

**City of Phoenix Employees' Retirement System
Board of Trustees'
Statement of Investment Beliefs**

The City of Phoenix Employees' Retirement System (COPERS) carefully considered a number of factors in creating the following statement of investment beliefs, including: its primary fund purpose; fiduciary obligations; charter and statutory requirements; liquidity needs; income sources; benefit obligations; and other general business conditions. COPERS' investment beliefs will form the foundation of discussions regarding the structure of the Fund, strategic asset allocation and the selection of investment managers. COPERS embraces the following core beliefs:

- The fund's liabilities are long term and the investment strategy will, therefore, be long term in nature. However, proper liquidity needs to be maintained to ensure that the System is able to meet benefit payments in the short term.
- Strategic decisions will prevail in determining asset allocation rather than tactical or short-term market-timing decisions. Nonetheless, the Board recognizes that tactical shifts can be rewarded in appropriate circumstances.
- Because increasing risk is rewarded with compensating returns over time, prudent risk taking is justifiable for long-term investors.
- Risk can be controlled through diversification of asset classes and investment approaches as well as diversification of individual securities.
- Markets and financial products can be complex and difficult to understand. Our duty of prudence requires that we only invest in products we understand.
- Active management is appropriate in inefficient asset classes.
- Investors should consider Environmental, Social and Governance (ESG) factors in making specific investment decisions if all other factors are equal.