permitted:</u>**

**Speculation:**

Except for investments in Real Return investments, derivatives may not be used for any activity for which the primary purpose is speculation or to profit while materially increasing risk to the Systems. Derivatives are considered speculative if their uses have no material relation to objectives and strategies specified by the IPS or applicable to the portfolio. Derivatives may not be used for circumventing any limitations or restrictions imposed by the IPS or applicable regulatory requirements.

**Leverage:**

Leverage is inherent in derivative contracts since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the cash markets, where in most cases the cash outlay is equal to the asset acquired, derivative investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional cash market portfolio. Therefore, risk management and control processes must focus on the total risk, i.e., the net notional value, assumed in a derivative investment.

*The above is not intended to limit the Systems from borrowing to cover short-term* cash *flow needs nor prohibit the* Systems *from loaning securities in accordance with a securities lending agreement.*

The Board recognizes that the voting of proxies is an important responsibility in assuring the overall performance of the Systems over a long time horizon The Board has delegated the responsibility of voting all proxies to an outside Proxy Voting service provider or contracted external investment manager. The Board expects that the proxy voting service will execute all proxies in a timely fashion, and in accordance with the Systems' voting policy which has been formally adopted.

The Board has adopted the ISS U.S. Proxy Voting Guidelines as the Systems' approved Proxy Voting Policy for all internally voted items This policy is updated at least annually by ISS is and hereby incorporated by this reference

A. Investment Procurement Policy, as amended, is hereby incorporated by reference.
B KRS Investment Brokerage Policy, as amended, is hereby incorporated by reference.
C. KRS Transactions Procedures Policy, as amended, is hereby incorporated by reference.
D. KRS Securities Litigation Policy and Procedures, as amended is hereby incorporated by reference.
E. KRS Investment Securities Lending Guidelines, as amended, is hereby incorporated by reference.
F. KRS Securities Trading Policy for Trustees and Employees, as amended, is hereby incorporated by reference.
G. KRS Manager and Placement Agent Statement of Disclosure Policy, as amended, is hereby incorporated by reference.
H. KRS Real Estate Policy, as amended, is hereby incorporated by reference.
I KRS Proxy Voting Policy, as amended, is hereby incorporated by reference.

Signatories

As Adopted by the Investment Committee

Date: 2/17/24

Signature: C. Prewitt Lane

C. Prewitt Lane

Chair, Investment Committee

As Adopted by the Board of Trustees

04/23/2024

Date

Signature E. Lynn Hampton

Lynn Hampton

Chair, Board of Trustees

## ATTACHMENT II

Portfolio Guidelines

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# KENTUCKY RETIREMENT SYSTEMS

Investment Guidelines for **T. Rowe Price Associates, Inc.**
U.S. Structured Research Equity Strategy

## PURPOSE

These investment guidelines represent an extension of the Statement of Investment Policy for the Kentucky Retirement Systems.

## INVESTMENT MANAGEMENT OBJECTIVES

1. The overall goal of the U.S. Structured Research Equity Strategy portfolio is to provide exposure to the U.S. large cap equity market, while exceeding the market return in a manner that is consistent with the volatility exhibited by the S&P 500 Index ("Market Benchmark").
2. The portfolio shall be broadly diversified across sectors, industries, and securities in a manner that is consistent with accepted standards of prudence.
3. The portfolio shall be managed in accordance with the Statement of Investment Policy and the following performance objectives, guidelines and restrictions set forth in the following sections.

## PORTFOLIO BENCHMARK

S&P 500 Index

## PERFORMANCE BENCHMARK

Manager will report performance relative to the Russell Top 500 Index.

## KRS RETURN AND RISK OBJECTIVES

To outperform the S&P500 Index over a market cycle (typically 3-5 year time horizon), with an expected tracking error under 2.5%.

## GUIDELINES

1. Permitted Securities—
    a. Common stocks and convertible securities of companies traded on a U.S. stock exchange and may also include American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), International Depository Receipts, publicly traded partnerships (PTPs), publicly traded LLCs, exchange-traded funds ("ETFs"), index futures, Business Development Companies ("BDC/RIC"), and real estate investment trusts ("REITs");
        i. Foreign Securities. The account may invest up to 5% of the Account's assets at time of purchase in securities of foreign issuers listed on a major U.S. exchange or traded on a major U.S. market.
        ii. Restricted securities. The resale of which is exempt from the registration requirement of the Securities Act of 1933 pursuant to Rule 144A or Regulation S.
        iii. Index Futures and ETFs. US Large Cap Indices futures or ETFs may be used solely as a cash management tool in order to gain exposure to the equity market pending direct investment. Futures and ETFs may not be used to leverage the portfolio or any other speculative purpose.
        iv. IPOs. The account may participate in initial public offerings given the manager is not lead. Any transactions, where the manager's affiliates are part of the syndicate will require written approval from KRS prior to any trade occurring.
        v. Capitalization. The majority of the assets will be invested in large cap securities as defined by the benchmark; however, up to 10% of assets can be invested in mid- and small cap securities.
        vi. Cash Reserves. The Account is expected to be fully invested. Cash reserves, not to exceed 5% of the Account except with written permission of the Client, may be invested in one or more of the Custodian's STIF at the discretion of the Adviser, the T. Rowe Price Government Reserve Fund ("RIF"), the T. Rowe Price Treasury Reserve Fund ("GRF"), registered investment companies for which the Manager serves as investment adviser, or other money market instruments at the discretion of the Adviser. The Account will be temporarily exempted from this restriction due to timing differences of trade settlements and for a period of ten days from the date of large cash contributions (or in preparation for large cash redemptions upon notice by Client). Manager

will avoid overdrafts within the Manager's reasonable control and Manager will be responsible for any overdraft charges incurred by KRS to the extent such overdraft was within Manager's reasonable control.

vii. Affiliated Securities. The Account is not restricted from purchasing securities whether issued by Client or an "affiliate" or otherwise, except as Client instructs pursuant to cusips, tickers, or other specific identifiers in an "affiliates" list.

b. Cash or short-term cash equivalents denominated in U.S. currency; and

2. Prohibited Investments/ Strategies—
   a. Leverage (borrowing & borrowing on margin);
   b. Short sales;
   c. Non-dollar denominated securities;
   d. Margin purchases, lending or borrowing of Account assets;
   e. Loans;
   f. Private placements in private companies;
   g. Direct participations; and
   h. Direct investments in real estate;
   i. Physical commodities or commodity futures or options; and
   j. Derivatives except as authorized above regarding index futures and options.

Equity portfolios are to be diversified to reduce the impact of large losses in individual investments in a manner that is at the discretion of the portfolio manager.

3. There are no specific restrictions regarding the rate of turnover in the portfolio. KRS will monitor the portfolio turnover levels and expects the Advisor to exercise prudent judgment when addressing the issue of portfolio turnover. The Advisor shall foremost seek to achieve "best execution" when transacting.

**RESTRICTIONS**

1.) **Security restriction.** Weights in individual securities are monitored against the corresponding weight in the S&P 500 Index. Individual security positions will be within +/- 100 basis points of the weight of the same stock in the S&P 500 Index. If a stock weight in the S&P 500 Index is larger than 3%, then the allowable band is +/- 150 basis points.

2.) **Industry restriction.** The weight of an industry in the Account (as classified by the Adviser) will be within +/- 100 basis points of the weight of the same industry in the S&P 500 index.

3.) **Sector restriction.** The weight of a sector in the Account (as classified by the Adviser) will be within +/- 150 basis points of the weight of the same sector in the S&P 500 Index.

4.) **Per issuer outstanding stock restriction.** No more than 3% of the issued and outstanding stock of any one issuer may be purchased for the Account.

5.) **Cash Restrictions.** Manager's cash holding, not including cash held for investments yet to settle, shall not exceed 5% of manager's portfolio.

Note: Small deviations from the above constraints regarding security, industry and sector weightings are acceptable prior to monthly rebalancing, if in the judgment of the Manager the deviations do not contribute significantly to overall Account risk.

## ATTACHMENT III

**Fee Schedule**

Fees are paid quarterly in arrears upon submission of an invoice by Manager. Fees shall be computed on the basis of the average of the adjusted closing market value of assets as determined by the Master Custodian on the last business day of each month in the calendar quarter, in accordance with the following schedule;

The annual advisory fee for the portfolio is calculated as follows:

The [redacted] rate of [redacted] on all assets is offered from the effective date of the Agreement until assets exceed [redacted] at which point the fee table below will apply. In the event the Account assets fall below [redacted], the parties agree that the Manager's standard fee schedule will apply. Manager may amend fees at any time based on mutual expectations regarding asset levels.

| Market Value of Assets | Annual Fee |
|---|---|
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets exceed [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |
| When assets reach [redacted] | [redacted] |

*A transitional credit is applied to the fee schedule as assets approach or fall below this breakpoint.

**NOTE:** Assets of the KRS Account will be combined with assets of the CERS Account for which the Manager acts as an adviser in the same investment strategy
solely for purposes of determining the total Market Value of Assets under supervision. Each account will be billed a pro-rated share of the fees based on the total average market value of assets invested by each account in the strategy.

If an investment strategy utilizes a commingled, pooled fund, mutual fund, money fund, or other vehicle managed by the Manager or an affiliate thereof which has a built in management fee the Manager will deduct the assets already assessed a fee, from their fee calculation. (Details shown on the invoice.) Any over-billing will be reimbursed to KRS Account within a reasonable time period. Assets invested in the T. Rowe Price Government Reserve Fund ("RIF") and the T. Rowe Price Treasury Reserve Fund ("GRF") will be included in the market value for billing purposes as RIF and GRF do not charge advisory fees; therefore, there will be no double billing of advisory fees.

**PRO-RATION OF CONTRIBUTIONS/WITHDRAWALS**

Fees are calculated at the end of each calendar quarter on the basis of the aggregate average of the closing market value of assets on the last day of each month in the calendar quarter; provided however, that the

market value shall be adjusted such that contributions and disbursements made during the quarter (and which constitute greater than 1 (one) percent of the total portfolio market value) shall be billed on a pro rata basis for the amount of time under management.

The **adjusted monthly market value** – month-end asset value adjusted for contributions or withdrawals made by KRS.

(a) For **contributions to** the assets in the account after the first business day of a month, the adjusted ending assets will be determined by subtracting from the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the contribution by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

(b) For **withdrawals from** the account after the first business day of a month, the adjusted assets will be determined by adding to the closing value of the account on the last business day of the month an amount equaling the product of (x) the quotient derived by dividing the amount of the withdrawal by the number of days in the month, and (y) the number of days from the beginning of the month to the transfer date.

**ATTACHMENT IV**

Statement of Disclosure and Placement Agents

(Remainder of this page left blank intentionally.)

**EXHIBIT C – Statement of Disclosure and Placement Agents**

## Kentucky Retirement Systems

### Statement of Disclosure and Placement Agents – Manager Questionnaire

1. Did your firm use a placement agent as defined in the KRS "Statement of Disclosure and Placement Agents" policy in an effort to solicit an Investment from KRS Please indicate fund vehicle title if relevant? If yes, please continue to question 2; if no, please proceed to question 10.

No.

2. Please disclose the name of the placement agency used, the names of the individuals contracted by the placement agency (either as employees or as sub-agents) in order to solicit an investment from KRS, and the fees paid or payable to the placement agent in connection with a prospective KRS investment.

3. Please represent that any fees paid to placement agents are the sole obligation of the investment manager and not that of KRS or the limited partnership.

4. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government), KRS Board of Trustees members, employees, or consultants of KRS, or any other person, if any, who suggested the retention of the placement agent.

5. Please provide evidence of the regulatory agencies, if any, in any Federal, state or foreign jurisdiction the placement agent or any of its affiliates are registered with, such as the Securities and Exchange Commission ("SEC"), FINRA, or any similar regulatory agency.

6. Please provide a resume for each officer, partner or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.

7. Please describe the services to be performed by the Placement Agent.

8. Please disclose whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any and all Kentucky state and local (county) governments.

9. Please disclose any political contributions made by the Placement Agent to any Kentucky official within the prior 2 years.

10. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government) KRS Board of Trustees members, employees, or consultants of KRS that are receiving any fees or compensation from the External Manager and/or placement agent. Please disclose any additional known relationships or conflicts with same.

    Not applicable.

11. Please disclose any political contributions made by External Manager or principals of the External Manager in the prior 2 years.

    There have been no political contributions made concerning any Kentucky federal, state or local government organizations or persons.

12. Please disclose whether any principals of the firm have been involved in any regulatory proceedings, and if so, details concerning the same.

    Not applicable.

13. Please provide a statement representing and warranting the accuracy of the information provided to KRS regarding the Statement of Disclosure, and acknowledge that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

    External Manager represents and warrants the information provided to KRS regarding the Statement of Disclosure is accurate and acknowledges that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

[redacted]

02/10/2025
Date

## ATTACHMENT V

Compliance Certificate

(The remainder of this page intentionally left blank.)

Compliance Certificate

As a duly authorized officer of T. Rowe Price Associates, Inc. (the "Investment Manager"), I hereby certify that I am familiar with that certain Investment Management Agreement dated _____, 20__ (the "Agreement") between Kentucky Retirement Systems Insurance Trust Fund and the Investment Manager relating to investment of certain KRS assets by the Investment Manager. In addition, to the best of my knowledge after diligent inquiry, I hereby certify to KRS that:

(a) All investments of the KRS assets made by the Investment Manager during the fiscal year ending December 31, ____, were made within applicable Investment Policy and Procedures incorporated in the Agreement at the time each investment was made, except as set forth below;

(b) All current investment holdings in the portfolio managed by the Investment Manager are in compliance with the Investment Policy and Procedures currently applicable under the Agreement, except as set forth below;

(c) During the fiscal year ending December 31, ____, no member of the KRS Board of Trustees, or key staff of KRS, and no person claiming to represent or have influence with the Board of Trustees has contacted the Investment Manager with respect to a financial transaction or solicitation which is not solely on behalf of KRS with the Investment Manager, except as set forth below; and

(d) The Investment Manager is in compliance with all representations, warranties and covenants in the Agreement which apply to the Investment Manager, including but not limited to any indemnity or insurance coverage requirements, except as set forth below. Current insurance coverage applicable to KRS's assets are as follows: (Please attach insurance certificates.)

Errors and Omissions dedicated to the Agreement: Date of expiration: _____

Per occurrence limit: _____

Annual aggregate: _____

Directors and officers liability: _____ Date of expiration:_____

Brokers blanket bond or similar coverage: _____ Date of expiration:_____

Other: _____ Date of expiration:_____

Exceptions: (Attach a separate sheet if necessary.)

Dated:_____ By: _____

Name:_____

Title:_

## ATTACHMENT VI

Authorized Persons

(Remainder of this page left blank intentionally.)

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

**David L. Eager, Executive Director**

1260 Louisville Road · Frankfort, Kentucky 40601
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822

Kentucky Public Pensions Authority

December 19, 2022

Re: Designation of Authority

To Whom It May Concern:

Pursuant to the authority granted to me in the Investment Policy Statements (as amended from time to time), and the Investment Procurement Policies (as amended from time to time), as the Chief Investment Officer for the Kentucky Public Pensions Authority ("KPPA"), I hereby designate the individuals below to transact the following official investment business, on behalf of the Kentucky Retirement Systems ("KRS") and the County Employees Retirement System ("CERS"), jointly referred to as the "Plans":

- Execute trades on fixed income and equity securities (including exchange-traded funds or "ETF's"); and,
- Execute necessary and proper documents pertaining to investment managers including investment agreements, and related documentation such as subscription agreements or side-letter agreements; and,
- Execute necessary and proper documents pertaining to investment related transactions or other investment functions.

The designation granted herein is effective as of October 28, 2022, and will continue in effect until the authorized designee no longer occupies the position, or notification is issued regarding a change of authorization to execute investment documents on behalf of the Plans.

In addition to the authority designated above, under the Investment Policy Statements, the Boards of Trustees have designated that these individuals have the authority to:

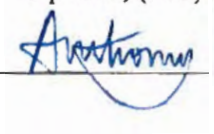
- direct rebalancing transactions to reallocate assets from over-allocated asset classes to under-allocated asset classes; and,
- use regular cash flows to rebalance toward targets to avoid incurring additional trading costs to correct minor deviations from asset allocation targets; and,
- enter into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements; and,
- enter into collateral arrangements to mitigate counterparty credit or performance risk
- invest in derivative securities and related restrictions as defined in the Investment Policy Statements including, but not limited to, futures contracts, options, and over-the-counter securities

**Executive Director, Office of Investments**
**Chief Investment Officer**
**Kentucky Public Pensions Authority**
Stephen M. Willer, CFA
(502) 696-8490 phone, (502) 696-8806 fax

Signature: S. M. Willer

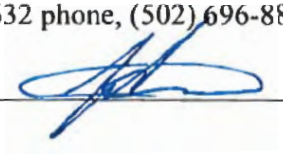
I understand and accept the above designation.

**Deputy Chief Investment Officer**
**Kentucky Public Pensions Authority**
Anthony Chiu
(502) 696-8491 phone, (502) 696-8806 fax

Signature: 

I understand and accept the above designation.

**Portfolio Manager**
**Kentucky Public Pensions Authority**
Joe Gilbert
(502) 696-8632 phone, (502) 696-8806 fax

Signature: 

I understand and accept the above designation.

**Senior Investment Analyst**
**Kentucky Public Pensions Authority**
Brian Caldwell
(502) 696-8705 phone, (502) 696-8806 fax

Signature: 

**ATTACHMENT VII**

Proxy Voting Policy

(The remainder of this page intentionally left blank.)

# Kentucky Retirement Systems

Investment Proxy Voting Policy
Approved March 2, 2022

The Kentucky Retirement Systems (KRS) Board of Trustees (Board) appoints an Investment Committee with full authority to act for the Board in the acquisition, sale and management of the securities and funds of the Retirement Systems. The Board also authorizes the Investment Committee or designee, custodian, investment manager or agent to execute stock proxies for the Board. Said delegate(s) shall maintain detailed records of its performance of its duty and provide such records to the Board as may be requested by the Board from time to time.

This position paper is hereby adopted by the Investment Committee to provide a set of guidelines to be followed in order to execute proxies. The following statement reflects the general policy that shall be applied as proxy issues are considered:

> To support management if management's position appears reasonable, is not detrimental to the long term equity ownership of the corporation and reflects consideration of the impact of societal values and attitudes on the long-term liability of the corporation and is in the best interest of the plan participants.

The following paragraphs shall be applied when considering the more specific proxy issues that are likely to be encountered on a more routine basis.

## A. Routine Business or Financial Matters

Election of Directors — FOR

In a majority of instances, election of directors is a routine voting issue. Unless there is a proxy fight for seats on the Board, KRS will usually vote in favor of the Management-proposed slate of directors.

Appointment of Auditors — FOR

The selection of independent accountants to audit the company's financial records is a routine business matter and in most instances is submitted to shareholders for public relations reasons. Since the accounting firm selected to do the audit has no effect on the investment value of the company's securities, KRS will support Management's recommendation.

Increase Authorized Common Stock — FOR *

KRS will support an increase in authorized common stock needed to implement a stock split when coupled with intent to immediately effect the split, or aid in a restructuring or acquisition or provide a sufficient number of shares for employee savings plans, stock option or executive compensation plans.

A satisfactory explanation for a company's plans for the stock must be disclosed in the proxy statement.

* KRS will oppose increases in authorized common stock if we suspect that the shares are to be used to implement a poison pill or another form of anti-takeover device, or if the issuance of new shares could excessively dilute the value of the outstanding shares upon issuance.

Changes in Board Structure FOR *

Companies may propose various provisions related to the structure of the Board of Directors. These provisions may include changing the way Board vacancies are filled, directors are nominated or the number of directors. These provisions may include Majority Vote Director Elections and the Separation of the CEO and Chairman of Board. These proposals may be proposed amendments to the Charter or by-laws and need to be reviewed by the shareholders prior to voting. In most instances these proposals are not controversial nor an anti-takeover device. Therefore, KRS generally votes in favor of the proposal.

* However, KRS is opposed to cumulative voting for members of the Board and attempts to limit term of Board of Directors based on tenure or age.

## B. Non-Routine Business or Financial Matters

Considering Non-Financial Effects of a Merger Proposal AGAINST

KRS will oppose proposals that require the Board of Directors to consider what impact a merger would have on certain groups other than a company's shareholders, such as employees, consumers, business partners, and the communities in which the company is located. We expect that a company's Board of Directors will act in the best interest of its shareholders at all times.

Director Liability and Indemnification FOR *

The Investment Committee believes that proposals concerning Liability and Indemnification, which limit the personal liability of directors for breaches of fiduciary duty of care and provisions for payment of expenses incurred by officials, directors and other representatives who become defendants in lawsuits, should be evaluated on a case by case basis with reasonable measures supported and extreme measures opposed.

Executive Compensation FOR *

Executive compensation can take various forms but should provide adequate compensation and incentives to management consistent with the long term interests of the shareholders of the company.

* Management should have some assurance that they will not, in the event of a takeover, be terminated without motive and compensation. However, KRS is concerned that some compensation agreements provide excessive compensation in the event of a takeover. KRS does not oppose agreements which provide executives with a reasonable period of compensation after termination; however, they will oppose compensation plans which are excessive.

Stock Splits FOR

KRS will vote in favor of a proposal to split the company's stock if there is an immediate intent to effect the split.

Employment Relations FOR *

The Board of Directors and Corporate Management have the responsibility for harmonious labor relations. This responsibility also includes conducting labor negotiations within the appropriate laws of the jurisdiction.

* Where efficient operation of the corporation requires plant closings or relocations, the corporation should give as much notice as possible and assist its employees in relocating or in seeking other employment. Resolutions of shareholders which seek to impose requirements on management in this regard will not be supported automatically. Support will be contingent upon whether or not managers can demonstrate that efforts have been made to retain good employment relations subject to the constraints encountered in the particular circumstances.

## C. Anti-Takeover Issues

Blank Check Preferred Stock AGAINST

A Blank Check Preferred Stock proposal is one that authorizes the issuance of certain preferred stock at some future point in time and allows the Board of Directors to establish voting, dividend, conversion, and other rights at the time of issuance. While Blank Check Preferred Stock can provide a corporation with the flexibility needed to meet changing financial conditions, it also may be used as the vehicle for implementing a poison pill defense, or it may be placed in friendly hands to help block a takeover bid. KRS' concern is that once this stock has been authorized, shareholders have no further power to determine how or when it will be allocated.

Classified Boards AGAINST

A Classified Board is typically divided into three separate classes, each class to hold office for a term of two or three years. Only a portion of the Board of Directors can be elected or replaced each year. Since this type of proposal has fundamental anti-takeover implications, KRS opposes the adoption of Classified Boards.

Fair Price Provisions AGAINST

A Fair Price provision in the company's charter or by-laws is designed to assure that, if the Corporation is acquired under a plan not agreed to by the Board of Directors, each shareholder's securities will be purchased at the same price. In most instances the provision requires that any tender offer made by a third party be made to all shareholders at the same price.

Fair pricing provisions attempt to limit the "two-tiered" pricing systems in which the interested party or would-be acquirer of the company initially offers a premium for a sufficient number of shares of the company to garner control. Thereafter, an offer at a much lower price is made to the remaining shareholders who have no choice at all but to accept the offer. The "two-tiered" approach is coercive in that it makes it easier for an outsider to gain control of a company because it provides an incentive to the shareholder to sell his shares immediately in order to receive the benefits of a higher price per share and avoid falling into the second tier, if the offer is successful. The coercive pressures associated with these offers have caused many states to adopt controlled share acquisition statutes which restrict this practice by law.

In theory this type of provision is acceptable standing alone, however, given the fact that the practice is in most aspects prohibited by law, and the fact that Fair Price Provisions are invariably linked with other

anti-takeover measures, such as supermajority voting requirements to approve certain transactions, KRS will vote against most Fair Price Provisions.

Limiting Shareholders' Right to Call Special Meetings AGAINST

Companies contend that such limitations are necessary to prevent minority shareholders from taking control of the company's agenda. However, such limits also have anti-takeover implications such as preventing a shareholder who has acquired a significant stake in the company from forcing management to address the potential sale of the company. Additionally, a limitation on shareholder action makes it difficult for a large shareholder or group of shareholders to use this facility to force management to address issues that may be of urgent or utmost importance. Since, in most instances, state law prohibits shareholders from abusing or using this facility in certain manners. KRS sees no justifiable reason for management to eliminate this facility. KRS will oppose the elimination of this fundamental shareholder right.

Limiting Shareholders' Right to Act by Written Consent AGAINST

Action by written consent enables a large shareholder or group of shareholders of a company to initiate and vote on corporate matters without having to wait until the date of the next annual meeting. KRS believes this is a fundamental shareholder right that is inherent in the concept of stock ownership and will oppose any proposals which may limit.

Supermajority Vote Requirements AGAINST

A Supermajority Vote Requirement is a charter or by-law requirement that, when implemented, raises the percentage of shareholder votes needed to approve certain proposals such as mergers, changes of control, or proposals to amend or repeal a portion of the Articles of Incorporation.

Re-incorporation AGAINST

For various reasons, a corporation may choose to reincorporate under the laws of a different state. Their reasoning may include taxation, the state's General Business Law and the level of corporate experience the state's court may have. However, in a majority of instances a re-incorporation proposal has its foundation in the corporation's desire to incorporate in another state in order to take advantage of that state's laws governing corporations and corporate control and the state courts' views in interpreting laws that make it more difficult for unsolicited takeovers to occur. In such cases, KRS will oppose proposals for reincorporation.

Issuance of Stock with Unequal Voting Rights AGAINST

Proposals of this nature are generally anti-takeover schemes which result in unequal voting rights among different classes of shareholders. The most frequent proposal of this type is a dual class capitalization plan which establishes two classes of stock. As an incentive to encourage shareholders to approve plans designed to concentrate voting power in the hands of insiders, some plans give higher dividends to shareholders willing to exchange shares with superior voting rights for shares with inferior voting rights.

Unequal voting rights plans are designed to reduce the voting power of existing shareholders and concentrate a significant amount of voting power in the hands of management. In the majority of instances, they serve as an effective safeguard against hostile takeovers. For these reasons, KRS deems these plans unacceptable and in most instances will vote against these proposals.

Elimination of Preemptive Rights AGAINST

Preemptive Rights allow the shareholders of the company to buy newly issued shares before they are offered to the public in order to retain their then current percentage of ownership as well as to avoid ownership dilution by the issuance of additional stock. KRS believes this is fundamental right of a shareholder and barring a compelling reason should not be eliminated by management. KRS will oppose management proposals requesting eliminating these rights and will support shareholder proposals which request the restoration of Preemptive Rights.

## D. Corporate Governance Shareholder Proposals

Submit Company's Shareholder Rights Plan Shareholder Vote FOR *

Most Shareholder Rights Plans (sometimes called poison pills) permit the shareholders of a target company involved in a hostile takeover to acquire shares of that company, the acquiring company, or both, at a substantial discount once a triggering event occurs. A triggering event is usually a hostile tender offer or the acquisition by an outside party of a certain percentage of the company's stock. Since most plans exclude the hostile bidder from the purchase, the effect in most instances, is to dilute the equity interest and the voting rights of the potential acquirer once the plan is triggered. Shareholder Rights Plans are designed to be so disadvantageous to potential acquirers that merely their existence could deter possible acquirers from making a hostile bid.

* KRS will support shareholder proposals asking that the company submit their Shareholder Rights Plan to a shareholder vote. KRS will vote case-by- case on proposals to completely redeem Rights Plans.

Anti-Greenmail Proposal FOR

Greenmail payments generally result when a potential hostile acquirer has accumulated a significant percentage of the company's stock and the company acquires the raider's stock at an aggregate price usually above the then current market value usually in exchange for an agreement that the raider would not attempt to acquire control within a certain number of years. The proposal that has been proposed most often to prevent greenmail is the adoption of charter amendments severely limiting the board's ability to acquire blocks of the company's stock in these situations and at above market prices. KRS will vote in favor of an anti-greenmail proposal standing alone provided the proposal has no other management initiated anti-takeover attributes.

## E. Social and Policy Issues

We believe that most decisions of a policy nature, having either a direct or an indirect effect on the conduct of business and on corporate profitability should remain management responsibilities. As such, they should be subject only to their Board of Director's approval; therefore, we would support the position taken by management.

Signatories

As Adopted by the Investment Committee

Date: 5/23/22

Signature:

Mr. Prewitt Lane
Chair, Investment Committee

As Adopted by the Board of Directors

Date: 3/14/22

Signature:

Mr. Keith Peercy
Chair, Board of Trustees

**ATTACHMENT VIII**

Conflict of Interest and Confidentiality Policy

(The remainder of this page intentionally left blank.)

**EXHIBIT B – Conflict of Interest Statement**

**KENTUCKY RETIREMENT SYSTEMS**

**CONFLICT OF INTEREST STATEMENT**

In consideration of the investment by Kentucky Retirement Systems and Kentucky Retirement Systems Insurance Trust Fund (collectively, "KRS") in a vehicle or account ("Account") managed by T. Rowe Price Associates, Inc. (the "Manager"), the Manager acknowledges the need to maintain the public's confidence and trust in the integrity of KRS and the Commonwealth of Kentucky. In light of the forgoing, the Manager agrees to:

- Diligently identify, disclose, avoid and manage conflicts of interest that may arise through its relationship with KRS.
- Conduct activities with KRS so as not to advanee or protect its own interests or the private interests of others with whom it has a relationship in a way that is detrimental to the interests of KRS.
- Conduct its activities in a manner to best promote the interests of KRS, but subject to the Manager's duty which requires it not to put the interests of one investor ahead of those of another investor.
- Upon discovery of an actual or potential conflict of interest involving KRS, disclose such conflict of interest to KRS and work with KRS in good faith to resolve or mitigate such conflict.
- Not engage directly or indirectly in any financial or other transactions with a trustee or employee of KRS that would violate the standards of the Executive Branch Ethics provisions as set forth in KRS Chapter 11A.

Agreed this the 10th day of February, 2025

MANAGER

For itself and on behalf of the Account

By: [redacted]

Name: [redacted]

Title: Vice President

(Rev. Feb 2018)

T.RowePrice

June 23rd, 2025

Kentucky Retirement Systems
1260 Louisville Rd
Frankfort, KY 40601
Attn: Joe Gilbert

RE: Investment Advisory Agreements (the "Agreements") dated June 23rd 2025 between Kentucky Retirement Systems (the "Clients") and T. Rowe Price Associates, Inc. (the "Adviser" and together with the Clients, the "Parties") regarding the management of designated assets of Kentucky Retirement Systems ("KRS"), and County Employees Retirement System ("CERS") (collectively, the "Accounts")

Dear Mr. Gilbert:

This letter agreement ("Letter Agreement") memorializes the Parties' understanding and obligations with respect to the voting of proxies for the Accounts and the costs related thereto.

It is the understanding of the Parties that applicable Kentucky law requires all shares for the Accounts be voted according to the proxy voting guidelines adopted by the respective board of KRS and CERS. The Parties further understand that it is the policy of the Adviser, for any account for which it is given proxy voting authority, to vote all shares according to the Adviser's proxy voting policy.

Based on the foregoing, and in consideration of the premises and mutual promises hereinafter set forth, as well as those contained in the Agreement, Adviser hereby agrees to [redacted] according to the proxy voting policies adopted by the respective board of KRS and CERS (the "Services"). Client shall be entitled to and responsible for choosing, in its reasonable discretion, a Proxy Vendor to perform the Services, and as of the date of this Letter Agreement, Client has chosen Institutional Shareholder Services, Inc ("ISS"). Adviser agrees to [redacted]

The Parties agree that Adviser's [redacted] with respect to [redacted] and for the [redacted] shall be [redacted] Adviser shall have no legal liability for, or knowledge of or input regarding whether and how shares for the Account are voted. Adviser will not be responsible for any reporting with respect to the Services and will not have oversight over the Services or the Proxy Vendor with respect to its performance of the Services.

**T. Rowe Price Associates, Inc.**
troweprice.com
T: 410-345-2000
T: 800-638-7890

1307 Point Street
Baltimore, MD 21231-3827

PO Box 89000
Baltimore, MD 21289-0316

Client agrees to notify Adviser within a reasonable time frame in the event that applicable law no longer requires shares for the Account be voted pursuant to the proxy voting guidelines adopted by the respective board of KRS and CERS.

The Client has determined the terms of this Letter Agreement comply with all applicable state and local laws and requirements. This Letter Agreement may be amended by mutual written agreement of the Parties and may be terminated according to the terms of the Agreement.

If you agree with the above, please sign this letter as indicated below. Please retain a copy for your files and return a copy to me.

[redacted]
Vice President

Kentucky Retirement Systems

By:_____

Name: Joe Gilbert
Title: Portfolio Manager
Kentucky Public Pensions Authority on behalf of
Kentucky Retirement Systems
1260 Louisville Road
Frankfort, KY 40601

County Employee Retirement Systems

By:_____

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Kentucky Public Pensions Authority on behalf of
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