

INVESTMENT POLICY STATEMENT

For

**Littleton Public Schools'
Defined Contribution Retirement Plan (401a),
Tax-Deferred Annuity (TDA) Plan (403b), and
457(b) Deferred Compensation Plan**

July 2019

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TABLE OF CONTENTS

BASIC INFORMATION	2
Purpose of this Investment Policy Statement	2
Policy Objectives	2
RESPONSIBILITIES	3
Delegation of Authority by the Committee	3
Responsibility of Participants	4
Conflicts of Interest	4
INVESTMENT POLICIES AND GUIDELINES	4
Asset Classes & Investment Style Groups	4
Performance Expectations	5
Selection of Fund Managers/Options	5
Ongoing Review	6
Performance Objectives and Review	7
Monitoring and Selecting Target-Date Retirement Portfolios	7
Monitoring Costs	7
Plan Fees Overview	7
ADOPTION OF THE INVESTMENT POLICY	8
EXHIBIT A: KEY INFORMATION	
EXHIBIT B: INVESTMENT OPTIONS AND BENCHMARKS	
EXHIBIT C: INVESTMENT STYLE GROUP DEFINITIONS	

BASIC INFORMATION

This Investment Policy Statement is hereby adopted by Arapahoe County School District No. 6 dba Littleton Public Schools ("Client") and applies to the Littleton Public Schools Defined Contribution Retirement Plan (401a), Littleton Public Schools Tax-Deferred Annuity (TDA) Plan (403b) and Littleton Public Schools 457(b) Deferred Compensation Plan (collectively, the "Plans") sponsored by the Client.

As described more fully in the Plans Documents, the purpose of the Plans is to provide eligible employees with long-term accumulation of retirement savings and earnings through employee and, possibly, employer contributions to individual participant accounts. Both the authority and the responsibility for investing and retirement planning belong to the employees. The Plans are a component of an individual's assets to be used at retirement.

Exhibit A details key Plan information.

Purpose of This Investment Policy Statement

The Client has granted the Investment Committee ("Committee") the authority to select and monitor the investment options of the Plans. The purpose of this Investment Policy Statement ("IPS") is to establish guidelines for effectively selecting, monitoring and evaluating the investment options to be made available to participants in the Plans, and setting forth responsibilities of various parties with respect to the investment program for the Plans. The investment program for the Plans is defined in various sections of this IPS by:

- Stating in this document the Committee's expectations, objectives, and guidelines with respect to the investment of Plans assets.
- Providing guidelines for assembling the various investment options into an overall structure to include various asset classes, investment management styles and model portfolios so that, when viewed as a whole, the investment options are expected to allow a participant to achieve a sufficient level of overall diversification.
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the fund managers on a regular basis and a method by which changes are made.
- Outlining fiduciary responsibility, prudence and due diligence requirements that experienced fund managers and other fiduciaries would utilize in managing and overseeing retirement Plans assets.

Policy Objectives

The overall objective of this policy is to establish an investment structure that will meet a broad range and diverse set of current and projected financial needs of the Plans' participants.

Within this overall objective, the Committee has identified the following additional objectives:

1. To design a prudent process for vendor selection and ongoing monitoring.
2. To maintain flexibility in meeting the future needs of the participants.
3. To maximize return within reasonable and prudent levels of risk by providing investment options which cover a broad range of risk and return characteristics.
4. To control costs of the administration and investments of the Plans.
5. To undertake all transactions solely in the interest of the participants and beneficiaries.
6. To enable participants to exercise investment control over their individual investments.
7. To make investment education available to participants.

In general, the investment policies reflect current and foreseeable economic and market conditions, as well as applicable accounting and statutory requirements. It is intended that this investment policy statement be reviewed periodically and updated as necessary and made available to participants upon request. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

RESPONSIBILITIES

The Committee is responsible for the prudent administration of this Investment Policy with specific responsibilities that include design of the Plans' investment options; establishing investment policy objectives and guidelines; prudent selection of funds to be offered; and ongoing monitoring. The Committee may contract with a consultant to assist in these responsibilities.

Delegation of Authority by the Committee

The Committee is a fiduciary and is responsible for providing the investment framework and for monitoring the investment management of the Plans. As such, the Client authorizes the Committee to delegate certain responsibilities to professional experts in various fields. These may include, but shall not be limited to:

1. Funds and Fund Managers. Each fund manager will have discretion to purchase, sell, or hold specific securities or products that will be used to meet the investment objectives. The Committee, with the assistance of the Investment Management Consultant, will monitor and review each fund's achievement of the objectives for which it was selected.
2. Investment Management Consultant. This consultant may assist the Committee in establishing investment policy, objectives, and guidelines; selecting funds and fund managers; reviewing such funds and fund managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The Investment Management Consultant is also a fiduciary.
3. Custodian Bank. A custodian bank will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plans, collect dividends and interest payments,

redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Plans' accounts. These services may be bundled with those of the third-party administrator/record keeper.

4. Third Party Administrator (TPA)/Record Keeper. A TPA will track individual participant balances and process participant contributions, disbursements and transfers. The TPA will reconcile participant balances with trust account balances to maintain alignment. The TPA will also perform testing and produce management reports that ensure the Plans' compliance with applicable laws and regulations. These services may be bundled with those of the custodian bank.
5. Additional specialists such as attorneys, auditors, actuaries and others may be employed by the Committee to assist in meeting its responsibilities and obligations to administer the Plans' assets prudently.

Such experts may also be deemed to be fiduciaries and they must acknowledge such in writing either by contract or prospectus. All expenses for such experts must be customary and reasonable, and may be borne by the Plans as deemed appropriate and necessary.

Responsibility of Participants

The Plans grant to each participant the right and responsibility to choose how his/her account is to be allocated among the investment options. Each participant is responsible to seek education and training to be prepared to select a combination of investment options based on the participant's unique time horizon, risk tolerance, return expectation and asset class preferences.

Conflicts of Interest

All Committee members and the investment management consultant will refrain from personal business activity that could create an appearance of impropriety, that could conflict with the proper execution and management of the retirement plan program, or that could impair their ability to make impartial Plan decisions.

INVESTMENT POLICIES AND GUIDELINES

Asset Classes and Investment Style Groups

Asset classes are chosen because of their long-term return histories that are reasonably useful in evaluating probable future standard deviation and correlation. They are selected to balance the risk and rewards of market behavior. Within each of the broad asset classes, options will be diversified to allow participants to choose from a range of equity capitalization and fixed income maturities. To facilitate diversification within asset classes, various style groups will be made available.

The Committee may add, delete or replace a particular style of investment management if the Committee deems it appropriate to do so.

Exhibit B details the current investment lineup and benchmarks for the Plan.

Performance Expectations

Over time, each active investment option's overall annualized total return should perform above their benchmark and at or above the median of portfolios of similar style. The Committee and the Investment Management Consultant will continually monitor and review funds against this expectation.

Selection of Fund Managers/Options

The Committee, with the assistance of the Investment Management Consultant, will select appropriate fund managers to manage Plans' assets. The following minimum criteria must be met.

1. The fund options will be managed by a bank, insurance company, investment management company or investment adviser as defined by the Registered Investment Advisers Act of 1940.
2. Historical quarterly performance numbers, calculated on a time-weighted basis based on a composite of all fully discretionary accounts of similar investment style, will be utilized for performance screening.
3. Performance evaluation reports that illustrate the risk/return profile of the manager relative to other managers of like investment style will be utilized.
4. Detailed information on the history of the fund management firm, its key personnel, and associated costs will be analyzed.
5. Each fund's investment strategy must be described, and successful adherence to that strategy over time must be documented.
6. Fund managers must compare favorably against a comparable peer group for selection.
7. Each fund manager will acknowledge, through the fund prospectus, the following duties and responsibilities.
 - a. Exercise investment discretion, including holding cash equivalents as an alternative, within stated investment constraints, objectives and guidelines.
 - b. Promptly inform, by prospectus, all significant and/or material matters and changes pertaining to the investment of assets, especially as they relate to its stated investment philosophy and investment management decision process. These factors include, but are not limited to:
 1. Investment strategy
 2. Portfolio structure
 3. Tactical approaches
 4. Ownership
 5. Organizational structure

6. Financial condition
 7. Professional staff
 8. Recommendations for guideline changes
 9. Internal expenses and management costs
 10. All legal material, SEC and other regulatory agency proceedings affecting the firm
- c. Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities with like aims in accordance and compliance with IRS regulations and all applicable laws, rules and regulations from local, state, federal and international political entities pertaining to fiduciary duties and responsibilities.
8. The Committee and the Investment Management Consultant will determine the appropriateness of each mutual fund manager based on the objectives and guidelines stated in the IPS.
 9. Target-Date Retirement portfolios are subject to additional criteria detailed below.

Ongoing Review

Performance Objectives and Review

Investment performance will be reviewed quarterly to determine the continued feasibility of achieving the investment objectives and the continued appropriateness of the IPS for achieving those objectives. Progress toward attainment of the performance expectations of the IPS will be examined; emphasis will be placed on peer group comparisons with managers employing similar styles. It is understood that there are likely to be short-term periods during which performance deviates from appropriate indices and peer comparisons. The Committee will exercise its prerogative to take corrective action by replacing a manager at the appropriate time, if so determined.

At the Committee's quarterly meeting, the Committee will consider:

- Manager's consistency with the style mandate expressed in the IPS;
- Material changes in the manager's organization, investment philosophy and/or personnel;
- Comparison of the manager's results to the appropriate benchmark outlined in Exhibit B;
- The risk associated with each manager's portfolio, as measured by the variability of quarterly returns (standard deviation), compared with the benchmark index; and
- The manager's performance relative to its peers (managers of like investment style or strategy outlined in Exhibit B).

As the Committee becomes aware of major organizational changes, it may warrant immediate review of the fund manager. These include, but are not necessarily limited to, the following events:

- Change in management structure
- Significant account losses
- Significant growth of new business
- Change in ownership
- Change in process/philosophy/style
- Change in cost

Monitoring and Selecting Target-Date Retirement Portfolios

Target-Date Retirement Portfolios, also known as lifecycle or age based funds, are designed to provide a simple investment solution through a portfolio whose asset allocation mix becomes more conservative over time. Because of the nature of how such portfolios are designed and allocated, they are not only subject to the selection and monitoring criteria listed in other sections of this IPS, but also the additional criteria listed below.

- a. **Glidepath.** Evaluation will include an understanding of the Target-Date Retirement Portfolio glidepath, including when the glidepath will reach its most conservative asset allocation and whether that will occur at or after the target date.
- b. **Asset Allocation.** Evaluation will include understanding the fund's investments – the allocation in different asset classes and sub-asset classes and how these will change over time.
- c. **Underlying Investments.** Consideration will be given to the stability and continuity of the underlying investments included in the Target-Date Retirement Portfolio.

Monitoring Costs

The Committee will review the service contracts and costs associated with the Plans on an ongoing basis. Areas to be reviewed include:

- Fund Managers
- Investment Management Consultant
- Custodian Bank
- Third-party Administrator/Record Keeper


Plan Fees Overview

It is the Committee's intention to ensure that any fees paid from Plan assets are reasonable and transparent. The Committee retains all discretion and authority necessary to determine the way Plan fees will be paid, including the extent to which the Plan Sponsor will subsidize the cost of the Plan by directly paying Plan expenses and/or the extent to which Plan expenses will be paid from the Plan participant accounts.

ADOPTION OF THE INVESTMENT POLICY


This policy is hereby adopted by the Client on SEPTEMBER 17, 2019.

Arapahoe County School District No. 6 dba Littleton Public Schools


By: Michael D. Jones

9-17-19
Date

Innovest Portfolio Solutions, LLC


By: Peter Mustian

9-17-19
Date

EXHIBIT A

Key Information

Plans Names: Littleton Public Schools Defined Contribution Retirement Plan (401a), Littleton Public Schools Tax-Deferred Annuity (TDA) Plan (403b) and Littleton Public Schools 457(b) Deferred Compensation Plan.

Plans Sponsor: Littleton Public Schools

Plans Types: 401(a), 457(b) and 403(b) plans

Participant Directed Investment Options: Yes

Frequency to Change Investment Options: Generally no restrictions; however, some funds may charge short-term redemption fees.

Investment Management Consultant: Innovest Portfolio Solutions LLC
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Bundled Service Provider: TIAA

Investment Options Available: Mutual Funds that have been selected for inclusion in the Plans pursuant to this Investment Policy are listed in Exhibit B.

EXHIBIT B:

Investment Options and Benchmarks

Asset Class	Style Group	Benchmark	Peer Group/Style Universe	Mutual Fund Name
Equity	Large Cap Value Equity	S&P 500 Value Index	U.S. Large Cap Value Equity	Dodge & Cox Stock
Equity	Large Cap Core Equity	S&P 500 Index	U.S. Large Cap Core Equity	Vanguard S&P 500
Equity	Large Cap Growth Equity	S&P 500 Growth Index	U.S. Large Cap Growth Equity	Harbor Capital Appreciation
Equity	Mid Cap Value Equity	Russell Mid Cap Value Index	U.S. Mid Cap Value Equity	Vanguard Selected Value
Equity	Mid Cap Core Equity	CRSP U.S. Mid Cap TR Index	U.S. Mid Cap Core Equity	Vanguard Mid Cap Index
Equity	Mid Cap Growth Equity	Russell Mid Cap Growth Index	U.S. Mid Cap Growth Equity	Janus Enterprise
Equity	Small Cap Value Equity	Russell 2000 Value Index	U.S. Small Cap Value Equity	DFA US Small Cap Value
Equity	Small Cap Core Equity	CRSP U.S. Small Cap TR Index	U.S. Small Cap Core Equity	Vanguard Small Cap Index
Equity	Small Cap Growth Equity	Russell 2000 Growth Index	U.S. Small Cap Growth Equity	Voya Small Cap Opportunities
Equity	International Value Equity	MSCI EAFE Value Index (Net)	International Large Cap Value Equity	American Beacon International Equity
Equity	International Core Equity	FTSE Global ex USA All Cap Index	International Large Cap Core Equity	Vanguard Total International Stock Index
Equity	International Growth Equity	MSCI EAFE Growth Index (Net)	International Large Cap Growth Equity	American Funds EuroPacific Growth
Fixed Income	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index	U.S. Broad Market Core Fixed Income	Met West Total Return
Fixed Income	Core Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index	U.S. Broad Market Core Fixed Income	Vanguard Total Bond Market Index
Guaranteed Annuity	Guaranteed Annuity	Ryan 3 Year GIC Master Index	U.S. GIC/Stable Value	TIAA Traditional Annuity
Specialty Equity	Large Cap Core Equity	S&P 500 Index	U.S. Large Cap Core Equity	TIAA-CREF Social Choice Equity
Cash and Equivalents	Cash/Money Market	90 Day U.S. Treasury Bill	Cash and Equivalents	Vanguard Federal Money Market
Target-Date Retirement Portfolios	Target-Date Retirement Portfolios	Vanguard Target Index	Mixed Asset Target	Vanguard Target Retirement Income Vanguard Target Retirement 2015 Vanguard Target Retirement 2020 Vanguard Target Retirement 2025 Vanguard Target Retirement 2030 Vanguard Target Retirement 2035 Vanguard Target Retirement 2040 Vanguard Target Retirement 2045 Vanguard Target Retirement 2050 Vanguard Target Retirement 2055 Vanguard Target Retirement 2060

EXHIBIT C:

Investment Style Group Definitions

The style groups are designed to fulfill the following investment objectives:

Large Cap Value Equity: An investment strategy where the manager invests mainly in U.S. large-sized companies believed to be undervalued or possessing lower-than-average price/earnings ratios, based on their potential for capital appreciation.

Large Cap Core Equity: An investment strategy where the manager invests primarily in a diversified portfolio of equity securities of large-cap companies in the United States.

Large Cap Core Equity: An investment strategy where the portfolio's characteristics and performance mimic that of the S&P 500 Index.

Large Cap Growth Equity: An investment strategy where the manager invests mainly in U.S. large-sized companies expected to have above-average prospects for long-term growth in earnings and profitability.

Mid Cap Value Equity: An investment strategy where the manager invests mainly in U.S. mid-sized companies that are believed to be currently undervalued in the general market.

Mid Cap Core Equity: An investment strategy where the portfolio's characteristics and performance mimic that of the CRSP U.S. Midcap TR Index.

Mid Cap Growth Equity: An investment strategy where the manager invests mainly in U.S. mid-sized companies expected to have above-average prospects for long-term growth in earnings and profitability.

Small Cap Value Equity: An investment strategy where the manager invests mainly in U.S. small-sized companies believed to be undervalued in the general market.

Small Cap Core Equity: An investment strategy where the portfolio's characteristics and performance mimic that of the CRSP U.S. Small Cap TR Index.

Small Cap Growth Equity: An investment strategy where the manager invests mainly in U.S. small-sized companies that are expected to have above average prospects for long-term growth in earnings and profitability.

International Value Equity: An investment strategy where the manager develops well-diversified portfolio holdings of mostly large issues believed to be undervalued, mostly in developed countries (excluding the U.S.) with liquid markets, resulting in characteristics similar to that of an index such as the MSCI EAFE Value Index.

International Core Equity: An investment strategy where the manager develops well-diversified portfolio holding of mostly large issues in developed countries (excluding the U.S.) with liquid markets, resulting in characteristics similar to that of an index such as the MSCI EAFE Index.

International Growth Equity: An investment strategy where the manager develops well-diversified portfolio holdings of mostly large issues expected to have above-average prospects for

long-term growth in earnings and profitability, mostly in developed countries (excluding the U.S.) with liquid markets, resulting in characteristics similar to that of an index such as the MSCI EAFE Growth Index.

Core Fixed Income: A fixed income strategy that constructs portfolios to approximate the investment results of the U.S. Bloomberg Barclays Aggregate Bond Index with a modest amount of variability in duration around the index. For active managers, the objective is to achieve higher value from sector or issue selection.

Guaranteed Annuity: A product comprised of guaranteed insurance contracts, bank investment contracts, and synthetics designed to maintain a competitive return compared to other low-risk fixed income alternatives, such as money market securities.

Cash or Cash Equivalent: A money market product comprised of cash and government securities.

Target-Date Retirement Portfolios: Target-Date Retirement Portfolios are structured options comprised of underlying funds from different asset classes and style groups. They are designed to meet specific risk/return profiles associated with the various stages of the investor lifecycle. Target-Date Retirement Portfolios satisfy the participant need for a well-diversified, professionally-managed and easy to understand investment option. As the target retirement date approaches, the asset allocations will be dynamically modified to provide return and risk expectations commensurate with the applicable stage of the lifecycle. The benchmark to be used for each portfolio is a weighted average of indexes based on the allocation targets. All asset allocation changes to the portfolios will be incorporated in the benchmarks.

