

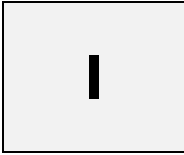
City and County of San Francisco
457(b) Deferred Compensation Plan
Investment Policy Statement



City and County of
San Francisco

Deferred Compensation Plan

Effective December 10, 2014



PURPOSE OF THE INVESTMENT POLICY STATEMENT AND OBLIGATIONS OF PLAN FIDUCIARIES

The City and County of San Francisco (“City”) authorized the San Francisco Retirement Board (“Board”) to establish and administer a Deferred Compensation Plan (“Plan”) for the benefit of employees of the City and the Superior Court of California, County of San Francisco, excluding judges (collectively, “Employees”). The Board established the Plan in accordance with Section 457 of the Internal Revenue Code of 1986, as amended (the “Code”). The Board adopts this Investment Policy Statement (“Policy”) under the authority granted by the City.

This Policy defines the investment objectives of the Plan and establishes policies and procedures for meeting those objectives. The Policy is intended to provide guidelines for investing the Plan in a prudent manner that is consistent with the requirements of the Code and other applicable laws, rules and regulations. This Policy is designed to incorporate sufficient flexibility, including to accommodate current and future economic and market conditions and changes in applicable accounting, statutory and regulatory requirements.

The Board may deviate from this Policy as it deems appropriate and in the best interests of the Plan and its participants and their beneficiaries (collectively “Participants” and individually a “Participant”). Any such deviation may be adopted by revising this Policy or in other written documentation.

Plan fiduciaries – including the Board, Plan staff, investment management providers, the Plan’s general investment consultant (“Investment Consultant”) and any specialty consultants or managers, and the Plan’s third party administrator (the “Third Party Administrator”) – must perform their fiduciary duties in the exclusive interest of the Plan and Participants. These fiduciaries must comply with applicable local, state and federal laws, rules and regulations regarding the administration and investment of the Plan’s assets. Fiduciaries must discharge their fiduciary duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, and comply with the provisions of this Policy. While the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) does not apply to the Plan, it is the Board’s expressed goal that the Plan be administered and invested as if ERISA applies, when it is practicable to do so and in the interests of the Plan and Participants.

The Board will review this Policy on a periodic basis and, if appropriate, revise it. The Board may revise this Policy without the consent of any other party.



2

PLAN INVESTMENT OBJECTIVES

The Plan's objective is to provide Participants with a source of retirement income from their accumulated contributions and investment returns. The Board's investment objective for the Plan, as detailed in this Policy, is to provide Participants with an array of appropriate investment options in the Plan.

The Board intends that the Plan will provide sufficient investment choices to reflect a broad range of risk tolerances, and that these choices will allow Participants to achieve a portfolio with aggregate risk and return characteristics within the range normally appropriate for Participants. Investments are expected to be valued on a daily basis and Participants are given the flexibility to alter the composition of the investments in their accounts and, as applicable, to change their investment allocations for future contributions. The Board intends that the Plan provide Participants with reasonable access to current investment and fee information, along with educational materials, programs and tools designed to compare investment options by risk and return characteristics to help Participants make informed investment decisions.

3

RESPONSIBILITIES OF PLAN PARTICIPANTS

Among other responsibilities, Participants are responsible for the following:

- Determining their retirement income needs.
- Determining how much to contribute as a deferral of their pay, up to the limits established under federal law each year.
- Determining whether to contribute on a pre- or post-tax basis.
- Allocating contributions and accumulated assets in their accounts among the investment options offered by the Plan and/or through a Self-Directed Brokerage Option. Participants should allocate funds based on their own judgment and assessment of their risk tolerance and retirement income objectives, including, to the extent applicable, through their evaluation of

information and guidance provided by an outside investment advisor retained by the Participant, if any.

- Determining when to make withdrawals and at what level, as required, permitted or limited by applicable law, rule or regulation.

4

RESPONSIBILITIES FOR ADMINISTRATION AND MANAGEMENT OF THE PLAN'S INVESTMENTS

Retirement Board

The Board shall have the power to perform all the duties necessary to select and oversee the investment options in the Plan.

Taking into consideration recommendations made by the Investment Consultant, Plan staff, and the Deferred Compensation Plan Committee (“Committee”), the Board's responsibilities include, but are not limited to, the following:

- Establishing and maintaining this Policy, reviewing it periodically and revising it as necessary.
- Reviewing and approving investment options to be added or removed from the Plan.
- Reviewing and approving the managers and allocations to managers that comprise the investment options of the Plan.
- Monitoring and evaluating investment performance of the Plan's investment options periodically.
- Monitoring investment fees and expenses for the Plan's investment options, excluding the Self Directed Brokerage Option.
- Approving the selection and retention, and monitoring the performance, of the Investment Consultant, as well as any specialty investment managers to the Plan, e.g., the Target Date Fund manager and the Stable Value Fund manager.
- Approving the selection and retention, and monitoring the performance, of the Third Party Administrator, and other service providers as needed to provide effective and efficient investment, educational and other services to Participants.

To assist in carrying out these duties, the Board may delegate certain decisions and actions to the Committee, Plan staff, or an alternate designee.

Deferred Compensation Plan Committee

The Committee is a committee of the Board. Taking into consideration recommendations made by Plan staff, the Investment Consultant and any specialty investment managers or service providers, the Committee shall:

- Make recommendations to the Board regarding this Policy.
- Make recommendations to the Board regarding the structure of the investment options line-up, including the investment options to be added or removed from Plan and the investment managers that comprise each option.
- Monitor investment performance and investment fees and expenses for the Plan's investment options, excluding the Self Directed Brokerage Option, and make recommendations to the Board regarding performance, fees and expenses.
- Make recommendations to the Board regarding the selection and retention of the Plan's Third Party Administrator, taking into consideration the recommendation of Plan staff and the Investment Consultant.
- Make recommendations to the Board regarding the selection and retention of the Investment Consultant, taking into consideration Plan staff's recommendation.
- Make recommendations to the Board regarding the selection and retention of any specialty investment managers or other service providers, e.g., the Target Date Fund manager and the Stable Value Fund manager, taking into consideration the recommendation of Plan staff and where applicable the Investment Consultant.
- Monitor and make recommendations to the Board regarding the performance of the Third Party Administrator, Investment Consultant, and any specialty investment managers or service providers.

Investment Consultant

The Investment Consultant is responsible for:



- Conducting a regular review of this Policy and, in consultation with Plan staff, recommending revisions to the Board through the Committee.
- Evaluating and making recommendations, in consultation with Plan staff, to the Board through the Committee on the investment options line-up, including any new or replacement investment options and the composition of the investment options. The Investment Consultant is responsible for ensuring appropriate due diligence, including evaluation using the selection criteria in this Policy, and that the recommendations and the evaluation and selection processes are thoroughly documented.
- Monitoring the ongoing performance of the investment options and investment managers and providing a semi-annual performance measurement report to the Committee and Board that evaluates investment results and organizational characteristics of the investment managers, identifying any funds or managers that warrant placement on the Watch List, and making recommendations for fund selection, replacement and termination.
- Making recommendations to the Committee and the Board, in consultation with Plan staff, for changes in investment guidelines applicable to specific investment managers.
- Reviewing and advising on the appropriateness of Plan, fund, manager and Participant fees and expenses.
- Providing assistance to Plan staff, the Committee, and the Board on other Plan investment issues.
- Assisting with periodic selection, analysis and recommendations regarding the Plan's Third Party Administrator, Target Date Fund manager and Stable Value Fund manager.

Plan Staff

Plan staff, including the Deferred Compensation Manager, is responsible for:

- Assisting the Board and Committee with carrying out their responsibilities, including by communicating on a timely basis to the Board and Committee about information relevant to Plan oversight and administration.
- Ensuring timely and effective implementation of Board and Committee decisions.
- Monitoring and overseeing the work or performance of the Investment Consultant, the Target Date Fund manager, the Stable Value Fund manager,



the Third Party Administrator, and any other consultants, managers or other service providers retained by or providing services to the Plan.

Third Party Administrator

The Third Party Administrator is responsible for working with Plan staff under the terms of the Plan document and a contract delineating its responsibilities and fee arrangements.

Generally the Third Party Administrator will:

- Provide individual record-keeping and accounting, enrollment, beneficiary designation and changes, disbursement of assets and other administrator functions, as specified in its agreement with the Plan.
- Provide services to Participants to ensure full access to the features of the Plan. This may include asset allocation tools for Participants that construct professionally managed, diversified portfolios.
- Provide education and outreach to Participants on investments, Plan benefits and features, preparing for retirement, and other matters identified by Plan staff, the Committee, and the Board.



A. PLAN INVESTMENT OPTIONS

The Plan offers a range of investment options, including:

- a) Plan Designated Fund Options;
- b) Custom Target Date funds; and
- c) Stable Value Fund.

In addition, Participants may enroll in a Self Directed Brokerage Option.

Plan Designated Fund Options

Plan Designated Fund Options are the core investment options available to Participants. These options are titled as “SFDCP” funds and will be comprised of one or more investment managers.



Target Date Funds

The Plan offers custom Target Date Funds (“TDFs”) whose asset allocation is designed with the financial characteristics of Participants in mind. The target date is based on the approximate date when a Participant may expect to retire. Each TDF seeks to provide strategy diversification by investment in multiple underlying investment managers, which will include funds in Plan Designated Fund Options as well as other manager funds offering asset class exposure to provide additional diversification.

The Plan’s Target Date Funds serve as the Plan’s Qualified Default Investment Alternative (“QDIA”). Participants who do not select investment options in which to invest their contributions and assets will have their contributions and assets invested in (i.e., defaulted into) a Target Date Fund as the QDIA. A Participant will be defaulted into a Target Date Fund based on the Participant’s age.

Additional information about the TDFs is found in Exhibit B.

Stable Value Fund

The Stable Value Fund (“SVF”) is one of the Plan Designated Fund Options. The SVF is an investment alternative that is intended to preserve principal and provide an increment of returns over cash returns. The SVF is managed by a Stable Value Fund manager approved by the Board with a principal preservation objective. The SVF is invested, among other investments, in benefit responsive wrap agreements designed to provide for a credited interest rate based on the performance of the underlying fixed income securities and income on any other financial instruments. Credited interest income is announced regularly and under normal conditions should not be less than 0.0%.

The Board recognizes that several factors could adversely impact the principal preservation objective of the SVF, for example, impairments of the underlying wrapped securities or default by a benefit responsive wrap contract issuer. The SVF manager has full discretion as a fiduciary over the SVF, provides full transparency to the Plan on all elements and components of the SVF investments, wrap coverage, and associated fees for management and wrap coverage, and assists the Plan with communicating and providing appropriate information to Participants regarding the SVF.

The SVF is intended to permit Participants to withdraw their contributions plus earnings from the declared crediting rate without losses. The SVF is managed according to guidelines negotiated with the Stable Value Fund manager, recommended by the Committee, and approved by the Board.

Self Directed Brokerage Option



The Plan's Self Directed Brokerage Option ("SDBO") offers Participants access to thousands of open end mutual funds. Generally, the SDBO is intended to provide additional investment options for Participants who wish to select their own investment funds.

Holdings in the SDBO are solely and fully the responsibility of the Participant, or, if applicable, the Participant's authorized agent, including an outside investment advisor retained by the Participant. The Board, Committee, Plan staff, Third Party Administrator, and any consultants or managers retained by the Plan are not responsible for reviewing, selecting or monitoring any investments, fees, expenses, revenue sharing or any other aspect of a Participant's account under the SDBO.

Participants may maintain no more than 50% of their Plan assets in the Self-Directed Brokerage Account; a Participant cannot transfer additional assets to the Self -Directed Brokerage Account if the Self-Directed Brokerage Account balance is 50% or greater of the total balance, or if the proposed transaction will result in a balance of 50% or greater in the Self-Directed Brokerage Account. The Third Party Administrator monitors these limits.

The investment selection process in Section 5B of this Policy does not apply to the SDBO.

Performance Benchmarks of Investment Options

The performance benchmarks and other characteristics of the investment options available to Participants (other than the SDBO) are outlined in Exhibit A of this Policy.

B. SELECTION OF PLAN INVESTMENT OPTIONS AND MANAGERS

General Principles for Investment Options

Taking into consideration recommendations of the Investment Consultant, Plan staff, and the Committee, based on the general principles below, the Board will seek to establish and construct the Plan's investment options such that:

- Each is diversified within itself and may be comprised of one or more investment managers.
- Each has materially different risk, return and/or style characteristics.
- When considered together, the investment options permit a Participant to manage risk through diversification.
- When considered together, the investment options enable the Participant, by choosing among the investment options, to achieve a Plan account portfolio with

aggregate risk and return characteristics within the range normally appropriate for the Participant.

- The line-up of investment options may include the use of professionally-managed portfolios such as custom Target Date Funds. Asset allocation tools or other professionally managed investment programs may also be available through the Third Party Administrator or otherwise.

Criteria for Selection of Investment Managers

The criteria for selecting investment managers for the Plan's investment options or as components of the Target Date Funds may include but are not limited to:

1. Whether the manager is experienced in managing money in the asset class/product category specified by the Plan, open to new investment, and willing to accept defined contribution plan assets from the Plan.
2. Whether the Plan's investment in the fund would exceed 20% of the fund's total assets, including all share classes of the fund.
3. Whether the fund has been in operation for a period of five years prior to selection.
4. Whether the manager has displayed a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
5. Whether the manager has demonstrate adherence to the investment style sought by the Plan and adherence to the fund's stated investment discipline, recognizing that the effectiveness of investment styles can be cyclical.
6. Whether the manager has a historical track record that is competitive relative to appropriate market indices and peers. A manager's performance may be evaluated in the context of its investment style and peers, its role in the Plan's roster of investment options, and the capital markets.
7. Whether the manager's fees are competitive with industry standards for the product category, taking into account a manager's track record and skill. The Plan acknowledges that low expenses and management costs can provide additional investment return to Participants. Higher fee managers may be suitable, however, based on a manager's skill or track record. Funds with sales loads and other commissions will generally not be selected. The manager must fully disclose to Plan staff and the Investment Consultant all fees, commissions and charges for a fund before the manager's fund will be recommended as an investment option.
8. Whether the manager's fund is available on the Third Party Administrator's platform.

9. Whether the manager has provided to Plan staff and the Investment Consultant detailed information on the history of the fund, its investment philosophy and approach, its investment team, fee information, and other relevant information.

While these manager selection criteria establishes guidelines for the manager selection process, each manager is unique and should be analyzed on an individual basis, taking into account any unique circumstances affecting the selection process

6

MONITORING INVESTMENT OPTION AND MANAGER PERFORMANCE

The Investment Consultant shall monitor the performance of the Plan's investment options and the investment managers that comprise the options. If an investment option or manager fails to perform at the expected investment return levels or has exhibited significant qualitative factor changes, the Investment Consultant shall report such shortfalls to the Board, Committee and Plan staff, and make recommendations for next steps. Except as otherwise provided in this Policy, if the Investment Consultant or Plan staff recommend that the investment option and/or manager should be replaced or eliminated, and the Board concurs, the Investment Consultant and Plan staff will begin the process of terminating the investment option or manager, and the process of recommending and reviewing the replacement investment option and/or manager (if any).

7

INVESTMENT OPTION MONITORING

The Board, with the assistance of the Investment Consultant, Committee and Plan staff intend to monitor the Plan's investment options and investment managers with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in such monitoring.

Watch List

An investment option or manager may be subject to “Watch List” status if it meets one or more of the “Watch List” status criteria. The Plan’s “Watch List” policy includes both qualitative (e.g., personnel/organization changes, style drift concerns, etc.) and quantitative criteria (e.g., performance relative to benchmark and relevant peer category). A fund’s or investment manager’s failure to remedy the concerns leading to Watch List status within a reasonable time may be grounds for termination.

The “Watch List” policy is provided as Exhibit C to this Policy.

Replacement or Elimination of an Investment Option and/or Manager

The Board may terminate an investment option or investment manager at any time for any reason, but does not generally expect to be reactive to short-term investment developments. The Board recognizes that the accumulation of wealth for eventual retirement benefit payout is long-term in nature and that manager investment competence, particularly as measured by performance, should be measured over a complete market cycle (generally a three to five year period). Nevertheless, the Board may act on interim qualitative judgments.

The Board may replace or eliminate an investment option or manager following the process and criteria outlined in Section 5 under “Selection of Investment Options.”

The Board may remove or replace an investment option or manager using one of the following approaches:

- Remove and transfer (map) assets to a different, existing investment option, including the QDIA;
- Remove and transfer (map) assets to a new replacement investment option or manager;
- Freeze the investment option to any new contributions and direct new contributions (if not subsequently changed by a Participant) to either a new replacement investment option or a different, existing investment option, including the QDIA; or
- Phase out the investment option over a specified time period.

When an investment option is eliminated, Participants invested in that option will have an opportunity to transfer their assets in that investment option to another available investment option. The Plan will seek to provide advance written notice to affected Participants, when reasonably feasible, of the planned replacement or elimination and mapping action (if any) and the opportunity for transfer to an existing investment option. If a Participant does not select the option to transfer to an existing investment option when the investment option is removed, all assets in that investment option will be mapped and transferred to a new replacement investment option, if applicable, or to the QDIA or another existing investment option until the Participant elects to redirect the assets.

If Plan staff, in consultation with the Investment Consultant, determine that immediate action to remove or replace an investment option or manager is necessary to protect the best interests of Participants, Plan staff is authorized to take such action, but shall promptly arrange a meeting of the Committee to explain the circumstances and actions, and seek a recommendation that the Board ratify Plan staff's actions or take other action.

8

EXCESSIVE TRADING POLICY

The Board recognizes that excessive trading imposes costs on all Participants that are not in the interests of the Plan. The Plan's Third Party Administrator will enforce trading restrictions on Participants under the Third Party Administrator's excessive trading policy and, where applicable, the excessive trading policies of an investment manager. The Third Party Administrator will report to the Plan on its Excessive Trading Policies and procedures and the Plan will take reasonable steps to make those policies available to Participants, for example, by posting them on the Plan's website.

EXHIBIT A

PERFORMANCE EXPECTATIONS AND BENCHMARKS

| INVESTMENT OPTION | PERFORMANCE EXPECTATION VERSUS MARKET INDICES | PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS |
|---|---|---|
| <p>SFDCP Stable Value Fund</p> <p>Underlying separate account comprised of investment contracts issued by financial institutions and other eligible stable value investments</p> | <p>Return exceeds the 3-Year Constant Maturity Treasury Index.</p> | <p>N/A</p> |
| <p>SFDCP Core Bond Fund</p> <p>Investments will consist primarily of fixed income securities, including corporate bonds and U.S. government debt and mortgage-backed.</p> | <p>Total annualized return exceeds the Barclays Aggregate Bond Index.</p> <p>Volatility similar to Barclays Aggregate Bond Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other bond funds over multiple time periods.</p> |
| <p>SFDCP Target Date Funds (including SFDCP Retirement Fund)</p> <p>These 10 funds are based on a custom “glide path” (comprising a range of asset allocation mixes) that is developed based on factors specific to the Plan, including Participants’ ages, normal retirement ages, other pension income, and other factors. See Exhibit B for further detail on the structure of the Target Date Funds.</p> | <p>Each Target Date Fund will be measured against a primary benchmark that reflects the Growth/Capital Preservation allocation of the fund and is expected to exceed the return on an annualized basis.</p> <p>A secondary benchmark that reflects the specific allocations of the funds as weights for indices for those funds may also be used.</p> | <p>The Target Date Funds will also be measured against:</p> <ul style="list-style-type: none"> • A suitable universe of peer Target Date Funds; • Other measures as necessary. <p>Total return is expected to rank above the 50th percentile over multiple time periods.</p> |

EXHIBIT A (CONT'D)

PERFORMANCE EXPECTATIONS AND BENCHMARKS

| INVESTMENT OPTION | PERFORMANCE EXPECTATION VERSUS MARKET INDICES | PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS |
|---|--|---|
| <p>SFDCP Large Cap Core Equity – S&P 500 Index</p> <p>Investments will consist primarily of the 500 stocks that comprise the S&P 500 Index.</p> | <p>Total annualized return equals the S&P 500 Index (gross of fees).</p> <p>Volatility should match the S&P 500 Index.</p> | N/A |
| <p>SFDCP Large Cap Core Equity Active Portfolio</p> <p>Investments will be primarily in stocks of large cap companies (large cap companies are generally defined as companies with a market capitalization of greater than \$10 billion).</p> | <p>Total annualized return exceeds the S&P 500 index.</p> <p>Volatility should be similar to the S&P 500 Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other large cap core funds over multiple time periods.</p> |
| <p>SFDCP Large Cap Social Equity Portfolio</p> <p>Investments will be primarily in a portfolio of large cap company stocks screened for certain social and environmental criteria.</p> | <p>Total annualized return equals the FTSE 4Good US Select Index (gross of fees).</p> <p>Volatility should match the FTSE 4Good US Select Index.</p> | N/A |
| <p>SFDCP Large Cap Value Equity Portfolio</p> <p>Investments will be in undervalued stocks of primarily large cap companies, characterized by above-average income yields and below-average price/earnings ratios relative to the large cap stock market, with some exposure to mid cap companies.</p> | <p>Total annualized return exceeds the Russell 1000 Value Index.</p> <p>Volatility should be similar to the Russell 1000 Value Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other large-cap value funds over multiple time periods.</p> |

EXHIBIT A (CONT'D)

PERFORMANCE EXPECTATIONS AND BENCHMARKS

| INVESTMENT OPTION | PERFORMANCE EXPECTATION VERSUS MARKET INDICES | PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS |
|---|---|--|
| <p>SFDCP Large Cap Growth Equity Portfolio</p> <p>Investments will be primarily in stocks of large cap companies, which have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth, with some exposure to mid cap companies.</p> <p>This option is composed of a 50/50 blend of two different large cap growth funds. The Third Party Administrator is responsible for maintaining the equal weighting of the two underlying funds.</p> | <p>Total annualized return exceeds the Russell 1000 Growth Index.</p> <p>Volatility should be similar to the Russell 1000 Growth Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other large cap growth funds over multiple time periods.</p> |
| <p>SFDCP International Equity Portfolio</p> <p>Invests primarily in equities of non-U.S. companies and cash equivalents determined by the manager.</p> | <p>Total annualized return exceeds the MSCI All Country World Ex. US Index.</p> <p>Volatility should be similar to the MSCI All Country World Ex. US Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other international funds over multiple time periods.</p> |
| <p>SFDCP Mid-Cap Core Fund</p> <p>Investments will be primarily in stocks of mid cap companies (generally defined as companies with market capitalizations in the range of \$1.5 billion to \$10 billion).</p> | <p>Total annualized return exceeds the Russell Mid-Cap Index.</p> <p>Volatility should be similar to the Russell Mid-Cap Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other mid cap core funds over multiple time periods.</p> |

EXHIBIT A (CONT'D)

| INVESTMENT OPTION | PERFORMANCE EXPECTATION VERSUS MARKET INDICES | PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS |
|---|---|--|
| <p>SFDCP Small Cap Core Fund</p> <p>Invests primarily in securities of small -sized companies (generally those with a market capitalization of \$2 billion and below).</p> <p>This option is composed of a 50/50 blend of the underlying funds used for the SFDCP Small Cap Value and SFDCP Small Cap Growth Fund options. The Third Party Administrator is responsible for maintaining the equal weighting of the two underlying funds.</p> | <p>Total annualized return exceeds the Russell 2000 Index.</p> <p>Volatility should be similar to the Russell 2000 Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</p> |
| <p>SFDCP Small Cap Value Fund</p> <p>Invests primarily in securities of small-sized companies characterized by above average income yields and below average price/earnings ratios relative to the small cap stock market</p> | <p>Total annualized return exceeds the Russell 2000 Value Index.</p> <p>Volatility should be similar to the Russell 2000 Value Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</p> |
| <p>SFDCP Small Cap Growth Fund</p> <p>Invests primarily in securities of small-sized companies, which have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth.</p> | <p>Total annualized return exceeds the Russell 2000 Growth Index or the CRSP US Small Cap Growth Index.</p> <p>Volatility should be similar to the Russell 2000 Growth Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</p> |

EXHIBIT A (CONT'D)

| INVESTMENT OPTION | PERFORMANCE EXPECTATION VERSUS MARKET INDICES | PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS |
|--|---|--|
| <p>SFDCP Real Estate Portfolio</p> <p>Invests primarily in real estate investment trusts (“REITs”) and other real estate oriented stocks in order to provide exposure to the real estate asset class.</p> | <p>Total annualized return exceeds the MSCI US REIT Index.</p> <p>Volatility should be similar to the MSCI US REIT Index.</p> | <p>Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.</p> |

EXHIBIT B

SFDCP CUSTOM TARGET DATE FUND PORTFOLIOS

Participants may elect to invest contributions or account assets in the SFDCP Target Date Funds (“TDFs”). In addition, the Plan may map Participant contribution or assets to the TDFs as the Plan’s Qualified Default Investment Alternative.

Asset Allocation: The TDF portfolios will be based on custom “glide paths” (comprising a range of asset allocation mixes for each of the ten target date funds offered to Participants, including one for those Participants in retirement and nine based on age) that is developed based on factors specific to the Plan, including Participants’ ages and expected retirement dates, other pension income, and other factors. The asset allocation of the TDFs (other than the SFDCP Retirement Fund) is expected to change over time, with an increasing allocation to capital preservation assets and following the custom glide path.

Fund Selection within Target Date Funds: The asset allocation of the TDFs will be implemented through the use of investment options offered in the Plan and may use other investment portfolios (typically mutual funds or other commingled vehicles) that provide exposures in the TDFs approved by the Board for that purpose but that are not included in the investment options available in the Plan. Selection of funds that are only used in the TDFs will follow the same policies and procedures outlined in Section 5 of this Policy for manager selection and are subject to the Watch List policy outlined in Exhibit C.

The Board will review the performance of the TDFs on a periodic basis and consider changes in asset class exposures in the custom glide paths, as recommended by the glide path manager, periodically or as deemed necessary.

EXHIBIT C

WATCH LIST POLICY

The purpose of this Watch List Policy is to establish general guidelines for monitoring the Plan's investment options and/or managers and identifying issues of concern, and to provide a systematic and consistent process for the Investment Consultant and Plan Staff to use when making recommendations to the Committee and Board concerning evaluation and retention of investment options and their underlying managers that are utilized in the Plan.

Watch List Status Criteria

An investment option or manager may be subject to Watch List status if it is determined by Plan staff and Investment Consultant to have met any one or more of the following criteria:

Quantitative Factors:

Recent Performance:

- a) Under-performs the style specific index and is below the 75th percentile in peer group ranking for the trailing 12 months for the last two reporting periods.

Market Cycle Performance:

- b) The three-year annualized return under-performs the style specific index over that time period.
- c) The three-year annualized return ranks below the 50th percentile of the peer group average over that time period.

Qualitative Factors

- d) There is a disruption or a change in the ownership of an investment option's manager.
- e) There is a change in key personnel for an investment option's manager.
- f) There is a change in investment philosophy, process, or style.
- g) There is a violation of Securities and Exchange Commission rules or regulations or other legal or regulatory issues.
- h) There are changes, especially relative to its peers, in a manager's fee structure.
- i) Other qualitative issues are believed may have a material impact on the future performance of an investment option or investment manager, e.g., a significant change in the level of assets, systems or operational changes, or other factors.

Watch List Procedures and Fund Termination

An investment option may be removed from Watch List status when the investment option no longer falls within any of the criteria listed above for Watch List status.

An investment option manager's failure to remedy the investment option's unsatisfactory performance within a reasonable time may be grounds for termination.

While this Watch List policy establishes guidelines for investment option monitoring, experience has shown that each investment option's situation is unique, and should be analyzed on an individual basis, taking into account any unique circumstances affecting the investment option.