



POLICY

Title: Post-Employment Benefits Trust (OPEB) – Statement of Investment Policy, Objectives and Guidelines	Code: B0107-1
Authority: Board Minutes, 12/18/18	Original Adoption: 11/27/23 Revised/Reviewed: 02/11/25 Effective: 07/01/25

LEGAL REQUIREMENTS

MATC finances its operations and long-term obligations through a number of different reserves and investment pools. MATC is subject to the laws that govern technical college school districts in the State of Wisconsin. Its investment policies and activities are governed and constrained in the State of Wisconsin under Wis. Stat. § 66.0603. Under § 66.0603(1m)(b)5., funds held in trust for the purpose of post-employment benefits may be invested in accordance with Wis. Stat. § 881.01, the Wisconsin Uniform Prudent Investor Act.

PURPOSE

The purpose of this Statement of Investment Policy, Objectives and Guidelines (Policy) is to provide clear guidelines for the management of the investment assets of MATC (College) for the Post-Employment Benefits Trust (OPEB). The Policy will guide and assist the Board of Directors and the OPEB Oversight Committee (OOC) in the discharge of their duties with respect to the maintenance and enhancement of the investment funds of the OPEB.

DEFINITIONS

1. "OPEB" or "Trust" shall mean the investable assets of the Post-Employment Benefits Trust.
2. "Board", "Board of Directors" or "Directors" shall mean the Board of Directors of MATC which has final authority over and responsibility for the administration and management of the Trust.
3. "Committee" shall mean the OPEB Oversight Committee (OOC), who directs the administration and investment management of the Trust's assets under the authority of the Board and consistent with this Policy.
4. "Investment Manager" shall mean any individual, group of individuals or organization employed to manage the investments of all or part of the Trust's assets.
5. "Investment Consultant" shall mean any individual, group of individuals or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, research, manager search, and



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performance monitoring.

6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met.
8. "Product", in reference to an investment vehicle, shall mean an individual fund or style of account managed by an investment manager. Examples of a product include a mutual fund, publicly traded fund, unit investment trust (UIT), exchange traded fund (ETF), or separately managed account for a specific style/asset class. An Investment Manager may manage several different products, each one distinct for purposes of this Statement.

OPEB OVERSIGHT COMMITTEE

1. The Committee is responsible for the investment and administration of the OPEB's assets. Specifically, the Committee is charged by the Board to perform the following responsibilities and functions as it relates to the Trust: Periodically review investment objectives and policies appropriate to the Trust's financial goals and policies, and recommend changes to the Board. Such policies will include, but not be limited to, asset allocation and spending policy decisions.

The Committee is comprised of the Vice President of Finance, District Board Treasurer and General Counsel. The Controller may stand in for the Vice President of Finance in the event that person is not available. The President of the college may also appoint members to replace the other two positions in the event of their absence.

2. Adopt appropriate benchmarks for the evaluation of managers, as well as determine the overall strategy, and report to the Directors on performance relative to the benchmarks at least annually.
3. Retain, with the approval of the Board, an Investment Consultant on overall policy and strategy issues, who will monitor Investment Manager(s) and/or funds and advice and act on their selection, and who will analyze performance relative to the Trust's goals and policies, financial markets and competitive alternatives.
4. Any routine removal and replacement of existing managers will be directed by the Consultant, with periodic notification to the Committee. Any changes in



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strategic allocation or asset class level strategy will be directed by the Committee under advisement of the Consultant.

5. Monitor the performance of the Investment Consultant.
6. Report regularly on these matters to the full Board of Directors and/or its Executive Committee.

INVESTMENT CONSULTANT(S)

The Committee may retain an Investment Consultant as an advisor to the Committee. The responsibilities of the Investment Consultant shall include:

1. Provide investment advice concerning the investment management of the Trust, which is consistent with the investment objectives, policies, guidelines and constraints as established in this Policy, with the guidelines and mandates of the Board, and with applicable legal and regulatory requirements.
2. Assist in the development and periodic review of investment policy.
3. Evaluate the adequacy of the Trust's current and target asset allocation to meet projected liabilities, and, if necessary, provide guidance to assist in the timing of any changes in each Fund's asset allocation.
4. Recommend investment managers based upon the Trust's target asset allocation, and based upon the Investment Consultant's analysis of the manager's qualifications after proper due diligence examination.
5. Have discretion to act for the routine removal and replacement of Investment Manager(s) where necessary, conduct investment manager searches for new managers when requested by the Committee, and conduct due diligence with respect to all investment managers so recommended. Any change to the strategic allocation, including additions or removals of asset-class level investment strategies, must be approved by the committee.
6. On a monthly basis, provide custodial statements that detail and summarize account flow, asset valuation, including both cost basis and market value, and transaction data.
7. On at least a quarterly basis, analyze the performance of the overall allocation relative to its benchmark for the same time period(s).



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8. Monitor the performance of the Investment Manager(s) on at least a quarterly basis to provide the Committee with the ability to determine the progress toward the investment objectives. Performance will be assessed on a gross and net of fee basis, relative to an appropriate peer group, index and investment policy benchmark returns.
9. Communicate matters of policy, manager research and manager performance to the Committee.
10. Review College investment history, historical capital markets performance and the contents of this Investment Policy Statement with any newly appointed members of the Committee.

INVESTMENT CONSULTANT EVALUATION/TERMINATION

With the approval of the Board, the Committee shall offer to Investment Consultant a contract to advise and oversee the College's investments, and provide the intended services. The Investment Consultant's performance in achieving the intended goals shall be evaluated at the discretion of the Committee, but at a minimum annually. Termination of the Investment Consultant's contract shall require the approval of the Board.

INVESTMENT MANAGER(S)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Policy. Specific responsibilities of the Investment Manager(s) shall include:

1. Discretionary investment management including decisions to buy, sell, or hold individual Securities within the guidelines established in this Statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
4. Informing the Investment Consultant and/or Committee regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment



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philosophy, etc.

5. Voting proxies on behalf of the Fund, and communicating such voting records to the Committee upon request.

INVESTMENT MANAGEMENT POLICY

The Trust's Investment Management Policy shall include the following principles:

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual Securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment Managers are expected to adhere to the Investment Management styles for which they were hired. Investment Managers will be evaluated regularly for adherence to investment discipline.
4. Long-term Investment Orientation - While the Investment Horizon for the Trust is generally long-term in nature, investment performance expectations as detailed in this policy statement will be evaluated over a full market cycle (which typically lasts from 3-5 years). While the general orientation is long-term, certain accounts may have liquidity requirements that will vary.

INVESTMENT OBJECTIVES

The Trust's investment objectives, and its related performance in achieving those objectives, will be evaluated over a five year annualized return period. In addition, progress towards meeting these goals shall be reported annually to the Board in a format deemed most insightful by the Committee.

The Trust will be managed with the intention of obtaining the highest possible total return, while maintaining a prudently acceptable level of risk and maximizing income to meet the long-term needs of the beneficiaries of the Trust. The investment strategy



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of the Trust is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

The College's financial goals for the OPEB are to:

1. Preserve its real (i.e., inflation-adjusted) purchasing power, after accounting for investment returns, expenses, investment management fees and inflation.
2. Contribute to the Trusts' real growth (after expenses and inflation)
3. Provide current income to support ongoing payments to beneficiaries.

SPECIFIC INVESTMENT GOALS

It is expected that the Trust will meet or exceed these objectives:

1. Outperform blended benchmark on a risk-adjusted basis including target annual returns net of fees over a market cycle (three to five years).
2. Achieve competitive investment results. The goal of each Investment Manager is to meet or exceed the market index, or blended market index, recommended by the Investment Consultant and agreed upon by the Committee that most closely corresponds to the style of investment management for that Product.
3. Provide consistent investment returns. The compounding of positive returns on a year-by-year basis is a fundamental long-term goal of the Trust.
4. Risk tolerance: Given the Trust's future income and liquidity needs and its long term investment horizon, the College can accept moderate fluctuations in annual returns and overall market value of the assets in pursuit of long-term growth.

CONSTRAINTS

While a certain investment strategy is employed to manage the Trust, this strategy is written within the context of specific investment constraints, namely: liquidity requirements, investment horizon, regulatory and legal constraints, tax considerations and, finally, unique circumstances.

LIQUIDITY REQUIREMENTS



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To minimize the possibility of a loss occasioned by the sale of a Security forced by the need to meet a required payment, the Finance Director on behalf of the Committee will periodically provide the Investment Consultant with an estimate of expected net cash flow, and invest in accordance with cash needs.

INVESTMENT HORIZON

Under the going-concern assumption, the Trust's investment horizon is theoretically infinite. However, consideration should be given to the level and timing of the Trust's anticipated financial commitments. Taking into account that Trust commitments can normally be predicted with significant lead time, a long-term investment horizon is reasonable to assume.

REGULATORY AND LEGAL CONSTRAINTS

Investments selected for the Trust should be well-diversified and satisfy the standards of the Wisconsin Uniform Prudent Investor's Act – Wis. Stat. § 881.01. Investments selected for the Trust should be well diversified and should emphasize reasonable, stable returns and not speculation.

TAX CONSIDERATIONS

The MATC is a State of Wisconsin technical school district, and is not subject to federal or state income tax.

UNIQUE CIRCUMSTANCES

None

MARKETABILITY OF ASSETS

The Fund shall invest in liquid Securities, defined as Securities that can be transacted quickly and efficiently for the Fund with minimal impact on market price. The Fund may also invest a portion of the assets in alternative investments that are not readily marketable and do not have daily liquidity.

INVESTMENT GUIDELINES



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Allowable Assets

1. Cash Equivalents

- Treasury Bills
- Money Market Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Short-term Fixed Income Mutual Funds
- Certificates of Deposit
- Euro Time Deposits

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Securities
- Preferred Stock
- Collateralized Mortgage Obligations
- Guaranteed Investment Contracts (GIC)
- State and Municipal Issues
- Fixed Income Securities of Foreign Governments and Corporations
- Euro Bonds – Dollar denominated
- Asset-Backed Securities
- Mutual Funds / ETFs – Fixed Income

3. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-US Companies (Ordinary Shares)
- Mutual Funds / ETFs – Equity

4. Alternative Assets

- Mutual Funds, ETFs and UITs – Commodities, derivatives, currencies and real estate
- Direct Real Estate Investments
- Private Equity
- Reinsurance



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Prohibited Assets

Prohibited investments include direct ownership of the following:

1. Commodities and Futures Contracts
2. Options
3. Precious Metals
4. Hedge Funds
5. Oil, gas or other mineral leases
6. Rights or royalty contracts

Direct investment in the above does not include ownership of the same via mutual fund, ETF or UIT.

Prohibited Transactions

Prohibited transactions include the following:

1. Short Selling
2. Margin Transactions
3. Derivative Investments

ASSET ALLOCATION GUIDELINES

Asset allocation guidelines will be reviewed annually by the Committee. The guideline is based on research and recommendations provided by the Investment Consultant, and approved by the Committee. Investment management of the assets of the Trust shall be in accordance with the asset allocation provided in Schedule A.

REBALANCING

The need for rebalancing Trust will be reviewed at least annually based on range tolerances and market conditions.



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PORTFOLIO DIVERSIFICATION

Guidelines for Product Diversification

Securities held in the Trust need not represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the Securities of any one company or government agency should not exceed 10% (at cost) of a manager's total product (as defined herein), and no more than 40% of the total product should be invested in any one industry sector. Individual U.S. Treasury Securities may represent 50% of the total Product, while the total allocation to treasury bonds and notes may represent up to 100% of the Fund's aggregate bond position.

Guidelines for Fixed Income Investments and Cash Equivalents

1. Fund assets may be invested only in marketable fixed income instruments rated BBB (or equivalent) or better by at least one rating agency at the time of purchase. However, Fund fixed income assets shall not have more than 20% of total Portfolio assets by market value invested in Securities currently rated less than BBB (or equivalent), regardless of the rating at the time of purchase.
2. Fund assets may be invested in highly liquid short-term investments.
3. Fund assets may also be invested in mutual or common trust funds which also comply with these restrictions. One exception to this would be for mutual funds whose mandate is to invest in high yield bonds, in which case it may be up to 100% of the fund. Such a fund or funds must not exceed 20% of the overall portfolio.

SELECTION OF INVESTMENT MANAGERS

The Investment Consultant shall recommend to the Committee, on the basis of prudent due diligence procedures, which together shall select Investment Manager(s). A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. Additionally:

1. The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS®), Securities & Exchange Commission ("SEC"), and Financial Industry Regulatory Agency ("FINRA") rules, as appropriate.
2. The Manager must provide detailed information on the history of the firm, key



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personnel, support personnel, key clients, and fee schedule (including most favored nation clauses).

3. The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Managers will be reviewed by the Committee on a quarterly basis, with a periodic review by the Board. Investment performance reviews of all Investment Managers will be conducted quarterly to ascertain progress of each manager versus the return objectives. The quarterly reports will cover four basic areas: (1) returns, (2) comparisons of returns to benchmarks and a statistical universe of similar portfolios, (3) diagnostic risk analyses, and (4) compliance with relevant policies and objectives. The Investment Consultant will generate such reports quarterly for review with the Committee.

The Consultant and the Committee reserve the unilateral right to terminate an Investment Manager at any time for any reason. Certain circumstances or events, a non-exhaustive list of which is outlined below, may trigger termination or other action.

1. Disappointing manager performance
 - a. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results
 - b. A trend analysis that indicates that the downside risk of the portfolio has increased. The analysis will rely heavily on analyzing the manager's historical trend in performance relative to its benchmark, then comparing the historical trend to recent performance in order to determine the factors that are hindering performance.
2. Failure to adhere to any aspect of this Statement, including communication and reporting requirements
3. Qualitative Changes in Investment Manager
 - a. Turnover of portfolio manager or other personnel significant to the portfolio management process.



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- b. Ownership change.
 - c. Involvement in relevant regulatory investigation or litigation.
4. Deviation from Investment Methods Relative to Historical Record
- a. Aggregate assets in product are insufficient to ensure broad diversification, efficient trading and economies of scale.
 - b. Assets in product grow too large to be managed in manner similar to methods that built historical record.
 - c. Portfolio characteristics do not match stylistic expectations.
 - d. Increase in fees

STANDARD OF CARE

MATC wishes to establish a standard of care policy for all persons described in the investment policy, including employees, investment advisors and trustees.

The standard of care to be applied shall be the "prudent person" rule which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

All persons involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

No person acting on behalf of the College in an investment and oversight function shall receive in any manner, compensation of any kind, from any investments from the sellers, sponsors or managers of such investments. However, these provisions shall not prohibit such individuals from investing in the same securities, or with the same investment managers, as the College.

INVESTMENT POLICY REVIEW



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The OPEB Oversight Committee shall review this Statement at least annually. This Statement is adopted effective October 1, 2017 by the MATC Board of Directors.

Office of Responsibility: Finance