Attachment A to Payden & Rygel Asset Allocation Management Agreement (PRAAM)

INVESTMENT POLICY STATEMENT
HPAE, AFT/AFL-CIO RETIREE MEDICAL TRUST

Effective March 1, 2023

I. The Trust

The HPAE, AFT/AFL-CIO Retiree Medical Trust (the "Trust") is an employee welfare benefit trust fund holding assets contributed for the benefit of retired participants of the trust. Contributions are made during active employment, and benefit payments are received after retirement. The Trust is exempt from federal taxes under Section 501(c)(9) of the Internal Revenue Code and subject to the Employee Retirement Income Security Act of 1974, as amended.

II. Purpose

The purpose of this Investment Policy Statement ("IPS") is to assist the Trust's fiduciaries by ensuring that they follow a prudent process and make investment-related decisions in a prudent manner. This IPS will be reviewed at least annually with Payden & Rygel (the "Investment Manager"), and such review will be set as an agenda item at a Board of Trustees meeting in each calendar year. In the course of their review, the Trustees will consider the following:

- change in plan participant demographics;
- amended plan provisions that may have a material effect on cash flow needs or the planning horizon;
- any changes in asset allocation as recommended by the Investment Manager;
- actuarial reports, if any; and
- other factors deemed relevant to the Trust that might require amending the Policy.

This IPS revises and restates the Investment Policy Statement, effective September 19, 2016. This IPS may be modified from time to time as determined by the Board of Trustees.

III. Investment Objectives

The investment objectives for the Trust are:

- Long-term Growth of Assets: The Trust's objective is to grow over time and increase its purchasing power by earning a total return in excess of inflation over multi-year periods. The Investment Manager will seek to minimize risk through diversification.

  The Investment Manager acknowledges that the Trustees have adopted a long-term earnings target rate of return of 6.0%, net of investment fees and expenses, which target is used in setting potential future benefits. The Trustees will periodically review the reasonableness of this target rate with the Investment Manager(s).

- Preservation of Capital: Another of the Trust's objectives is to protect principal. Exposing the Trust to undue risk is to be avoided; however, the assumption of a moderate level of risk, commensurate with the growth objective, is warranted in pursuit of the investment goals. The Investment Manager and the Trustees further recognize that bond and stock investments fluctuate in value and that near-term results can diverge from long-term stated goals. The Investment Manager will seek to minimize risk through diversification. The Investment Manager will advise the Trustees from time to time on the reasonableness of their objectives in light of capital market conditions.

- Liquidity. To provide sufficient liquidity for periodic cash requirements.

These objectives are to be considered in conjunction with guidelines and restrictions set forth in this IPS.

IV. Roles and Responsibilities

Those responsible for the management of the Trust's investments include, but are not limited to, the following. In addition to specific duties set forth throughout this IPS, the parties have the following general responsibilities:

A. The Board of Trustees

The Board of Trustees is responsible for:

- Hiring the Investment Manager
- Retaining other investment and legal counsel
- Establishing and maintaining the Investment Policy Statement
- Monitoring the Investment Manager
- Evaluating the Trust's investment performance
- Communicating with participants concerning investment results

B. The Investment Managers

The Investment Managers are responsible for making reasonable investment decisions that are consistent with this IPS, the Investment Manager's contract, including the specific Investment Guideline set forth therein, or as requested in writing by the Trust fiduciaries. The Investment Manager shall allocate Trust assets consistent with this IPS and the specific investment guidelines, and deliver reports as described in Section XII below.

V. Selection of Investment Managers

The Trustees shall evaluate the Investment Manager and choose an Investment Manager to manage Trust assets within the criteria set forth by this IPS. The evaluation process shall include requesting a bid proposal from each candidate. Each Investment Manager must meet certain minimum criteria:

- It should be a bank, insurance company, or investment management company or an investment adviser registered under the Investment Advisers Act of 1940;
- It should be operating in good standing with the regulators and clients, with no material pending or concluded legal actions.
- It should provide detailed additional information on the history of the firm, its investment philosophy and approach, and its principals, clients, locations, fee schedules, and other relevant information.
- It must assume in writing, fiduciary status – under Section 3(38) of ERISA – concerning investments of the Trust.

VI. Asset Class Restrictions and Guidelines

The Investment Manager will seek to diversify the Trust's investment portfolio across market sectors and individual securities to reduce portfolio risk and enhance returns. Excluding Treasury and agency obligations, exchange traded funds ("ETF") and mutual fund holdings, no individual security holding shall exceed 5% of the portfolio at time of purchase.

Qualify: The minimum average credit quality of the portfolio shall be at least "Investment Grade."

Duration: The maximum average bond duration of the portfolio shall not exceed 7 years.

VII. Time Horizon

The recommended investment strategy is based upon an investment time horizon of twenty years or more. Over the short-term, both stock and bond markets can be expected to be volatile. The Trustees understand volatility of returns in the short-term and have agreed to view cyclical fluctuations with appropriate perspective.

VIII. Asset Allocation

The Investment Manager will be responsible for assisting the Board of Trustees in establishing a prudent asset allocation for the Trust portfolio based on the particular goals, objectives, needs, risk tolerance and time horizon of the Trust portfolio. In doing so, the Investment Manager will seek to diversify the Trust portfolio within and across market sectors and individual securities to reduce portfolio risk and enhance return.

The Investment Manager shall allocate Trust assets consistent with the stated guidelines noted in Section VI above, the stated objectives set forth in Section III, and in accord with the asset allocation set forth in this section. The allocation of Trust assets shall be maintained within the Acceptable Ranges noted below. Individual Investment Managers with stock/bond mandates will be responsible for rebalancing as necessary. Should the Board of Trustees hire stock-only and bond-only Investment Managers, the Board will need to shift assets between Investment Managers to rebalance.

Policy Mix	Policy Target	Acceptable Range
Cash & Fixed Income	40%	30% to 50%
Equity	60%	50% to 70%

All adjustments in allocation will be attached to this Policy as an Appendix and will be considered part of this IPS. To the extent the Appendix conflicts with this IPS, the Appendix shall control. Investment Manger mandates, if they differ from the portfolio policy mix above (e.g., stocks-only), should be specified in writing and attached to this IPS as an Appendix.

IX. Portfolio Rebalancing

Over time, each asset class may build up to the maximum point within the Acceptable Range. At least quarterly, portfolio allocations will be checked to assure that the Policy Mix remains within the Acceptable Range. The Trust investments will be rebalanced when the investments fall outside the Acceptable Ranges.

X. Permitted Securities & Market Sectors

Investments shall be placed in the following:

- U.S. Treasury and agency obligations
- Money-market instruments
- Fixed-income securities of U.S. and non-U.S. issuers including corporations and quasi-government entities
- Mortgage-backed securities
- Asset-backed securities
- Equity securities of U.S. and non-U.S. issuers
- Comingled funds that are consistent with the aforementioned investment objectives

XI. Prohibited Investments

- Direct short sales of individual securities (the Investment Manager may buy commingled funds that employ short sales techniques)
- Margin purchases
- Direct investment in commodities futures contracts (the Investment Manager may buy commingled funds that use futures contracts)
- Direct investments in real estate or direct real estate lending
- Hedge funds

- Cryptocurrency

XII. Investment Manager Reports

A. Full Portfolio Performance Measurement

The Investment Manager will make time-weighed rate of return measurements at quarterly intervals for the Trust investment portfolio as a whole.

The Investment Manager will report on the performance of the portfolio net of investment expenses and fees. Performance will be measured against a benchmark comprised of the S&P 500 Index and the Bloomberg U.S. Aggregate Bond Index with percentages matched to the portfolio's Policy Target. For example, a Policy Target of 60% equity and 40% fixed income translates to a benchmark of 60% S&P 500 Index and 40% Bloomberg U.S. Aggregate Bond Index.

The Trustees will place emphasis on long-term performance when evaluating the Investment Manager's performance.

The Investment Manager will report holdings monthly and performance quarterly, as well as upon request. The reports should provide annualized performance information net of fees that includes the following time horizons: year-to-date, and one, three, five and ten year (to the extent the Investment Manager has managed for those periods) "look back", and inception-to-date periods.

B. Individual Portfolio Holding Performance Measurement

Investment Manager will report on the performance of each individual portfolio holding, which constitutes an investment fund, as measured against an appropriate benchmark. The holdings' benchmarks will be established as noted herein. Each metric required under this Subsection XII(B) for each of the Trust's investment holdings is one factor, among other factors, that the Investment Manager shall consider in assessing the prudence of the investment holding, and is not by itself determinative of whether the Investment Manager should acquire or sell the individual investment holding.

1. <u>Peer Group Comparison for Actively Managed Individual Portfolio Holdings</u>. Where peer groups are definable for the Trust's investment holdings employing active management, such actively managed investment holdings are expected to perform within the upper half (above the 50% percentile) of the peer group, net of fees, over a trailing five-year time period. Investment Manager will include in its quarterly performance reports, a ranking, expressed as a percentile, of each actively managed holding's performance against all funds in an established peer group. Such peer group ranking should follow rankings data provided by firms such as Morningstar, Lipper, or another similar data firm. Peer groups should be materially consistent over the reporting period. Where peer groups are not definable for an

investment holding employing active management, Investment Manager shall notify the Board of Trustees, in writing, that this holding does not have a peer group and the reason(s) why a peer group does not exist.

2. Performance Reporting and Benchmarks for Each Individual Portfolio Holding. For each portfolio holding, the appropriate benchmark is the benchmark that is included in that holding's prospectus. Investment Manager will include in its quarterly performance report: the return performance of each holding over the same time horizons required to be reported by Section XII(A) of this IPS; each holding's prospectus benchmark; the prospectus' benchmark performance over the same time horizons as the holding performance; the "tracking error" measuring divergence from the holding's prospectus benchmark for such time horizons; and the "R-squared" measuring how identical a holding's performance is to its benchmark for the trailing 5 years, or the period held in the portfolio, if less. Investment holdings employing active management are expected to outperform their prospectus benchmark net of all management fees over a trailing five-year time period. Investment holdings employing passive management (e.g., index funds, Exchange Traded Funds, etc.) are expected to perform in-line with their prospectus benchmark over a trailing five-year time period.

3. Risk and Risk-Adjusted Return Metrics for Each Individual Portfolio Holding. Investment Manager shall include in its quarterly performance report, risk-adjusted return data for each portfolio holding including the holding's Alpha, Beta, Standard Deviation and Sharpe Ratio. If such data cannot be provided, Investment Manager shall notify the Board of Trustees, in writing, providing an explanation and a proposal for alternative reporting. Such risk-adjusted return data should be consistent with risk and return analysis provided by firms such as Morningstar, Lipper, or another similar data firm.

C. Fee/Cost Disclosure

The Investment Manager is responsible to include in quarterly reports the following information regarding fees and costs:

1. Total actual dollar amount of fees paid for the Investment Manager's advisory fees (not including internal fund fees) for the prior rolling 12 months;

2. Total estimated annualized dollar amount of the internal fund fees;

3. The Investment Manager's advisory fees (not including internal fund fees) as a percentage of total asset value, as of the end of the quarter reported;

4. The fund expense ratio for each investment vehicle, as a percentage of assets invested in the particular investment vehicle, as of the end of the quarter reported; and

5. The total internal fund fees, reported as a percentage of total asset value, as of the end of the quarter reported.

Within sixty (60) days of knowledge of a change, and no less than annually, the Investment Manager shall also disclose in a written report any other costs associated with the investment and management of the Trust portfolio, including but not limited to, custodial fees for holding trust assets, costs to administer the portfolio, wrap fees, sales loads, sales charges, surrender charges, transaction costs, ticket charges, etc. This report must include disclosure of remuneration from all sources (direct, indirect, offset, stipulations (order flow), etc.).

Fees must be competitive in the applicable marketplace compared to similar investments; it is the responsibility of the Investment Manager to clearly articulate its own fees and the fees of the fund managers and investment vehicles.

D. Structural Changes of Investment Manager

The Investment Manager is responsible for immediately reporting to the Trustees any material changes in investment strategy, portfolio structure, company ownership, financial position, and any unusual or extraordinary events of their firm. Examples of such events include but are not limited to, investment committee leadership or firm executive management team departures or changes, violation of investment guidelines, material litigation against the Investment Manager firm, material changes in firm ownership structure, or announcements thereof.

XIII. Investment Manager Monitoring

The Trustees or an Investment Committee shall review the Investment Manager reports and results on a regular basis. If the performance of the Investment Manager and the investment results are found to be satisfactory to the Trustees, no further action is required. Unless there are extenuating circumstances, the Board of Trustees recognizes that patience is often a virtue when any part of Trust portfolio performance has been disappointing. Recognizing that short-term fluctuations in the values of Trust portfolio investments may cause wide variations in portfolio performance, the Board will evaluate the performance of Trust Portfolio investments and Investment Managers from a long-term perspective.

Nonetheless, where the Trustees find the performance of an Investment Manager to be unsatisfactory, the Trustees will promptly take action to attempt to remedy the deficiency.

XIV. Investment Manager Termination

The decision to terminate an Investment Manager cannot be made by a formula. Generally, the services of an Investment Manager shall be terminated when the Trustees lose confidence in the Investment Manager.

The Trustees shall communicate a termination decision to the Investment Manager in writing.

XV. Proxy Voting

The Board of Trustees has determined, in consultation with the Investment Manager, that the effort of researching and voting proxies appurtenant to the type of investments held in the Trust portfolio generally outweighs the financial benefit to the Trust from such voting. Thus, the Board of Trustees hereby directs that the Trust will not vote on proxies appurtenant to shares of stock, mutual funds, or other investments held by the Trust, unless special circumstances arise and the Board of Trustees specifically directs the proxy voting.

This Investment Policy Statement is adopted by the Board of Trustees of the **HPAE, AFT/AFL-CIO Retiree Medical Trust** on February 6, 2023, and is effective as of such date.

For the BOARD OF TRUSTEES
HPAE, AFT/AFL-CIO RETIREE MEDICAL TRUST

Trustee

Michael Slott
Print Name

Trustee

Roy S. Park
Print Name

Acknowledged for Investment Manager, Payden & Rygel, by:

Signature

Justin G. Bullion
Print Name

Date: March 1, 2023