

CITY OF ST. PETE BEACH POLICE OFFICERS' RETIREMENT SYSTEM

ADDENDUM TO STATEMENT OF INVESTMENT POLICY

Anchor Capital (All Cap Value)

Anchor Capital (Anchor) has been retained by the City of St. Pete Beach Police Officers' Retirement System (the Plan) to manage a well-diversified portfolio of equity securities. Anchor was retained for this assignment based on their qualifications and experience in managing all-cap value equity portfolios.

I. GUIDELINES

Within the guidelines contained in the Statement of Investment Policy established for the City of St. Pete Beach Police Officers' Retirement System, the manager's portfolio must comply with the following:

- A. The portfolio is to be invested in equity securities, regardless of capitalization and is expected to exhibit "Value" type characteristics.
- B. Foreign securities including American Depository Receipts (ADRs) are limited to 10% of the manager's portfolio. For the purposes of this Investment Policy Statement, foreign securities are defined as bonds, stocks, or other evidences of indebtedness issued or guaranteed by a company that is not organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
- C. Investment in cash and equivalents shall not exceed 20% of the manager's portfolio.
- D. Not more than 10% of the manager's portfolio, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- E. Short sales are prohibited.
- F. The use of futures and options for hedging purposes is prohibited unless specifically authorized by the Board and the manager is notified in writing.
- G. No equities may be purchased which are not publicly traded.
- H. No use may be made of margin or leverage purchases.
- I. No direct commodities are to be purchased.

II. INVESTMENT OBJECTIVES

Total Portfolio:

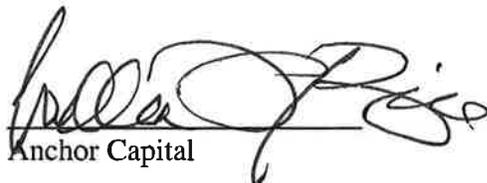
- A. The primary objective of the portfolio shall be to achieve a return over the longer term, 3 to 5 years, in excess of the Russell 3000 Value Stock Index.
- B. The secondary objective of the portfolio shall be to achieve a rate of return over the longer term, 3 to 5 years, which ranks in the top 40th percentile of a representative universe of similarly managed portfolios.
- C. The volatility of the Fund's total returns is expected to be similar to that of this Target Index and will be evaluated accordingly.

III. POLICY REVIEW

This Addendum is a part of the City of St. Pete Beach Police Officers' Retirement System Investment Policy, approved October 16, 2014, and is intended only to complement the objectives and guidelines outlined therein. It is the intention of the Board of Trustees to review the Statement of Investment Policy and this Addendum from time to time and to amend them if necessary to reflect any changes in philosophy or objectives. However, if at any time the investment manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing. **By signing this addendum the investment manager understands and agrees to adhere to the guidelines, investment manager responsibilities, and other conditions therein.**


Chairman, Board of Trustees

10/15/2014
Date


Anchor Capital

10/20/14
Date