

INVESTING FOR THE FUTURE

PERA'S INVESTMENT STEWARDSHIP OVERVIEW

Stewardship is the heart of Colorado PERA's mission. As stewards of pension plan assets, we manage approximately \$61 billion on behalf of nearly 700,000 members and benefit recipients. That is a tremendous responsibility, and one we accept wholeheartedly.

We promote the financial sustainability of the Fund through four key practices: Protect, Integrate, Advocate, and Evaluate.



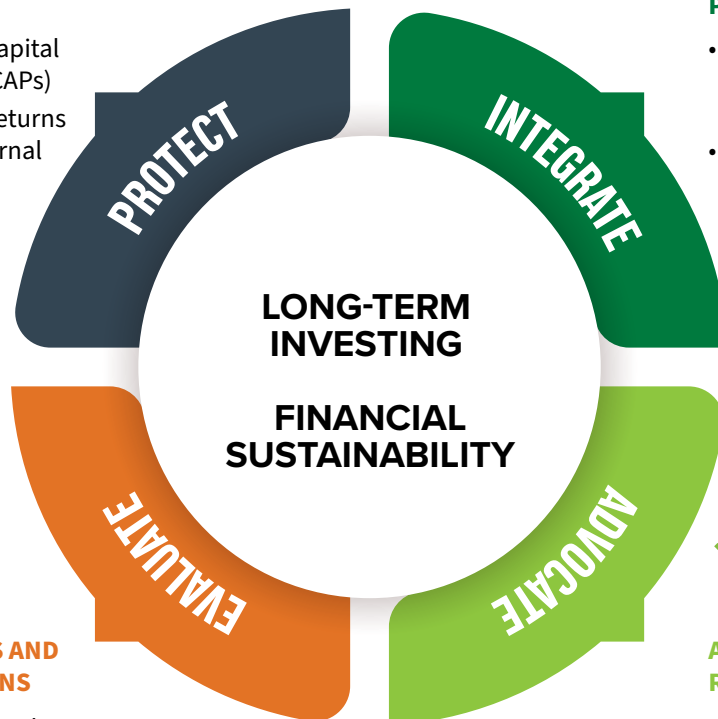
PROTECT MEMBERS' INTERESTS BY WATCHING COSTS

- Lower costs in PERA Capital Accumulation Plans (CAPs)
- Provide high-quality returns at low costs using internal management



INTEGRATE RELEVANT FACTORS INTO PERA'S INVESTMENT STRATEGY

- Invest in firms with sustainable business models for long-term profitability
- Vote proxy proposals to promote expected long-term shareholder returns



EVALUATE EXPOSURES AND RECOGNIZE LIMITATIONS

- Use independent research
- Identify and measure exposures

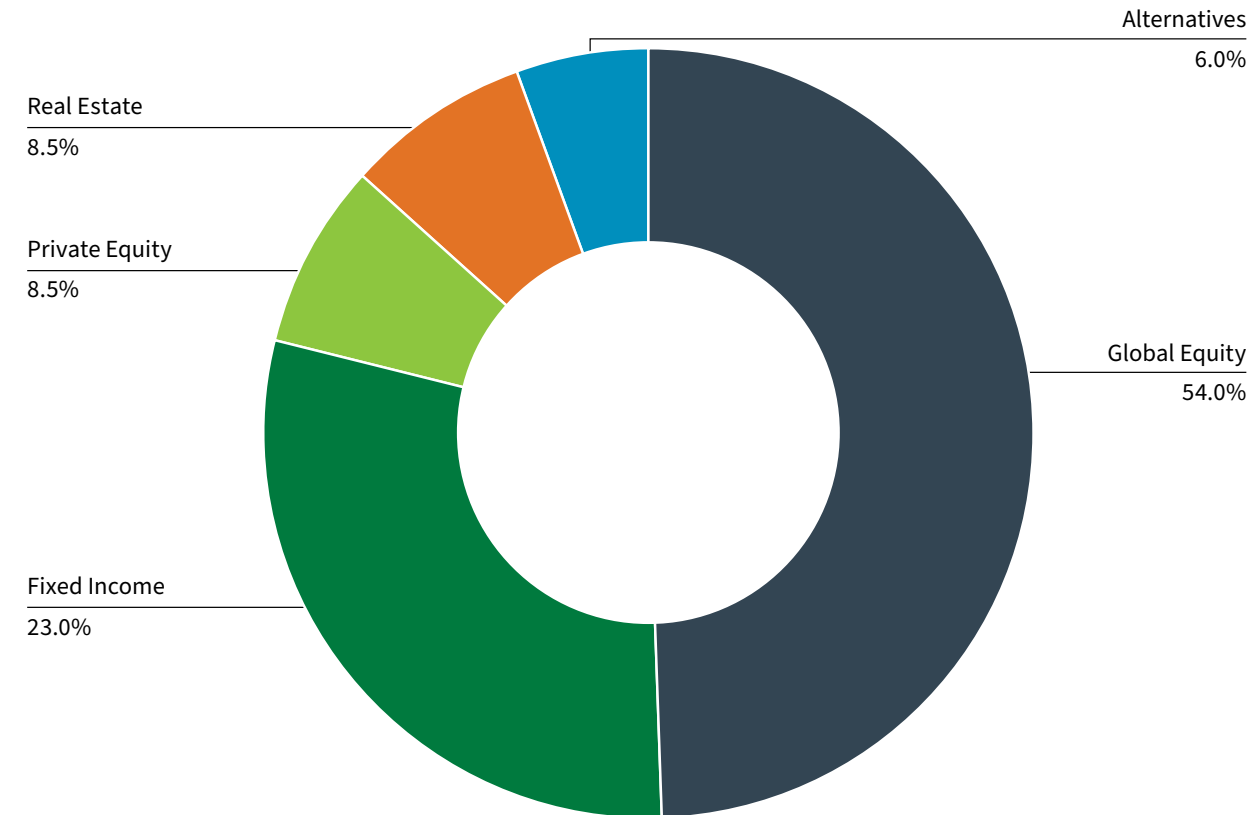







ADVOCATE FOR ROBUST MARKETS

- Advocate for robust capital markets
- Develop and share best practices

Long-Term Target Allocation

Our stewardship centers on one objective: To seek out quality investments that are expected to provide the best risk-adjusted returns to PERA's portfolio over the long-term. We start by building a portfolio of diverse assets to withstand market fluctuations. Each investment category in the portfolio is carefully selected to maximize anticipated returns while managing investment risks to the Total Fund.

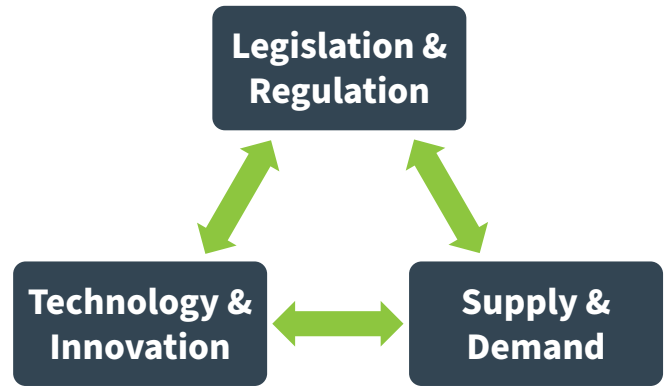


Asset Class	Expected 30-Year Return*	Primary Assets	Key Attributes	Market Transparency**	Fund Management
 Global Equity	8.0%	Public company stocks	Long-term growth, volatility, liquidity	Public/transparent	Internal and external
 Fixed Income	3.6%	Public company, government, and securitized bonds	Liquidity, diversification, stability	Public/transparent	Internal
 Private Equity	9.6%	Partnership funds in private companies	Private enterprise, diversification, illiquidity	Private/opaque	External
 Real Estate	6.8%	Real properties and partnership funds	Income, downside protection, diversification	Private/opaque	Internal and external
 Alternatives	7.1%	Real assets, hedge funds, and partnership funds	Diversification, special opportunity, illiquidity	Mixed	External

* Expected 30-year returns were as of Q1 2019, were provided by the Board's external consultant (Aon), and were used in the 2019 asset/liability study.

** Investors have varying degrees of transparency into the operational and financial results of public and private companies. Publicly listed companies are required to disclose information about their operational and financial results that may not be required of privately owned companies. This leads to greater informational efficiency for asset valuations in public markets than in private markets.

When selecting investments for each category, PERA considers a multitude of risk and opportunity factors that can impact financial outcomes in the portfolio. Financially relevant factors differ from one investment to another. They also change through time as technology, regulation, and supply and demand change.



Regardless of how a risk or opportunity is labeled, PERA is committed to investing for our members' retirement security. That means we may consider factors that can be labeled under an "ESG" framework, but we will not limit our investment and proxy voting decisions to those factors alone. Instead, we consider the full mosaic of financial risks and opportunities.



We invest based on financial value, not personal or political values. This integrative approach supports our mission to provide retirement income to nearly 700,000 members and benefit recipients.

✓ Value-based

- » Integration Approach
- » Prioritizes Financial Outcomes

× Values-based

- » Divestment or Impact Approach
- » Prioritizes Political, Social, or Environmental Outcomes

INVESTING FOR THE FUTURE: 2023 ACTIVITIES

Each pillar of Colorado PERA's investment stewardship supports our mission to provide retirement benefits to our members while ensuring the sustainability of the fund.



PROTECT

Protect members' interests by watching costs

\$65 Million

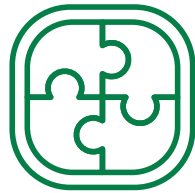
Savings due to internal investment management

0.35%

Cost to manage the Total Fund, or less than \$4 of cost for every \$1,000 managed

\$100,000

Estimated savings by producing CAP fund fact sheets internally



INTEGRATE

Integrate relevant factors into PERA's investment strategy

>500

Companies and fund managers engaged on material investment factors

~68,000

Proxy proposals voted

>300

Proposals seeking ESG disclosures voted



ADVOCATE

Advocate for robust markets

16

Advocacy councils to which PERA Investments staff contributed expertise

3

Comment letters filed with regulators in support of PERA's investment interests

35

Direct engagements with legislative and regulatory offices on matters that can affect PERA and our members



EVALUATE

Evaluate exposures and recognize limitations

\$82 Billion

Generated by PERA's investments over the past 30 years

7.8%

Annualized 10-year net return on PERA's investments

10.0%

Annualized 5-year net return on PERA's investments

LEARN MORE ABOUT PERA'S INVESTMENT STEWARDSHIP

We invite you to visit our website at copera.org/stewardship to learn more about how we practice sound stewardship over fund assets for the ultimate benefit of plan participants.

On the Investment Stewardship page of PERA's website, you can find:

- » PERA's comprehensive Investment Stewardship Report
- » Stewardship highlights in a digital and interactive format.
- » The PERA Board of Trustees' *Statement on Divestment*.
- » PERA's *Proxy Voting Policy and vote record*.
- » Videos about PERA's investment stewardship initiatives.



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