

Clients first.



To: Board of Directors & Staff, DFW Airport

From: AndCo Consulting, LLC

Date: March 1, 2024

Subject: **Investment Practices and Performance Report
Dallas/Fort Worth International Airport Pension Plan**

Introduction

Changes to Texas Government Code Chapter 802 were enacted in the 86th Legislative Session in 2019 to expand and update the reporting requirements for public retirement systems with legislative updates that became effective September 1, 2021. Texas Government Code §802.109 requires a retirement system to engage an independent firm to evaluate the appropriateness, adequacy, and effectiveness of investment practices and performance and to make recommendations for improving the investment policies, procedures, and practices.

AndCo Consulting LLC¹ (“AndCo”) serves as an independent, investment consultant for the DFW Airport Retirement Plan (the “Pension Plan”, “System”, or the “Fund”). After a nationwide competitive search in 2010, DFW hired AndCo, previously Bogdahn Group, to serve as the Fund's investment consultant. In its role as investment consultant, AndCo has an advisory relationship to the Board and Staff and does not have any direct or indirect authority over the management of retirement system assets. AndCo does not receive remuneration from sources other than the public retirement system for services provided to the system. AndCo is not aware of any conflicts of interest or any appearance of a conflict of interest that could impact the analysis included in the evaluation due to an existing relationship between the independent firm and the public retirement system or any current or former member of the governing body of the system.

¹ AndCo Consulting is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Registration as an investment adviser does not constitute an endorsement of the firm by securities regulators nor does it indicate that the adviser has attained a particular level of skill or ability.

AndCo Overview

AndCo is 100% employee managed and operated. We have no parent or affiliated companies. We have no holding company or outside firm with any ownership or control of our business. 100% of AndCo's revenue is generated by contractual hard dollar fees our clients pay us for investment consulting services. AndCo has no other lines of business or indirect compensation from any other sources.

In order to avoid potential conflicts of interest, AndCo has never offered an internal product/proprietary product or fund that we could recommend to our clients since the inception of the firm.

Our team of 96 professionals consists of some of the top talent from a variety of educational and financial industry backgrounds and features 30 dedicated consultants who average over 25 years of experience. AndCo's professional team holds the following credentials:

- 23 Chartered Financial Analyst (CFA®) Charterholders
- 8 Chartered Alternative Investment Analyst (CAIA®) Members
- 12 Certified Plan Fiduciary Advisor (NAPA CPFATM) Certificants
- 5 Certified Investment Performance Measurement (CIPM®) Certificants
- 37 Advanced Degrees

Over the past three years ending September 30, 2023, AndCo has had six (6) consulting professionals leave the firm.

*Employee counts are as of September 30, 2023, and reflect only full-time employees and do not include any who are part time, temporary or independent contractors.

As of December 31, 2022, AndCo serviced over 500 public plans. We have been working with public funds since the inception of our firm and have public fund clients across the country. We have extensive experience working with local ordinances, state statutes, GASB rules, and actuarial approaches geared to the public sector. We believe that AndCo likely participates in more public fund meetings each quarter than many of our competitors do for an entire year. This gives us intimate knowledge of what plan attorneys, actuaries, auditors, and other service providers are discussing with public fund clients. We leverage this exposure by holding regular consultant calls where we discuss and share best practices, unique approaches, and areas of concern that we feel have impacted public funds based on our meeting experiences. We then bring this knowledge and understanding to our public fund clients to help them solve problems and avoid potential pitfalls.

AndCo has no outside beneficial financial relationships with other vendors. We have a simple, transparent payment model and our only source of revenue comes from our

clients. This model helps ensure our interests are aligned with our clients. As a result, we do not have revenue sharing arrangements nor do we receive compensation from any investment manager, recordkeeper, or other third party. We believe this approach allows us to maintain our objective approach and bring strong independent ideas and solutions to our clients in seeking to maximize participant outcomes.

Asset Allocation

AndCo conducts comprehensive asset allocation studies, and we work closely with clients through a framework tailored to reflect their portfolio's unique investment objectives, risk tolerance, and cash flow requirements (liquidity). The asset allocation process from raw inputs to client output consists of four broad steps:

1. **Determine Assumptions:** We first define reasonable return, standard deviation (risk), and correlation input assumptions that focus the asset allocation study on asset classes (and proxies) suitable for the client's portfolio. We select these asset classes using our own investment philosophy, the client's investment policy statement, current portfolio allocations, and oral input from the client. While AndCo will work with clients if they prefer to utilize a different set of capital assumptions, we currently utilize the J.P. Morgan Long-Term Capital Market Assumptions for our asset allocation model inputs. The process of utilizing J.P. Morgan assumptions along with other institutional sources allows AndCo to effectively propose and build customized asset allocation structures for our unique, institutional clients that are backed by time tested methodologies and compared to alternative methods for reasonableness.
2. **Computer Modeling:** Once asset classes and assumptions are set, we run a variety of range-based, mean-variance optimization scenarios. These scenarios allow us to review a number of potential asset mixes with the client and help determine the target asset class mix that most closely balances the client's investment objectives, risk tolerance, and portfolio liquidity requirements. To further stress-test a potential target asset mix, we also perform Monte Carlo simulations. These simulations generate the probabilities that a given asset allocation's expected return and standard deviation will achieve the client's goals over time. These probability distributions are useful in evaluating potential outcomes and downside loss probabilities. The simulation tool also allows for the application of inflation adjustments, expenses, and future cash flows for a more detailed review of potential outcomes.
3. **Qualitative Overlay:** We believe that asset allocation models and simulations help create a useful framework for observing and understanding the statistical aspects of asset allocation scenarios. However, it is important to realize this framework does not contain the precognition to determine future results. After

determining what appears to be an appropriate asset allocation using modeling and simulation, we assist our clients in reviewing and assessing qualitative, real-world factors related to the implementation requirements of potential asset mixes and underlying investment strategies with respect to the client's portfolio objectives and risk tolerance.

4. **Report Formulation & Policy Update:** The final step in the asset allocation process is to present a clear summary of the asset allocation study's recommended findings along with the necessary investment policy statement updates to the client. Since the asset allocation process is about setting long-term portfolio goals and constraints, it is critical for the client to "buy into" the overall decision-making process. This level of client understanding will promote the strategic implementation and modification of asset allocation strategies over time and help to avoid reactive decision-making due to short-term capital market volatility.

Monitoring Investment Managers

Analyzing and monitoring our client's investment managers, including alternative investments, is an important function that we address through the following multi-pronged approach.

Research

On a quarterly basis, our Research and Performance Reporting Departments make a concerted effort to send out compliance questionnaires to Research-approved strategies and strategies with client exposure. The questionnaire generally covers quantitative elements such as relative performance, peer group percentile ranks and volatility metrics. Besides quantitative factors, they also request qualitative information pertaining to the sale of the firm, team turnover, SEC investigations, cash flows into and out of the fund, etc. This step is merely the beginning. In addition, each research analyst interacts with managers within their areas of coverage on a regular basis and is typically notified of any changes at the firm in question in a timely manner.

On a scheduled basis, on a cadence that is in accordance with firmwide exposures and each analyst's forward-looking view of the category, research analysts will conduct regular Category Reviews of the areas they are tasked with monitoring. These reviews are holistic in nature and evaluate every strategy that is approved for use with AndCo clients and compares those strategies to the universe at large. Part of this process involves working with our consultants to gauge the needs and interests of our clients and determining if there are any gaps in our list of recommended strategies in terms of style, capitalization, factor, vehicle type or portfolio construction. This two-pronged approach allows each analyst to determine the health of the category overall as well as the robustness of AndCo's current list of recommended strategies. While this exercise is

mainly utilized as a monitoring tool for the firm's exposures, it is very constructive in developing a pipeline of future ideas for each analyst to pursue in order to meet our client's needs and objectives.

Investment Policy Committee (IPC)

Our Research Department conducts a quarterly strategy review and presents their material findings to the Investment Policy Committee. We have created a strategy scorecard to highlight certain key metrics, including performance, as well as changes at the firm, strategy, or team level. This scorecard applies a rules-based approach to highlight deviations from the norm. Our Investment Policy Committee provides a thoughtful perspective and generally requires each analyst to provide guidance on deviating managers.

Performance Reporting

On a quarterly or monthly basis, our Performance Reporting Department prepares client reports. As part of this process, a client specific investment policy scorecard is typically included in the report. The scorecard clearly outlines if the client's managers are within or out of compliance with their investment policy statement.

Consulting

Our consultants are responsible for providing manager updates to our clients. This could occur through calls, emails, or as part of a regular meeting. However, a formal write-up could be provided for significant issues.

Significant Outcomes of the Report:

AndCo works proactively as the System's consultant to diligently review the investment portfolio and investment policy and makes recommendations on an ongoing basis. It is our belief that not proactively making recommendations for changes to our clients is an indication that we are not fulfilling our role as a fiduciary to the System. The System is actively engaging outside experts to provide legal advice and guidance in areas of investments and actuarial science. These experts are actively serving similar clients in the state of Texas and when appropriate operate as fiduciaries to the System. The Board and Staff have demonstrated their willingness to listen and follow the guidance of their outside professionals and there is no evidence of this changing in the future.

AndCo recommends that the Fund maintain its robust processes to both review the current investment portfolio while also seeking to identify new investments that can improve the Fund's long term expected risk and return while maintaining liquidity to meet its benefit obligations.

Since our engagement in 2010, the Fund has undergone several reviews of the asset allocation. The results of these activities have been revisions to the Fund's investment policy statement, investment manager changes, and the addition of new asset classes.

The changes implemented by the Fund have improved the risk/return profile of the Fund while also increasing portfolio diversification.

We are pleased to present this report to the DFW Airport (the “Plan Sponsor”), which addresses each of the statutory requirements listed in Section 802.109, Texas Government Code:

(1) Provide analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system's compliance with that policy or plan.

The Retirement Plan for Dallas/Fort Worth International Airport (the “Fund”) has an investment policy statement (“IPS”) in place. The Fund’s investments are governed by Texas Government Code Chapter 802. The IPS outlines the objectives and risk tolerance of the Fund as well as the various management and administration responsibilities related to the management of the Fund’s investment portfolio. The IPS defines that the Board of Directors (“Board”) is responsible for making decisions regarding the Fund’s investment portfolio. All recommendations for actions in the investment portfolio are reported to and voted on by the Board after being recommended by the Retirement/Investment Committee. The Board has hired an outside investment consultant to assist staff and the Board in their decisions regarding the Fund’s IPS, strategic asset allocation, manager selection, ongoing manager evaluation, and IPS compliance monitoring. An analysis of the IPS’s key elements are outlined in the table below:

Scope & purpose	The purpose, asset base and organizational structure of the System’s investment portfolio are clearly defined.
Governance structure	Roles and responsibilities for decision making, communication requirements, monitoring oversight, applicable law and future IPS modifications are clearly defined.
Investment, return, and risk objectives	Return objectives, risk tolerance, time horizon, asset allocation targets, investment guidelines, and other relevant portfolio considerations are clearly defined.
Risk management	Performance measurement standards, metrics for portfolio and investment manager evaluation, and compliance requirements are clearly defined.

The Board and Retirement/Investment Committee reviews the Fund’s IPS regularly, generally every five years. The last formal review took place in December of 2022. The Retirement/Investment Committee also monitors compliance with the System’s current IPS during each quarterly performance review with staff and the investment consultant.

We analyzed the System’s IPS and the Board’s compliance with the IPS. While different IPS structures exist, AndCo, as an independent, professional investment consulting firm,

has determined that the System’s IPS, and the Board’s compliance with the IPS, is appropriate and comparable with what AndCo considers best practice, industry standards, and comparable to the structure of an effective investment policy statement as laid out by the CFA Institute (*ELEMENTS OF AN INVESTMENT POLICY STATEMENT FOR INSTITUTIONAL INVESTORS*, Copyright 2010 by the CFA Institute).

AndCo recommends the Fund maintain its ongoing review of the IPS. We feel that reviewing the policy statement annually is a strong practice and should be continued. AndCo recommends that the Fund continue to track the changes to the investment policy and report them in a clear and transparent manner. Furthermore, AndCo recommends the System consider adding policies regarding Investment Manager Selection and Ethics.

(2) Provide a review of the retirement system’s investment asset allocation, including

(A) Review of the System’s process for determining target allocations;

The Fund’s process for determining asset allocation targets is executed and implemented through frequent and thorough discussions between the staff and the investment consultant. Each year, the investment consultant uses a combination of 10- to 15-year forward-looking asset class return assumptions, risk and correlation assumptions, historical asset class return and risk data, and a long-term (50+ years) building block return methodology to determine a target allocation that the investment consultant believes will have the highest probability of achieving the Fund’s return objectives. Any changes to the Fund’s strategic asset allocation targets and ranges are then recommended to the Board for consideration.

(B) Review the expected risk and expected rate of return, categorized by asset class;

The investment consultant utilizes the 10- to 15-year forward-looking asset class return and risk assumptions produced by a third-party provider, JP Morgan. These 10- to 15-year assumptions are updated annually and have been consistently published for use by asset allocators for 24-years. The investment consultant also maintains an internally developed, stable, long-term (50+ years) building block return methodology for supplemental, long-term asset return assessments. Current year return and risk expectations for each IPS target asset class are detailed in the table below:

Asset Class	10- to 15-year Expected Arithmetic Return*	10- to 15-year Expected Annualized Risk*	Building Block Return Assumption**
Large Cap Equity	8.19%	16.19%	10.00%
Mid Cap Equity	9.08%	18.13%	10.00%
Small Cap Equity	9.07%	20.44%	10.00%
Developed Intl Equity	10.58%	17.64%	11.00%
Emerging Market Equity	10.77%	21.20%	11.00%

US Core Fixed Income	5.19%	4.28%	5.00%
Non-US Fixed Income	5.25%	8.61%	6.00%
High Yield Fixed Income	6.83%	8.36%	5.50%
Direct Lending	9.29%	13.21%	7.50%
Core Real Estate	8.02%	10.60%	7.00%
Global Infrastructure	7.38%	11.24%	7.00%

*Source: 2024 JPMorgan Long-term capital market assumptions

**Source: AndCo Consulting

It is important to note that expected returns do not reflect the impact of active management or contain an expectation of active manager alpha. Projections do assume the underlying asset class returns can be achieved net of fees. Finally, where direct asset class expectations are not available for named IPS target asset classes, these targets are proxied to a similar asset class or combination of asset classes that do have assumptions.

AndCo recommends that the Board and Staff continue regular asset allocation reviews with its investment consultant. AndCo also recommends that the Board and Staff maintain its policy of educating themselves on new asset classes that could be beneficial to the investment portfolio.

(C) Review the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and

The Board and staff rely on the Fund’s investment consultant, and the investment consultant’s experience, to evaluate the individual valuation methodologies used by third-party investment managers that oversee alternative and illiquid assets for the Fund. Further, an analysis of the appropriateness of each manager’s written valuation policy for their underlying strategy holdings is generally part of the investment consultant’s standard due diligence process when they evaluate these types of strategies for client portfolios. Only strategies deemed to have reasonable and appropriate valuation methodologies will be recommended for potential inclusion in the Fund’s portfolio. Neither the Board, staff nor the investment consultant selects the valuation methodology used by third-party investment managers that oversee alternative or illiquid assets. The performance and valuation of all third-party alternative and illiquid investment strategies that are part of the Fund’s investment portfolio are also reviewed with the Board as part of the quarterly performance review prepared and presented by the investment consultant. The Board utilizes the same process for the selection of alternative assets as it does for the selection of traditional asset managers. This selection process is detailed in question 4.

(D) Review the future cash flow and liquidity needs;

The Fund’s cash flow and liquidity needs are reviewed each quarter as part of the investment consultant’s quarterly performance review. This review includes

discussions regarding the current, expected, and known timing variances of future contributions to, and withdrawals from, the Fund. Based on the Fund's expectations of future cashflows, the portfolio has been positioned to include reasonable allocations to private assets. The Fund's pacing models are reviewed regularly by staff and the investment consultant to ensure liquidity needs are appropriately addressed.

AndCo recommends that the Fund continue to work with the Consultant to actively rebalance the portfolio to provide the required liquidity levels and maintain its long-term target allocations.

(3) Provide a review of the appropriateness of investment fees and commissions paid by the retirement system;

We reviewed the fees paid to administer the Fund's portfolio and the underlying investment manager fees. The management fees for the portfolio as of September 30, 2023, estimated strategy market values reflect a weighted-average cost of 0.82%. The fees for the portfolio, while slightly higher than the average, are reasonable based on the amount allocated to private funds. In addition, the underlying manager fees, with only a few exceptions, are reasonable when compared to peers. The marginally higher weighted average portfolio fees are driven by the portfolio's use of predominantly active managers, and as previously stated, the amount allocated to private investments (alternatives). Both approaches command higher fees with the expectation to generate higher returns. While high or low fees do not guarantee failure or success for an investment portfolio, AndCo, as an independent, professional investment consulting firm, has determined that the Fund's fees are appropriate and comparable with what AndCo considers best practice, industry standards. AndCo recommends ongoing review of the investment fees and that DFW Airport continue to consider the use of passive strategies to lower investment management fees.

(4) Provide a review of the retirement system's governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education

The Fund's IPS contains clear definitions of the Board's responsibilities as well as the role of the Board's professional advisors and investment staff in assisting the Board in fulfilling its fiduciary duties to the Fund with respect to the investment of assets. Direct investment authority for the Fund's assets lies with the Board. As such, all decisions regarding the Fund's portfolio, including return objectives, risk tolerance, investment guidelines, asset allocation targets and manager selection and retention reside with the Board.

The Board utilizes an investment consultant to assist with setting the Fund's strategic policy and asset allocation targets, as well as investment manager strategy evaluation and selection. The investment consultant is a fiduciary to the System, and all third-party separate account investment managers are required to be fiduciaries to the System. In

addition, all comingled fund investment managers must be fiduciaries to the fund that they manage in which the Fund has invested. Aside from rebalancing authority, the Fund does not perform any portfolio management functions internally.

Governance for investment activities and related decision-making is a multi-step process. The process includes the following:

- a. Recommendations (policy, strategy, or both) are made to the Retirement/Investment Committee by the investment consultant and staff.
- b. The Retirement/Investment Committee reviews, questions and evaluates the recommendation. This process may include a request for clarification, modification, and/or additional information regarding the recommendation.
- c. Once a consensus approach on a recommendation has been reached, the final investment recommendation is officially considered by the Board for action.
- d. The Board accepts motions for action and votes to accept or reject those motions.
- e. Once an action is accepted by the Board, staff executes the Board's desired investment action or decision.

Board members and staff are active participants in industry educational opportunities such as conferences. Directors and staff of the Fund follow the requirements of Texas Administrative Code 607. They are also encouraged to actively participate in national conferences and educational programs associated with investment oversight. In addition, the investment consultant provides education on investment topics related to the Fund's portfolio or other relevant topics that are of interest to staff.

We reviewed the Fund's governance processes related to investment activities, investment decision-making, delegation of investment authority, and education. While different governance structures exist around investment decision-making, delegation of investment authority, and education, AndCo, as an independent, professional investment consulting firm, has determined that the Fund's processes are appropriate and comparable with what AndCo considers best practice, industry standards.

AndCo recommends the Fund continue to follow the IPS, engage investment experts as appropriate, and continue to seek ongoing educational opportunities consistent with Texas Administrative Code, Chapter 607.

(5) Review of the retirement system's investment manager selection and monitoring process.

The investment manager selection process for the Fund is conducted in collaboration with the Fund's investment consultant and staff. Whether a specific investment strategy review is directed by the Board, staff, or the strategy idea comes from the investment consultant, all potential investment strategies must go through the investment consulting firm's due diligence process and subsequently be presented and approved by the investment consultant's Investment Policy Committee before being shown as potential strategies for the Board to consider for the Fund's portfolio.

Candidates are vetted by the consultant's research group to identify the best and most appropriate managers for the System in each investable asset class.

AndCo Research Process:

All investment managers that are presented for our clients' consideration must be approved by AndCo's Investment Policy Committee. Our Research Group identifies potential investment managers using our database resources and investment industry network. Our due diligence process for selecting and monitoring investment managers is as follows:

1. Identification: The first step in our due diligence process is identification of investment opportunities. Our firm's process is unique because we maintain an open-door policy. This means that any investment manager that wants to participate in our due diligence process has the opportunity. Identification occurs from many approaches including:
 - a. Database Screening/Research Team – we use several databases to search and review strategies including Investworks, eVestment, Preqin, and Morningstar Direct in conjunction with our research team's investment manager network.
 - b. Consultant Sponsored – our consultants can identify and sponsor investment ideas. These ideas are then reviewed by the Research Team and eventually our Investment Policy Committee, if applicable.
 - c. Client sponsored – many times our clients have great ideas and can request that we review them. Similar to our consultant requests, our Research Team will review them.
 - d. Investment Manager Requested – we maintain an open-door policy for any manager wishing to be considered can request to enter our due diligence process.
2. Preliminary Questions: After we have identified a potential manager, we ask the manager to complete our initial due diligence questionnaire (DDQ) to efficiently confirm that the manager meets specific minimum criteria with respect to their firm and the specific strategy, as follows:
 - Does the strategy have a three-year institutional track record achieved by the same individual or team?
 - Does the firm report strategy information, including performance and portfolio data, to the following databases: Morningstar Direct, Investworks and eVestment Alliance?

- What are the total AUM and total number of accounts for the firm and the strategy?
 - Is the firm registered with the SEC? What is the effective date of the registration? If the firm is not registered with the SEC, please provide an explanation?
 - Has the firm, or any of its employees, been involved in any litigation, or been the subject of any investigation or sanction by any state or federal regulatory agency or industry self-regulatory organization? If so, please explain the nature and outcome of the litigation, investigation, and/or sanction.
 - Does the firm claim GIPS compliance? If so, has the claim of GIPS compliance been verified, when, and by whom?
 - Does the firm utilize a third-party trading/portfolio management system? If so, provide the name of the system.
 - Does the firm have a dedicated compliance officer? If so, how long has the individual been in this role at the firm? What is this person's background in compliance?
 - Will the firm acknowledge, in writing, its role as a delegated fiduciary to the plan?
 - Will the firm accept legal venue in the client's county and state?
 - Does the firm have errors and omissions insurance? If so, what is the amount of coverage and by whom is it issued?
 - Does the firm have a formal disaster recovery plan? When was the plan last tested and what were the results?
3. Due Diligence Questionnaire: If the manager provides satisfactory answers to the above questions, we will send the manager our due diligence questionnaire. The due diligence questionnaire focuses on the investment management team, research process, manager's ownership structure, legal standing and investment strategy. The Research Group reviews the manager questionnaire and initiates a detailed analysis. Our questionnaire underlies our manager evaluation process and enables us to prepare adeptly for a manager meeting.
 4. Manager Interview: After receiving the completed due diligence questionnaire, the Research Group and/or a consultant will interview the strategy's key decision makers. This allows the interviewer to crosscheck the information provided in the due diligence questionnaire and understand the firm's qualitative underpinnings. Often, we will interview the key decision makers on

multiple occasions and venues. We will go on-site as necessary, and we will also invite investment managers into our offices for interviews. Once these interviews are completed, the Research Group compiles an internal research report for our Investment Policy Committee.

5. **Investment Policy Committee (IPC) Review:** The IPC is responsible for approving and formally providing AndCo's firm-wide and client-specific manager recommendations. The IPC rates strategies and allocates resources based on information and requests generated from both the Research Group and the Consulting Group. The IPC's voting membership is comprised of AndCo's senior leadership team (CEO, COO and Executive Director of Consulting) and supported by the Chief Compliance Officer (CCO). The CCO helps to represent the interests of the firm from a risk perspective but is not a voting member. The centralization of formal investment recommendations with the IPC, as well as its ability to direct the firm's resources, allows AndCo to leverage its deep team of experienced professionals and advance the quality and creativity of our recommendations and decisions.
6. **Ongoing Review:** If the manager is approved, the research analyst or consultant that sponsored the manager will cover the manager going forward. Each manager is required to provide quarterly compliance updates to AndCo, and the AndCo Investment Policy Committee reviews the approved manager list on a quarterly basis to identify exceptions that might require further due diligence.

The investment consultant is completely independent from the investment management community and receives no compensation for reviewing or including any managers in the search process, nor does the investment consultant receive any compensation from any investment manager or investment products. Regardless of whether an existing portfolio strategy is being replaced or a new strategy is being considered for the Fund's portfolio, the investment consultant and staff conduct due diligence on all strategies being considered. Due diligence can include manager interviews, site visits, reference checks and written research notes or evaluations. Based on their own expertise and the recommendation of the investment consultant, staff will then recommend the most appropriate candidate or candidates to the Board for approval.

While the investment consultant and staff may make recommendations regarding investment strategies, the ultimate decision to select a specific strategy for inclusion in the Fund's portfolio resides with the Board.

The ongoing monitoring of investment managers and strategies is also done collaboratively with the Board, staff, and the investment consultant on an ongoing basis (as needed between meetings) and through quarterly Retirement/Investment Committee meetings that the investment consultant and staff attend. The investment consultant prepares comprehensive quarterly investment reviews for presentation to, and discussion with, the staff and the Retirement/Investment Committee during these quarterly meetings. All performance calculations supplied by the consultant to the board meet the guidelines of the CFA institute.

The investment consultant's reports highlight portfolio and investment manager performance and risk relative to the various performance measurement standards established in the IPS. The criteria established in the IPS tracks managers on both a qualitative and quantitative basis. Strategies that repeatedly fail to meet these standards will be placed on a watchlist or terminated. The criteria are not designed to remove the decision process from the Board, but rather are intended to add objectivity and enhanced scrutiny of managers who are underperforming the criteria contained in the IPS. While the investment consultant may make recommendations regarding the continued retention or termination of an investment strategy in the Fund's portfolio, the ultimate decision to retain or terminate an investment strategy (within the bindings of the strategy's agreement) resides with the Board.

AndCo feels that the manager selection process in place at the Fund is robust and is in line with industry best practices. AndCo employs a similar search and selection across its national public fund client base. In addition, AndCo feels that the Fund is in line with the best practices laid out by the Government Finance Officers Association for selecting third party investment professionals for pension fund assets.

AndCo recommends that the Fund maintain its investment process for investment manager search and selection which relies on its investment consultant, staff, and Board in selecting new investment managers for use within the Fund's investment portfolio.

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Important Disclosure Information

This report was prepared at the sole request of the Retirement Plan for Dallas/Fort Worth International Airport. Information presented is typically narrow in scope and provides a general overview of circumstances and processes and should therefore not be construed as exhaustive. AndCo Consulting does not provide legal, tax or accounting advice.

This contains forward-looking statements, estimates and projections which are inherently speculative and subject to various uncertainties whereby the actual outcomes or results could differ materially from those indicated.

The material provided herein is valid as of the date of distribution and not as of any future date and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after such date.