

OPEB & Pension Investment Policy

Audit Committee Special Meeting

November 15, 2021



CUPERTINO

Topics

1. Investment Trusts – Policy and Purpose
2. Roles and Responsibilities
3. Recommendations

Investment Trusts – Policy and Purpose

“Balanced” Investment Objective

Designed to provide moderate current income with moderate growth of capital. Investors should have sufficient tolerance for price and return volatility and substantial periodic declines in investment value. This objective is recommended for investors with the long-term time horizon.

Roles and Responsibility – Audit Committee

2.88.100 Duties-Powers-Responsibilities

E. To review City investment policies and internal controls of such policies

Roles and Responsibilities - Investment Manager

- Compliance with fiduciary and due diligence requirements (“prudent investor” rules)
- Set forth investment structure
 - Appropriate diversification
 - Appropriate return over time horizon

Recommendations

Additions to Prohibited Asset Classes

- Direct or indirect exposure to cryptocurrencies
- Leveraged securities, other than registered Hedged Equity and Hedged Fixed Income positions

Registered hedged equity and fixed income positions shall have a 10% portfolio limit

Recommendations

- Accept proposed policies for City Council consideration
- Policies will be slated for adoption on December 7, 2021