DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

December 13, 2016

Issue: Proposed Revisions to Fixed Income Manager Guidelines

Attachment: Revisions to Fixed Income Manager Redlined Guidelines:

- Aberdeen Asset Management
- Advantus Capital Management

Discussion: Two ERF fixed income managers requested a provision change in the guidelines regarding the average credit quality of the portfolio from AA- to A. This change is primarily reflected in the downgrades that have occurred within corporates, impacting the broader portfolio.

Additionally, included in Aberdeen's proposed guideline changes is their permitted use of 144A securities and maximum allocation; maximum allocations regarding the amount they may hold in below investment grade securities, and the holding period for these securities.

Recommendation: Approve the proposed guideline changes. Suggested motion for the approval is as follows: Move to approve the investment manager guideline changes for Aberdeen and Advantus as noted above and authorize the Board Chair to sign.