

Pursuant to California Government Code section 54953(e), the Oakland Police & Fire Retirement System Board and Committee Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.

Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-7295.



Retirement Unit
150 Frank H. Ogawa Plaza
Oakland, California 94612
AGENDA

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey
Chairperson

R. Steve Wilkinson
Member

Robert W. Nichelini
Member

**In the event a quorum of the Board participates in the Committee meeting, the meeting is noticed as a Special Meeting of the Board; however, no final Board action can be taken. In the event that the Investment Committee does not reach quorum, this meeting is noticed as an informational meeting between staff and the Chair of the Investment Committee.*

**REGULAR MEETING of the INVESTMENT AND FINANCIAL MATTERS COMMITTEE
of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”)**

WEDNESDAY, JANUARY 26, 2022

10:00 AM

**TELE-CONFERENCE BOARD MEETING
VIA ZOOM WEBINAR**

OBSERVE

- To observe the meeting by video conference, please click on this link: <https://us02web.zoom.us/j/82880493983> at the noticed meeting time.
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time: Dial (for higher quality, dial a number based on your current location):
- iPhone one-tap: US: +16699006833, 82880493983# or +13462487799, 82880493983#
- US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099
- International numbers available: <https://us02web.zoom.us/j/82880493983>
- Webinar ID: 828 8049 3983.
If asked for a participant ID or code, press #.

PUBLIC COMMENTS

There are three ways to submit public comments.

- To send your comment directly to staff BEFORE the meeting starts, please email to mvisaya@oaklandca.gov with “PFRS Board Meeting” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
JANUARY 26, 2022**

- To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Instructions on how to “Raise Your Hand” is available at: [https://support.zoom.us/hc/en-us/articles/205566129 - Raise-Hand-In-Webinar](https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar).
- To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing “*9” to speak when Public Comment is taken. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Please unmute yourself by pressing “*6.”

If you have any questions, please email Maxine Visaya, Administrative Assistant II at mvisaya@oaklandca.gov

ORDER OF BUSINESS

- 1. Subject:** Police and Fire Retirement System (“PFRS”) Investment Committee Meeting Minutes
From: Staff of the PFRS Board

Recommendation: **APPROVE** November 17, 2021 Investment Committee Meeting Minutes
- 2. Subject:** Investment Manager Performance Update – DDJ Capital Management, LLC
From: DDJ Capital Management, LLC

Recommendation: **ACCEPT** informational report regarding organizational changes, managerial assessment, diversity and inclusion policy and practices, and investment performance of DDJ Capital Management, LLC, a PFRS Fixed Income Investment Manager
- 3. Subject:** Consent Form Regarding Acquisition of DDJ Capital Management, LLC by Polen Capital Management, LLC
From: DDJ Capital Management, LLC

Recommendation: **RECEIVE** an informational report regarding the acquisition of DDJ Capital Management, LLC by Polen Capital Management LLC and **RECOMMEND BOARD APPROVAL** of assignment of PFRS investment advisory agreement resulting from the change of control of DDJ Capital Management, LLC

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REGULAR INVESTMENT COMMITTEE MEETING
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4. **Subject:** Investment Manager Performance Review – DDJ Capital Management, LLC

From: Meketa Investment Group

Recommendation: **RECEIVE** report from Meketa Investment Group regarding organizational changes, managerial assessment, diversity and inclusion policy and practices, investment performance, fee update, and watch status update of DDJ Capital Management, LLC, a PFRS Fixed Income Investment Manager and Meketa’s recommendation to continue watch status and to authorize signature of Consent Form, **DISCUSS** possible Board action in response to organizational changes, including but not limited to exercising the option to terminate the service agreement with DDJ Capital Management, LLC and transfer of PFRS assets managed by DDJ Capital Management, LLC to another investment manager or a comparable Exchange Traded Fund (ETF), **RECOMMEND BOARD APPROVAL** of the Committee’s recommended course of action with regard to DDJ Capital Management, LLC

5. **Subject:** Investment Market Overview as of December 31, 2021

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding the Global Investment Markets as of December 31, 2021

6. **Subject:** Preliminary Investment Fund Performance Update as of December 31, 2021

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding the Preliminary Investment Fund Performance Update as of December 31, 2021

7. **Subject:** \$13.9 Million Drawdown for Member Retirement Allowances Fiscal Year 2021/2022 (Quarter Ending March 2022)

From: Meketa Investment Group

Recommendation: **ACCEPT** an informational report and **RECOMMEND BOARD APPROVAL** of the Meketa Investment Group recommendation of a \$13.9 million drawdown, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to be used to pay for the January 1, 2022 through March 31, 2022 Member Retirement Allowances

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8. **Subject:** **Asset Allocation Review and Update of the PFRS Fund**
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** and **DISCUSS** the informational report regarding the asset allocation review of the PFRS Fund and **RECOMMEND BOARD APPROVAL** of Committee's recommended course of action regarding PFRS Investment Portfolio Target Allocation
9. **Subject:** **Informational Overview Regarding Developments in Environmental, Social, and Governance (ESG) Investing**
From: Northern Trust Investments, Inc.
-
- Recommendation:** **ACCEPT** an informational overview regarding developments in ESG investing

10. **Schedule of Pending Investment Committee Meeting Agenda Items**
11. **Open Forum**
12. **Future Scheduling**
13. **Adjournment**

AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE SPECIAL MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held Wednesday, November 17, 2021 via Zoom Webinar.

Committee Members	▪ Jaime T. Godfrey	Chairperson
	▪ R. Steven Wilkinson	Member
	▪ Robert W. Nichelini	Member (joined meeting at 10:12 a.m.)
Additional Attendees	▪ David F. Jones	PFRS Secretary & Plan Administrator
	▪ Jennifer Logue	PFRS Legal Counsel
	▪ Téir Jenkins	PFRS Staff Member
	▪ Maxine Visaya	PFRS Staff Member
	▪ Paola Nealon	Meketa Investment Group
	▪ Jason Leong Campbell	Meketa Investment Group
	▪ Jim Roccas	Parametric Portfolio Associates, LLC
	▪ Dan Ryan	Parametric Portfolio Associates, LLC

The meeting was called to order at 10:00 a.m. PST

1. **Approval of Investment Committee Meeting Minutes** Chairperson Godfrey made a motion to approve the October 27, 2021 Investment Committee Meeting Minutes, as written, second by Member Wilkinson. Motion Passed.

DUE TO TECHNICAL DIFFICULTIES, MEMBER NICHELINI WAS UNABLE TO PARTICIPATE IN THE VOTE

[GODFREY – Y/ NICHELINI – ABSENT/ WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSENT: 1)

2. **Investment Manager Performance Update – Parametric Portfolio Associates, LLC** – Jim Roccas & Dan Ryan of Parametric Portfolio Associates, LLC (Parametric), a PFRS Covered Calls Investment Manager, presented an informational report regarding an organizational overview, the firm’s Diversity, Equity and Inclusion policy and practices, the investment process, portfolio performance and attributions.

Parametric provided updates regarding the pending acquisition of parent company Eaton Vance by Morgan Stanley which closed March 1, 2021 and Parametric is now a part of Morgan Stanley Investment Management. Parametric continues to be an autonomous stand-alone business and there have been no changes to the executive leadership team, investment leadership team, or the investment strategy staff. As planned, Jay Strohmaier, Managing Director and Head of Investment Strategy Portfolios, has retired and Alex Zweber has assumed the role.

Member Wilkinson and Staff Member Jenkins inquired about the firm’s Diversity, Equity, and Inclusion programs to further the discussion regarding the diversity of the Executive Management Team and employee base as well as how the program is organized and administered and their investment strategy.

MOTION: Member Wilkinson made a motion to accept the informational report presented by Parametric and forward to the Full Board, second by Member Nichelini. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

3. **Investment Manager Performance Review – Parametric Portfolio Associates, LLC** – Paola Nealon of Meketa Investment Group provided an overview memo regarding Parametric, a PFRS Covered Calls Investment Manager. P. Nealon advised Meketa does not have any concerns regarding Parametric as an organization or the investment strategy they manage for PFRS and does not recommend any changes at this time. Chairperson Godfrey inquired about the transition from Jay Strohmaier to Alex Zweeber to further the discussion on organizational changes.

MOTION: Member Wilkinson made a motion to accept the review and evaluation by Meketa Investment Group regarding Parametric, a PFRS Covered Calls Investment Manager and forward to the Full Board for approval, second by Chairperson Godfrey. Motion passed.

DUE TO TECHNICAL DIFFICULTIES, MEMBER NICHELINI WAS UNABLE TO PARTICIPATE IN THE VOTE

[GODFREY – Y/ NICHELINI – ABSENT/ WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSENT: 1)

4. **Resolution 8032** – Resolution 8032 authorizing a one-year extension of professional services agreement with Parametric Portfolio Associates, LLC for the provision of Covered Calls Asset Class Investment Manager Services, second by Member Wilkinson. Motion Passed

MOTION: Chairperson Godfrey made a motion to recommend Board Approval of Resolution 8032 authorizing a one-year extension of professional services agreement with Parametric Portfolio Associates, LLC for the provision of covered Calls Asset Class Investment Manager Services, second by Member Wilkinson. Motion Passed.

DUE TO TECHNICAL DIFFICULTIES, MEMBER NICHELINI WAS UNABLE TO PARTICIPATE IN THE VOTE

[GODFREY – Y/ NICHELINI – ABSENT/ WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSENT: 1)

5. **Investment Market Overview as of October 31, 2021** – Paola Nealon of Meketa Investment Group presented an informational report regarding the Investment Market Overview as of October 31, 2021 and highlighted the capital market outlook, valuation metrics, volatility metrics, market sentiment and current factors impacting outcomes.

MOTION: Chairperson Godfrey made a motion to accept the informational report presented by Meketa Investment Group regarding the Investment Market Overview as of October 31, 2021 and forward to the Full Board, second by Member Nichelini. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

6. **Preliminary Investment Performance Update as of October 31, 2021** – Jason Leong Campbell of Meketa Investment Group presented an informational report regarding the Preliminary Investment Fund Performance Update as of October 31, 2021 and highlighted Asset Allocation vs. Targets and Policy and the Asset Class Performance Summary.

Member Wilkinson made inquiries to further discussion regarding expectations and performance of the Crisis Risk Offset Asset Class.

MOTION: Member Nichelini made a motion to accept the informational report presented by Meketa Investment Group regarding the Preliminary Investment Fund Performance Update as of October 31, 2021 and forward to the Full Board, second by Member Wilkinson. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3/ NOES: 0/ ABSTAIN: 0)

7. **Investment Fund Quarterly Performance Update as of September 30, 2021**– Paola Nealon of Meketa Investment Group presented an informational report regarding PFRS Investment Fund Quarterly Performance Update as of September 30, 2021 and highlighted Asset Class Performance and Total Plan Summary. P. Nealon noted despite volatility in September, the plan performance has continued to outpace the benchmark and meet PFRS’s 6% return target goal over the 1, 3, and 5 year time period and currently the preliminary funding ratio now stands at 79% compared to 63% a year ago. Chairperson Godfrey made inquiries to further discussion regarding PFRS’s annualized returns as compared to the peer universe of public defined benefit plans.

MOTION: Member Nichelini made a motion to accept the informational report provided by Meketa Investment Group’s regarding a PFRS Investment Fund Quarterly Performance Update as of September 30, 2021 and forward to the Full Board for approval, second by Member Wilkinson. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3/ NOES: 0/ ABSTAIN: 0)

8. **Asset Allocation Review and Update of the PFRS Fund** – Paola Nealon provided an informational report and led a continued discussion regarding the Asset Allocation Review and Update of the PFRS Fund which highlighted a comparison between the current long-term policy, the current interim policy, and a long-term policy with an inflation component.

P. Nealon presented three options to consider with regard to changing the PFRS asset allocation with a recommendation to create an inflation sensitive class comprised of short-duration TIPS to further de-risk the portfolio and requested direction from the Board and provided an update regarding Member Wilkinson’s previous request for additional information regarding the percentage of TIPS currently allocated in the PFRS Bond Portfolio. Member Wilkinson requested additional information regarding exposure to gold as a stand-alone product and the impact moving forward as it relates to de-risking the portfolio. Chairperson Godfrey tabled the discussion until the next Committee Meeting pending additional information provided by Meketa Investment Group.

MOTION: Chairperson Godfrey made a motion to move Item 8 to the next Committee Meeting and directed Meketa to provide additional information regarding gold exposure and how it interlays with PFRS current portfolio construction and the impact on what PFRS is trying to accomplish moving forward and include in the review for discussion at the next meeting and then determine how to augment the portfolio to provide a hedge against inflation, second by Member Wilkinson. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3/ NOES: 0/ ABSTAIN: 0)

9. **Investment Manager Performance Review Follow-Up – Northern Trust Investments, Inc. –** PFRS Member Jenkins reported Northern Trust Investments, Inc., a PFRS Domestic Equity Large-Cap Core Investment Manager, provided a memo in response to the Committee's request for additional information regarding the firm's performance evaluation net of fees and the formal Diversity, Equity and Inclusion policy at a previous meeting.

MOTION: Chairperson Godfrey made a motion to accept the informational report regarding performance evaluation net of fees and the formal Diversity, Equity and Inclusion policy of Northern Trust Investments, Inc., a PFRS Domestic Equity Large-Cap Core Investment Manager and forward to the Full Board, second by Member Nichelini. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3/ NOES: 0/ ABSTAIN: 0)

10. **Custodial Services Update Follow-Up – Northern Trust Company –** Chairperson Godfrey reported Northern Trust Company, PFRS custodial services provider, provided an informational report in response to the Committee's request for additional information regarding the cybersecurity and global technology and the Diversity, Equity and Inclusion policy and protocols of Northern Trust Company, PFRS custodial services provider.

MOTION: Chairperson Godfrey made a motion to accept the informational report regarding cybersecurity and global technology and the Diversity, Equity and Inclusion policy and protocols of Northern Trust Company, PFRS custodial services provider and forward to the Full Board, second by Member Nichelini. Motion passed.

[GODFREY – Y/ NICHELINI – Y/ WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

11. **Schedule of Pending Investment Committee Meeting Agenda Items –** PFRS Staff Member Jenkins presented the 2021 Ongoing Strategic Investment Agenda for discussion. Member Wilkinson inquired what will be discussed during DDJ's scheduled manager update and Staff Member Jenkins noted the previous manager update resulted in placing the firm on watch status for performance and the Board requested they return in six (6) months and provide an update.

12. **Open Forum – No Report**

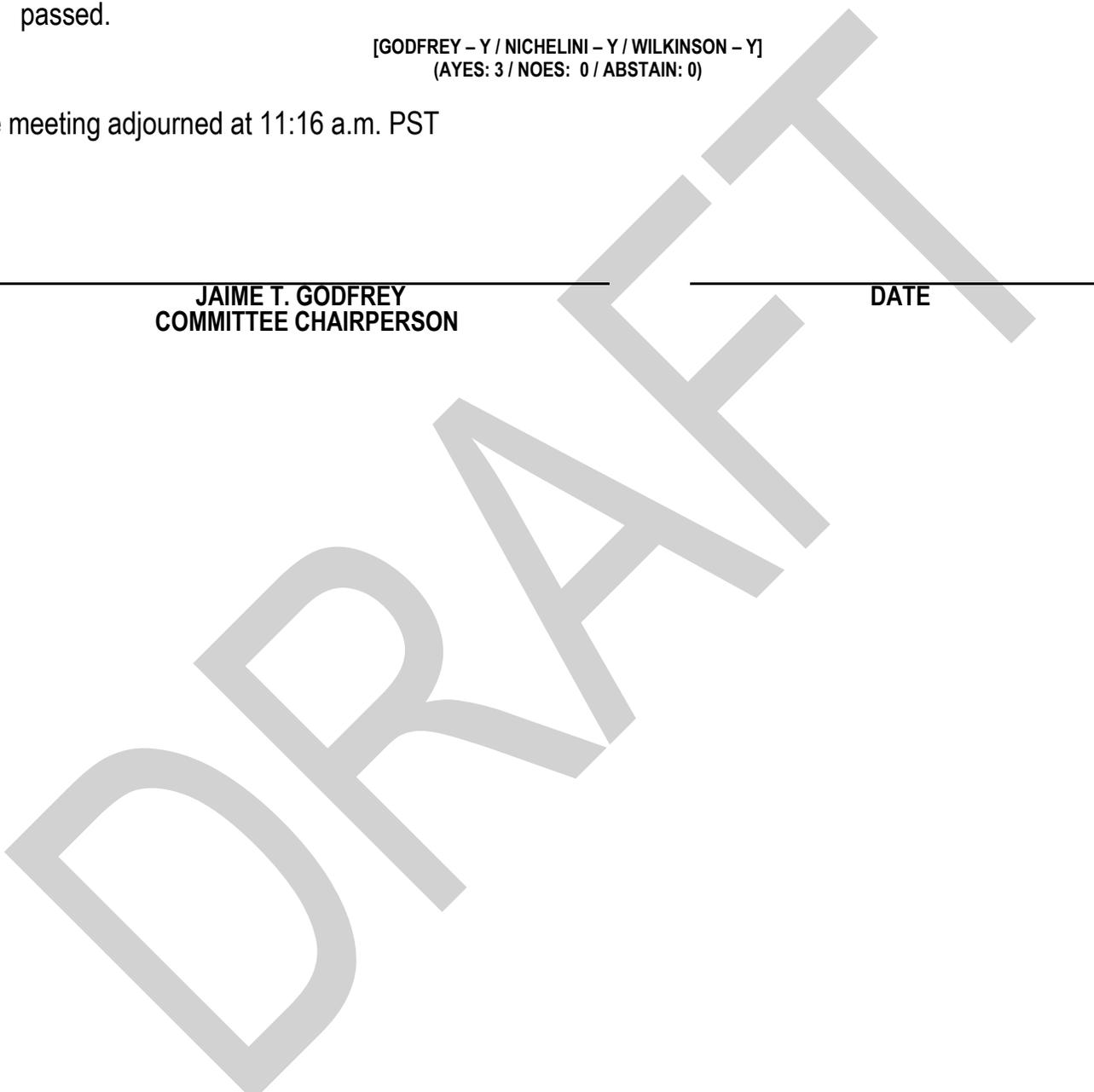
13. **Future Scheduling** – The next meeting would be regularly scheduled to occur December 29, 2021, however Plan Administrator Jones noted there will be a discussion at the Full Board Meeting to determine if the December meeting will be cancelled and the next meeting to be tentatively scheduled for January 26, 2022.
14. **Adjournment** – Member Nichelini made a motion to adjourn, second by Member Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

The meeting adjourned at 11:16 a.m. PST

JAIM T. GODFREY
COMMITTEE CHAIRPERSON

DATE



JANUARY 26, 2022

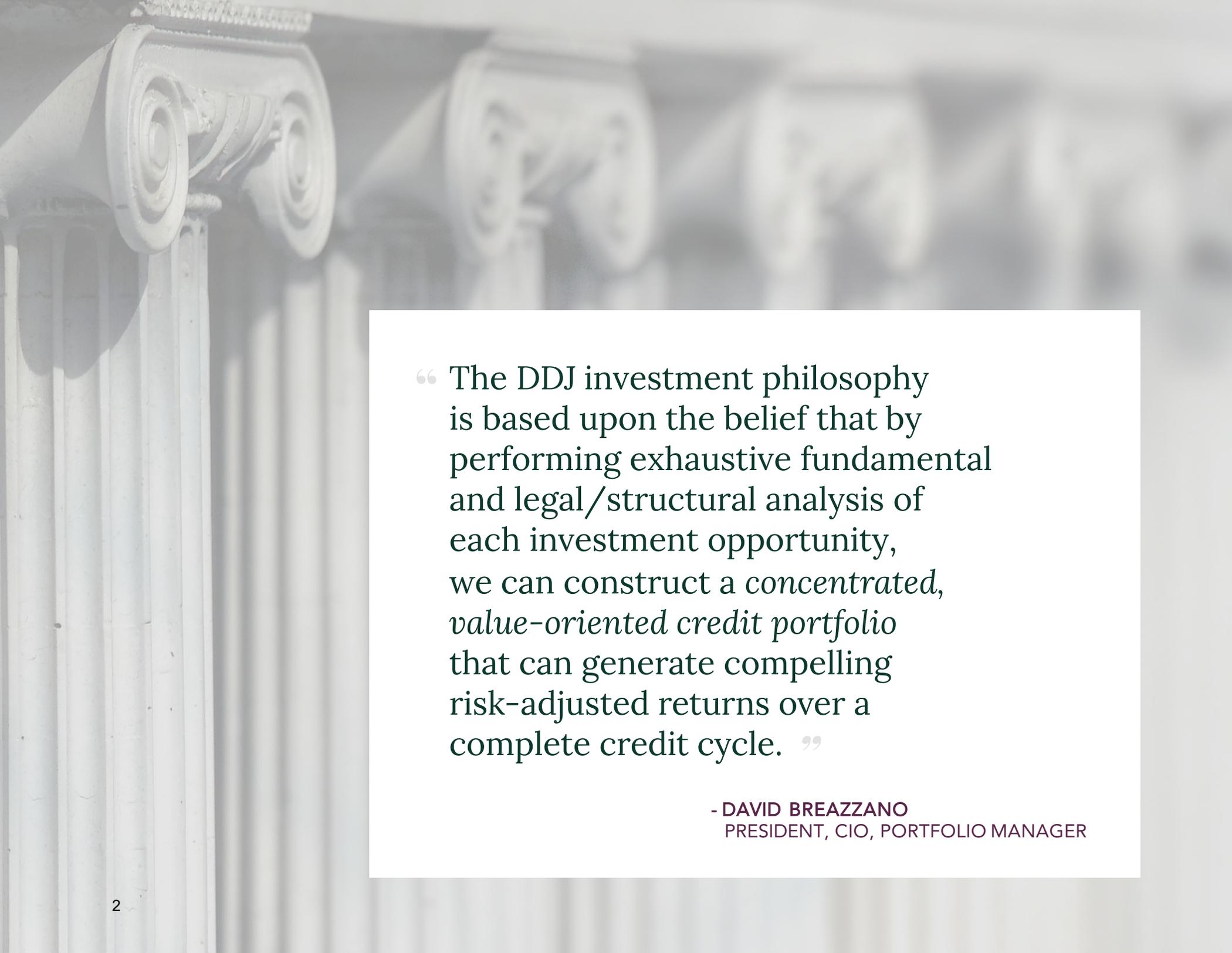
Oakland Police and Fire Retirement System

DDJ Capital Management Group Trust – High Yield Investment Fund Portfolio Review

DDJ Capital Management, LLC



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“ The DDJ investment philosophy is based upon the belief that by performing exhaustive fundamental and legal/structural analysis of each investment opportunity, we can construct a *concentrated, value-oriented credit portfolio* that can generate compelling risk-adjusted returns over a complete credit cycle. ”

- DAVID BREAZZANO
PRESIDENT, CIO, PORTFOLIO MANAGER

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DDJ Capital Management, LLC



Ben Santonelli | Portfolio Manager
CO-PM OF OPPORTUNISTIC HIGH YIELD,
PM OF TOTAL RETURN CREDIT
17 years industry experience
17 years at DDJ



Kenzie Wedge | Assoc. Director
INVESTOR REALTIONS
7 years industry experience
6 years at DDJ

Polen Capital Management, LLC



Jim Haymes | Head of Client Service
DISTRIBUTION & CLIENT SERVICE
31 years industry experience
8 years at Polen Capital



Jade Brown | Diversity & Inclusion Manager
BUSINESS MANAGEMENT
1 year industry experience
1 year at Polen Capital



25 YEARS
IN OPERATION

\$8.3 BILLION IN
AUM

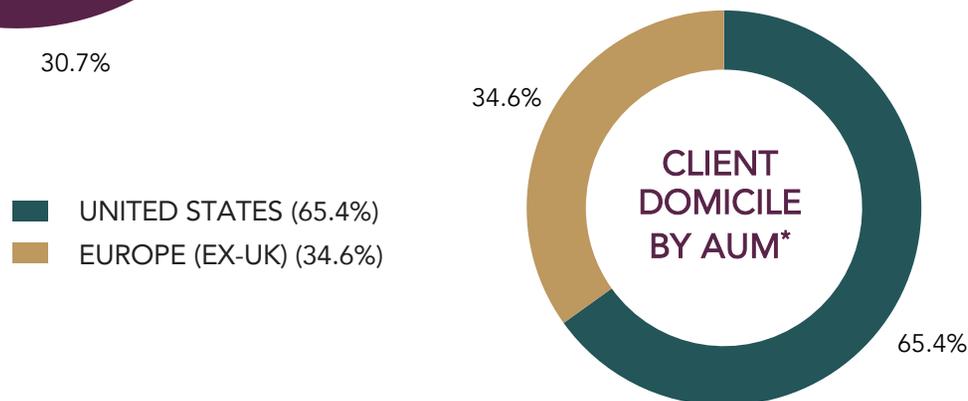
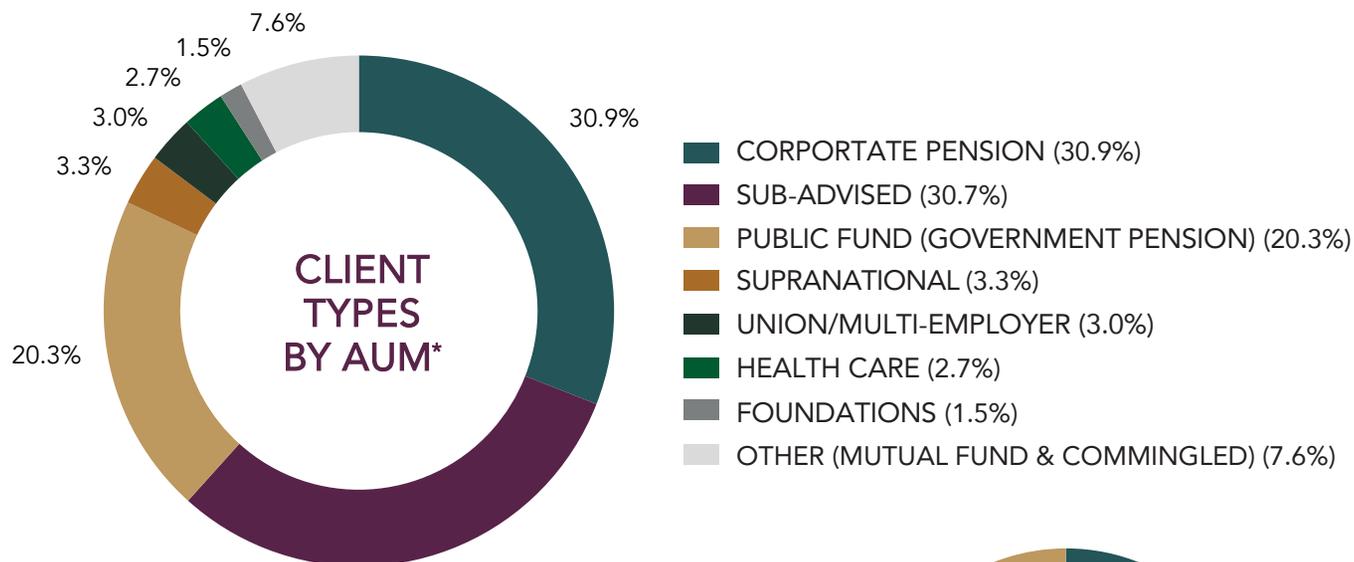
50 EMPLOYEES

16 INVESTMENT
TEAM MEMBERS

2 IN-HOUSE
ATTORNEYS

UNPRI
SIGNATORY
SINCE 2016

DDJ Capital Management is a privately-held investment manager with a sole focus on managing high yield debt portfolios for a diverse and stable institutional client base.



5 * Does not include assets managed in legacy accounts, which are presently in wind-down. GIPS Composite Reports are available in the Appendix.

Investment Leadership Team



David Breazzano | President & CIO*
CO-PM OF OPPORTUNISTIC HIGH YIELD,
CO-PM OF UPPER TIER U.S. HIGH YIELD
41 years industry experience
25 years at DDJ



Benjamin Santonelli | Portfolio Manager*
CO-PM OF OPPORTUNISTIC HIGH YIELD,
PM OF TOTAL RETURN CREDIT
17 years industry experience
17 years at DDJ



John Sherman | Portfolio Manager*
CO-PM OF OPPORTUNISTIC HIGH YIELD,
PM OF BANK LOAN
17 years industry experience
14 years at DDJ



Roman Rjanikov | Portfolio Manager*
CO-PM OF UPPER TIER U.S. HIGH YIELD,
DIRECTOR OF RESEARCH, ESG INTEGRATION
18 years industry experience
14 years at DDJ

Additional Key Investment Personnel



Elizabeth Duggan | Assoc. General Counsel*
DEDICATED TRANSACTIONAL ATTORNEY
20 years industry experience
15 years at DDJ



Jason Rizzo | Head Trader
OVERSEES ALL TRADING ACTIVITIES
24 years industry experience
17 years at DDJ

7 Research Analysts

2 In-House Attorneys

2 Traders

- Collaborative 16-member team; key professionals average 22 years industry experience
- Two in-house attorneys provide valuable legal perspective and analysis
- Investment Review Committee provides a regular forum for evaluation and review

6 * Investment Review Committee personnel

Additional information regarding industry coverage & responsibilities for the investment team can be found in the Appendix.

Polen Capital at a Glance

Key Characteristics

- ✓ Results driven culture with clear mission and vision
- ✓ Focused product set: concentrated quality growth
- ✓ Differentiated value proposition and business model
- ✓ Strong distribution, market traction, presence and partners
- ✓ Scale and financial strength

\$80B

Total Assets

1979

Founded

140

Employees

8 Strategies

Large Company Growth

- Focus Growth (U.S.)
- Global Growth
- International Growth

Small Company Growth

- U.S. Growth
- International Growth
- U.S. SMID Growth
- Global SMID Growth

Emerging Markets Growth

- Global Emerging Markets Growth

3 Offices



Our business model is resilient and provides an environment in which talent thrives

Polen Business Model



- ✓ **Team Autonomy**
 - Investment teams focus on investing with no distractions
- ✓ **No Competing Strategies**
 - Each strategy is unique with no competing strategies
- ✓ **Strong Business Leadership**
 - Business Management focuses on producing operational alpha / competitive advantage
- ✓ **Global Distribution**
 - Dedicated distribution leader for each investment team
- ✓ **World-Class Infrastructure**
 - Leading HR, finance, operations, technology and risk capabilities
- ✓ **Economic Alignment**
 - The economic model is simple
 - Equity granted based on milestones

Both DDJ and Polen Capital have dynamic, purpose-driven cultures...



Our Pillars of Purpose



- Preserve and grow client assets to protect their present and to enable their future
- Do the right thing – every decision made with clients in mind



- Top notch client service to ~40 clients, portfolio managers interact directly
- Emphasis on integrity and respect
- High value-added outcomes for clients

- Employee-owned, entrepreneurial
- Culture of autonomy, continuous improvement, purpose, and inclusivity
- **Results Only Work Environment**
- \$5,000 annual learning budget



- Entrepreneurial, employee-owned firm
- Focus on the employees
- Emphasis on results
- Robust professional development program with individual learning budget

Extensive community involvement



Offers paid time off for volunteerism

Polen Capital Diversity & Inclusion Strategic Plan

Executive Summary

Diversity & Inclusion Defined

- We believe diversity of thought, unique perspectives, and inclusivity are central to our purpose and core values at Polen Capital
- Minority representation in our industry includes women, people of color, the LGBTQ+ community, people with disabilities, and veterans

Diversity & Inclusion Strategy

- We aim to increase minority representation within the asset management industry and the firm while enhancing our ability to go beyond for our clients
- Four pillars shape our diversity & inclusion strategy

Our Vision

We aspire...

...to be a leader in the diversity & inclusion space within the investment management industry.

...to build an inclusive firm that attracts and celebrates all backgrounds and cultures.

...to stand in partnership with our communities to strive to create a more equitable world.

Our diversity & inclusion strategy is a business imperative

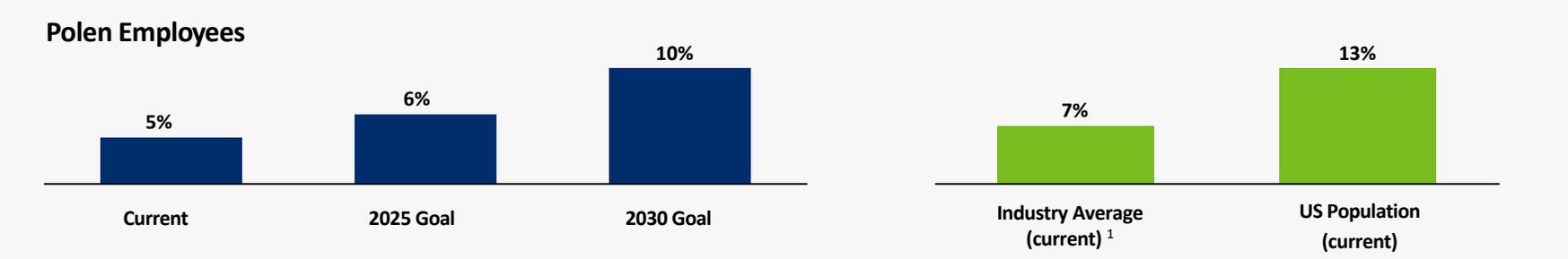
Four pillars shape our diversity & inclusion strategy

Pillar	Objective	Steps
1 Empower all voices	<ul style="list-style-type: none">• Increase minority representation of our workforce	<ul style="list-style-type: none">• New relationships with talent search partners, colleges and universities• Ensure minority representation on candidate and interviewer slates.
2 Enhance our workplace	<ul style="list-style-type: none">• Foster a culture of belonging• Advance allyship and inclusion• Position diverse talent for career growth	<ul style="list-style-type: none">• Launch Employee Resource Groups (ERGs)• Provide D&I training to employees• Communicate goals and hold managers accountable
3 Engage our communities	<ul style="list-style-type: none">• Support our local communities through volunteerism, charitable contributions, and skill development	<ul style="list-style-type: none">• Provide grants via Donor Advised Fund• Partner with local high schools• Promote gift matching
4 Expand our reach	<ul style="list-style-type: none">• Drive sustainability and ESG initiatives• Ensure business activities are inclusive, ethical, and comprised of diverse clients and vendors	<ul style="list-style-type: none">• Expand minority-focused vendor and client base• Measure, monitor, and communicate progress

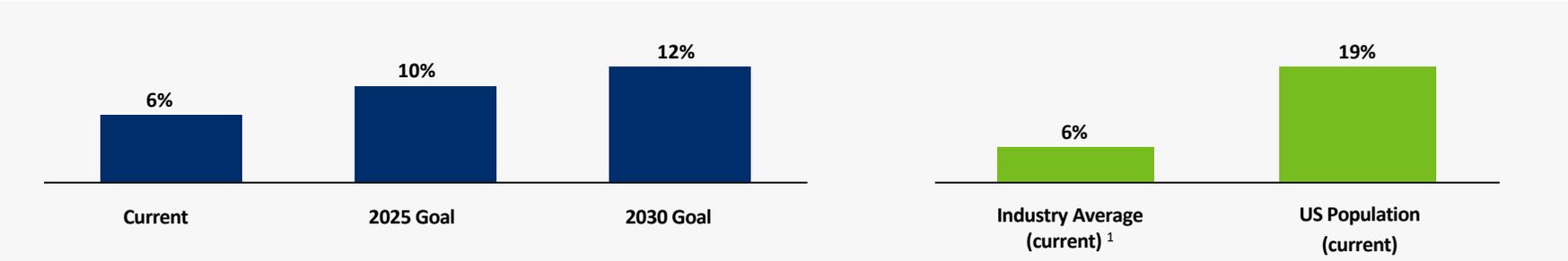
Measuring Success

■ % of Total Polen Capital FTEs

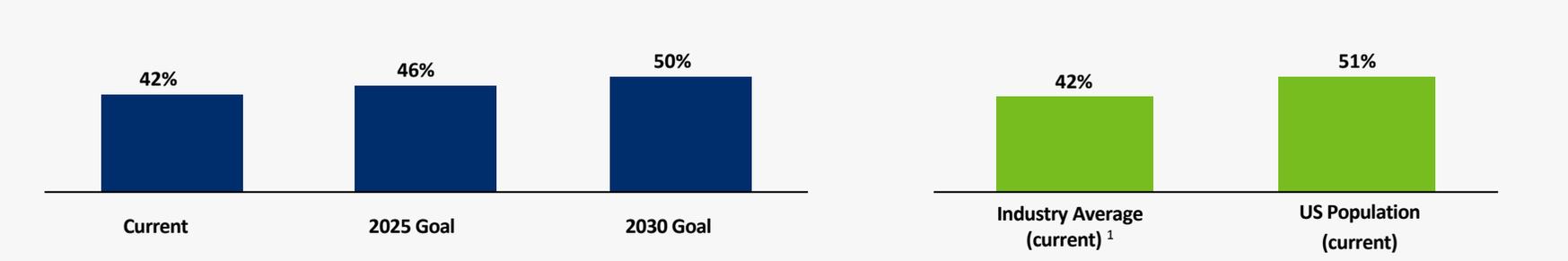
Black



Hispanic



Women

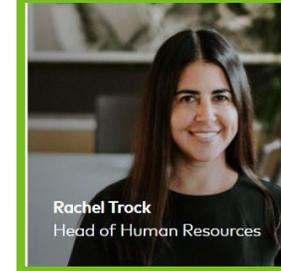
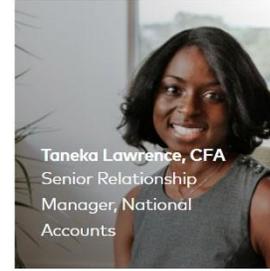
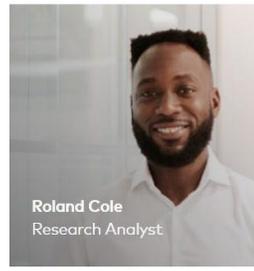


¹ Based off 2020 McLagan Asset Management data

Diversity & Inclusion Leadership

Committee Co-Chair

Diversity & Inclusion Sub Committee



Diversity & Inclusion Working Groups

Empower all voices: Jennifer Abrams, Whitney Crawford, PJ Fitzgerald

Enhance our Workplace: Rana Pritanjali, Pamela Macedo, Alejandro Claudio

Engage our Communities: Ellie Day, Brandon Ladoff, Lisa Vasquez

Expand our Reach: Christine Young, Lauren Harmon, Shane Smith

Employee Resource Groups

Women – launched in 2021, led by Taneka Lawrence and Rayna Lesser Hannaway

Multicultural – launched in 2021, led by Tenielle Welch and Leo Gonzalez

LGBTQ+ – launching in 2022, led by Jim Haymes and Miguel Marquez



Portfolio Review

Implementing DDJ's Philosophy

Through rigorous due diligence with a strong emphasis on margin of safety, DDJ believes that it can construct concentrated portfolios that can outperform broad high yield indices over a full credit cycle.

MISPRICED RISK

- Focus on most inefficient areas of the market
- Rating agency biases create opportunities
- Emphasis on sourcing opportunities in the secondary market

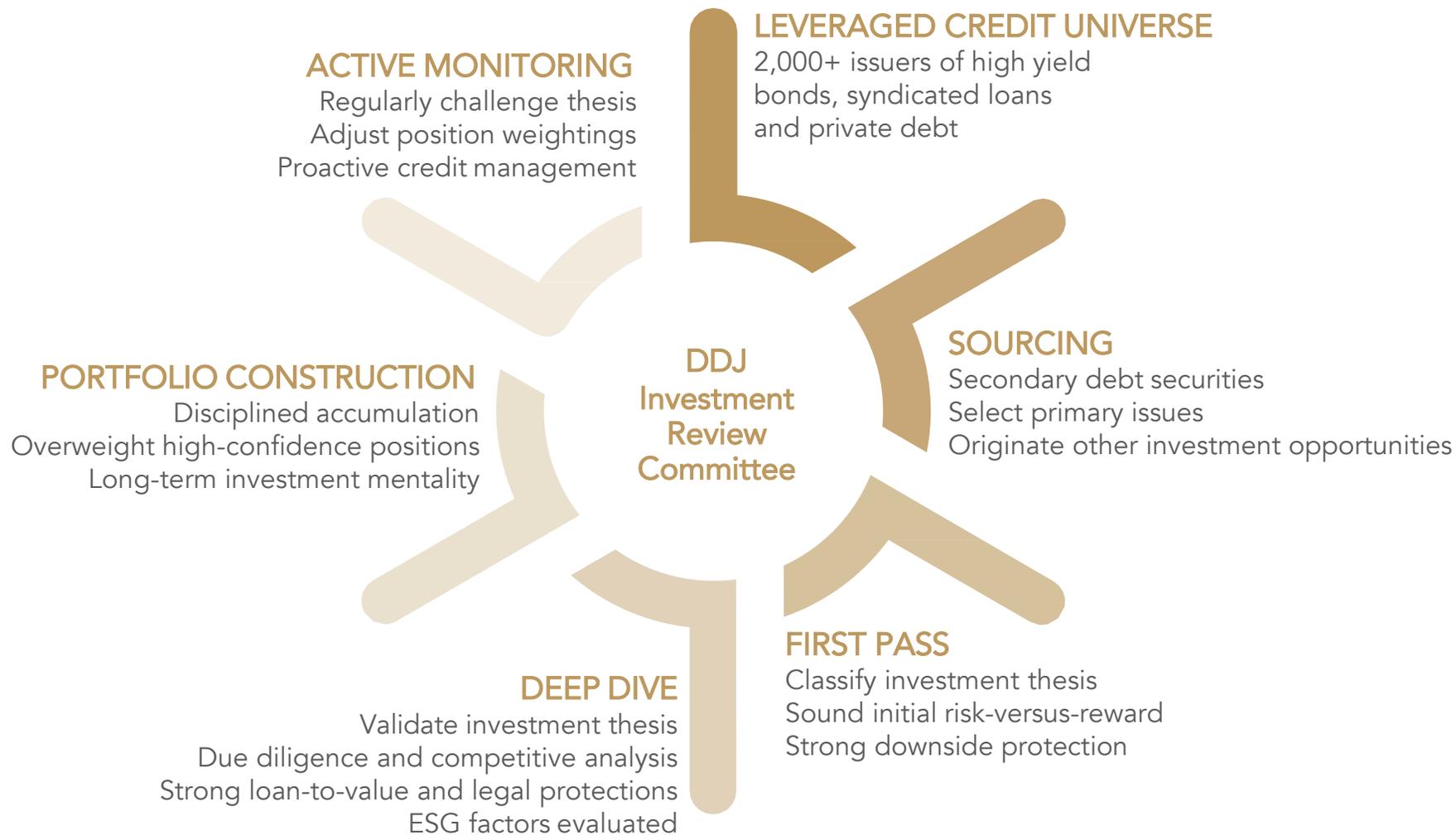
HIGH CONVICTION MANAGER

- Private equity-like analysis applied to leveraged credit markets
- Construct concentrated portfolios
- Analysts organized as sector specialists
 - Priority is to monitor existing positions

EXHAUSTIVE DUE DILIGENCE IS THE BEST RISK CONTROL

- Risk-reward is assessed through “loan-to-value” analysis
- Primarily concerned with principal protection
- Thorough legal analysis augmented by in-house attorneys

Process Overview



DDJ U.S. Opportunistic High Yield Strategy Overview

Market Inefficiencies

Middle Market (EBITDA \$75mm–\$250mm)

- Smaller issue size reduces the buyer base and results in liquidity premium
- DDJ believes rating agencies' view of smaller companies as inherently more risky oftentimes leads to mis-ratings

Lower Tier (B rated and below)

- Institutional investor restrictions or prohibitions on CCC-related holdings results in lower tier being “under-researched” relative to higher quality tiers

Special Situations

- The strategy may also target mispricing opportunities in higher-rated “fallen angels”, stressed credits and certain private debt transactions identified by DDJ at various points in the credit cycle

Strategy

- Construct a portfolio with a yield premium relative to the benchmark of 200-400 bps
- Overweight high-confidence positions with 70 to 90 total issuers
- Maintain flexibility to invest across the capital structure – bank loans and bonds
- Focus on downside protection through exhaustive fundamental and legal due diligence
- Limited exposure to stressed or distressed securities under normal market conditions
- Historically low correlation of excess returns to largest institutional high yield managers
- No duration or quality limits; duration typically falls well below benchmark due to structural allocation to bank loans

OBJECTIVE

Outperform a broad-based U.S. high yield index over a full credit cycle by 200 bps on a gross basis while experiencing realized credit losses at or below market level

BENCHMARK

ICE BofA U.S. Non-Financial High Yield Index

PHILOSOPHY

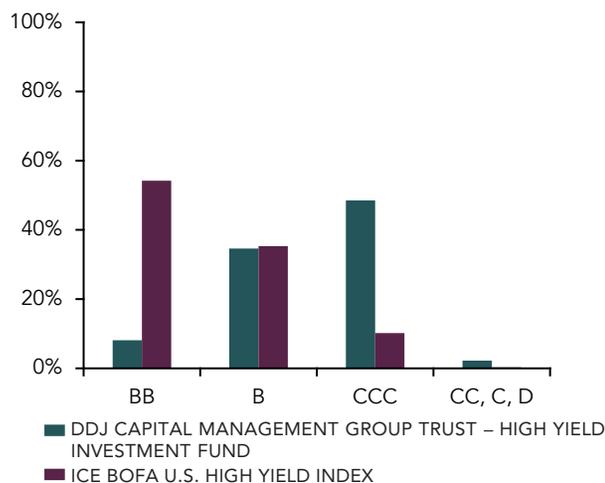
DDJ believes that the middle market and lower tier (B/CCC-rated) components of the high yield market are its most inefficient segments. Through rigorous due diligence with a strong emphasis on margin of safety, DDJ believes that it can construct concentrated portfolios that can outperform broad high yield indices over a full credit cycle.

AS OF 12/31/21

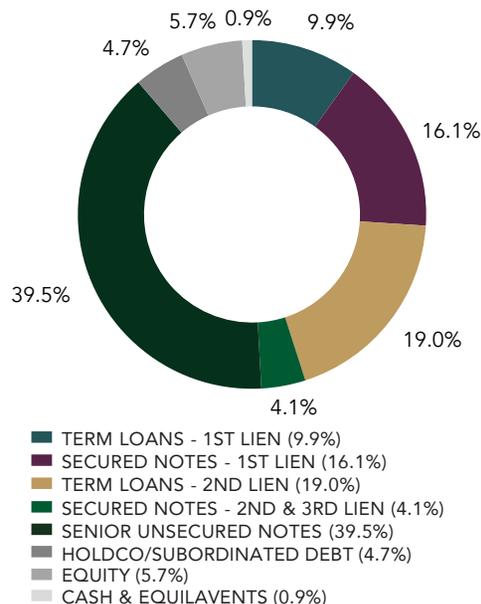
DDJ Capital Management Group Trust – High Yield Investment Fund

Performance	1 Year	3 Year (ann.)	5 Year (ann.)	7 Year (ann.)	Since Inception (ann.)
DDJ Capital Management Group Trust – High Yield Investment Fund (Gross)	9.20%	7.68%	7.30%	6.87%	7.32%
ICE BofA U.S. High Yield Index	5.36%	8.57%	6.10%	6.03%	6.34%

Credit Quality Allocation



Portfolio by Security Type



Portfolio Characteristics	Fund	ICE BofA HY
Number of issuers	84	956
Top 10 issuers	29.5%	13.3%
Top 25 issuers	57.8%	22.9%
Average rating	CCC1	B1
Average coupon	7.14%	5.68%
Avg. blended yield	6.79%	4.32%
Average price	\$101.98	\$104.05
Adj. effective duration	2.16	4.02
Fund Net Asset Value	\$325,450,785	
Oakland Net Asset Value	\$9,372,204	

The DDJ Capital Management Group Trust – High Yield Investment Fund (the “Fund”) was inceptioned on July 1, 2011. Accordingly, performance since inception set forth above is calculated as of such date. However, the date of the first investment by Oakland Police & Fire Retirement System (“Oakland”) was January 1, 2015. The full name of the index presented is the ICE BofA U.S. High Yield Index (“ICE BofA HY”). The ICE BofA HY is a broad high yield index that tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates (“ICE Data”) and/or its Third Party Suppliers and has been licensed for use by DDJ. ICE Data and its Third Party Suppliers accept no liability in connection with its use. Please contact DDJ for a full copy of the disclaimer. The returns set forth for the Fund are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. Gross returns also do not reflect the deduction of the investment advisory fee charged by DDJ Capital Management; such expense, as well as other expenses the Fund may incur, will reduce the gross return set forth in the charts above. The investment advisory fees charged to each participating trust in the Fund are set forth in such trust’s subscription agreement. Net returns are available upon request. **Past performance is no guarantee of future returns.** Please also reference the Endnotes on the subsequent slides for more information.

Top 10 Issuers *by size of 12/31/21*

	% NAV Weight
NFP Corp.	3.7%
Ford Holdings	3.6%
Tekni-Plex	3.4%
Baffinland Iron Mines	3.2%
Surgery Center	2.9%
Asurion	2.7%
Assured Partners	2.6%
MHS Holdings	2.6%
Specialty Steel	2.6%
Duravant	2.3%
Total	29.5%

Top 5 by Issuer *YTD as of 12/31/21*

	Avg. Weight	Contrib. to Return
American Tire Distributors	1.06%	1.09%
Forum Energy	1.82%	0.69%
CWT Travel	0.19%	0.50%
Utex Industries	0.92%	0.48%
Specialty Steel	2.58%	0.41%
Total	6.57%	3.17%

Bottom 5 by Issuer *YTD as of 12/31/21*

	Avg. Weight	Contrib. to Return
GTT Communications	0.65%	-0.71%
Carlson Travel	0.87%	-0.45%
Bausch Health	0.49%	-0.04%
MultiPlan	0.20%	-0.02%
Wheel Pros	0.73%	-0.01%
Total	2.94%	-1.23%

Industry Groups *as of 12/31/21*

	Fund	ICE BofA HY	Difference
Automotive	7.2%	4.5%	2.8%
Banking	0.0%	1.3%	-1.3%
Basic Industry	15.6%	7.8%	7.8%
Capital Goods	18.6%	6.1%	12.5%
Consumer Goods	2.3%	4.7%	-2.4%
Energy	6.6%	13.4%	-6.8%
Financial Services	0.0%	4.9%	-4.9%
Healthcare	14.4%	9.8%	4.6%
Insurance	8.4%	1.3%	7.1%
Leisure	2.3%	6.4%	-4.1%
Media	5.5%	8.2%	-2.7%
Real Estate	0.0%	4.2%	-4.2%
Retail	3.3%	5.2%	-1.9%
Services	9.0%	6.4%	2.6%
Technology & Electronics	1.1%	4.0%	-2.9%
Telecommunications	3.3%	7.3%	-4.0%
Transportation	1.5%	1.8%	-0.3%
Utility	0.0%	2.8%	-2.8%
Cash & Equivalents	0.9%	0.0%	0.9%

The returns set forth for the Fund above are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. Net returns are available upon request. **Past performance is no guarantee of future returns.** In order to obtain the calculation methodology with respect to the Contribution to Return set forth above, or a list showing a contribution of each holding in the account to the overall Fund's performance during this period, please contact investorrelations@ddjcap.com. The holdings identified above do not represent all of the securities purchased, sold or recommended for the Fund during this period.

PORTFOLIO CHARACTERISTICS DDJ Capital Management Group Trust – High Yield Investment Fund

Price as of 12/31/21

	Fund	ICE BofA HY	Difference
<70	2.2%	0.5%	1.8%
70-85	0.0%	0.6%	-0.6%
85-95	3.6%	2.5%	1.1%
95-100	27.7%	16.7%	11.0%
100-105	46.5%	48.6%	-2.2%
105-110	7.8%	20.4%	-12.6%
>110	5.6%	10.8%	-5.2%
Equity	5.7%	0.0%	5.7%
Cash & Equivalents	0.9%	0.0%	0.9%
Total	100.0%	100.0%	

Blended Yield as of 12/31/21

	Fund	ICE BofA HY	Difference
0-3%	0.3%	23.2%	-22.9%
3-6%	40.6%	63.7%	-23.1%
6-9%	43.1%	10.6%	32.6%
9-12%	4.9%	1.6%	3.3%
12-15%	1.8%	0.2%	1.6%
15-18%	0.6%	0.2%	0.5%
18%+	1.9%	0.6%	1.3%
Equity	5.7%	0.0%	5.7%
Cash & Equivalents	0.9%	0.0%	0.9%
Total	100.0%	100.0%	

Issue Size as of 12/31/21

	Fund	ICE BofA HY	Difference
<\$200mm	7.0%	0.0%	7.0%
\$200-400mm	27.3%	12.3%	15.1%
\$400-600mm	19.5%	21.3%	-1.8%
\$600mm-\$1bn	20.6%	31.1%	-10.5%
\$1-2bn	13.8%	26.5%	-12.7%
\$2-5bn	5.1%	8.9%	-3.7%
>\$5bn	0.0%	0.0%	0.0%
Equity	5.7%	0.0%	5.7%
Cash & Equivalents	0.9%	0.0%	0.9%
Total	100.0%	100.0%	

Adjusted Effective Duration as of 12/31/21

	Fund	ICE BofA HY	Difference
0-1 yr	39.9%	11.1%	28.8%
1-2 yrs	8.6%	12.3%	-3.6%
2-3 yrs	14.6%	14.0%	0.6%
3-4 yrs	8.3%	15.4%	-7.1%
4-5 yrs	10.6%	17.6%	-7.0%
5-6 yrs	5.1%	13.9%	-8.7%
>6 yrs	6.2%	15.7%	-9.6%
Equity	5.7%	0.0%	5.7%
Cash & Equivalents	0.9%	0.0%	0.9%
Total	100.0%	100.0%	

The full index name presented is the ICE BofA U.S. High Yield Index ("ICE BofA HY") and is used for comparative purposes only. The average rating characteristic is determined internally by DDJ pursuant to a consistent methodology. It is not an S&P credit rating or a rating issued from a ratings agency, and is not a credit opinion. With respect to the Fund, blended yield is a blend of (i) for securities trading at or above par, yield to worst for bonds, and yield to three year take out for loans, and (ii) for bonds and loans trading at a discount, yield to maturity. With respect to the benchmark, yield is shown as yield to worst. With respect to the Fund, the adjusted effective duration statistic provided is calculated by taking a weighted average of (i) modified duration to next reset date for all floating rate instruments, and (ii) effective duration for all fixed coupon instruments. With respect to the benchmark, duration is shown as effective duration.



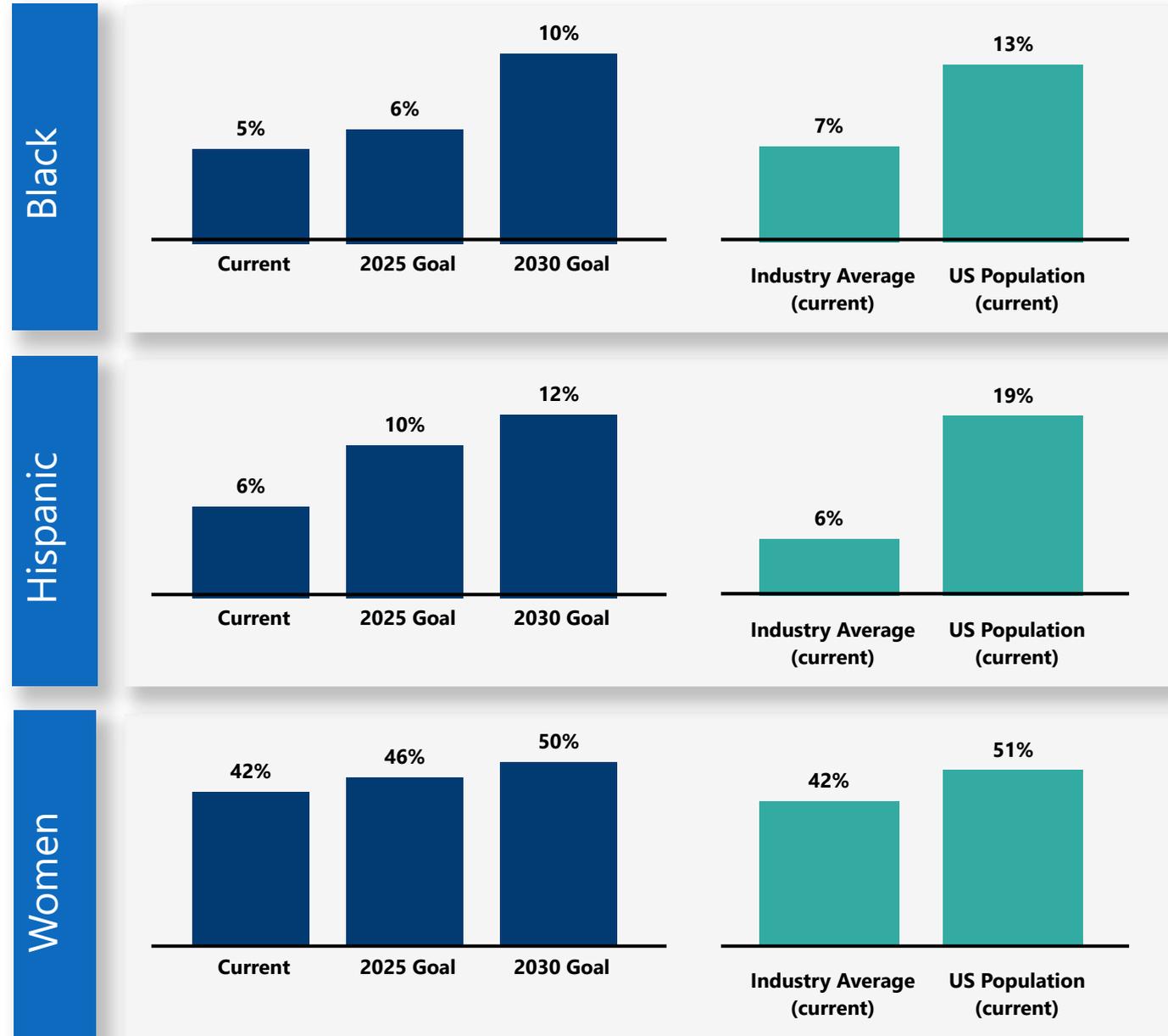
Appendix

Polen Capital Diversity & Inclusion Addendum

Polen Capital Top 5 Goal for 2021: Develop and implement Diversity & Inclusion strategy to increase minority representation within the asset management industry and to enhance our ability to deliver to clients.

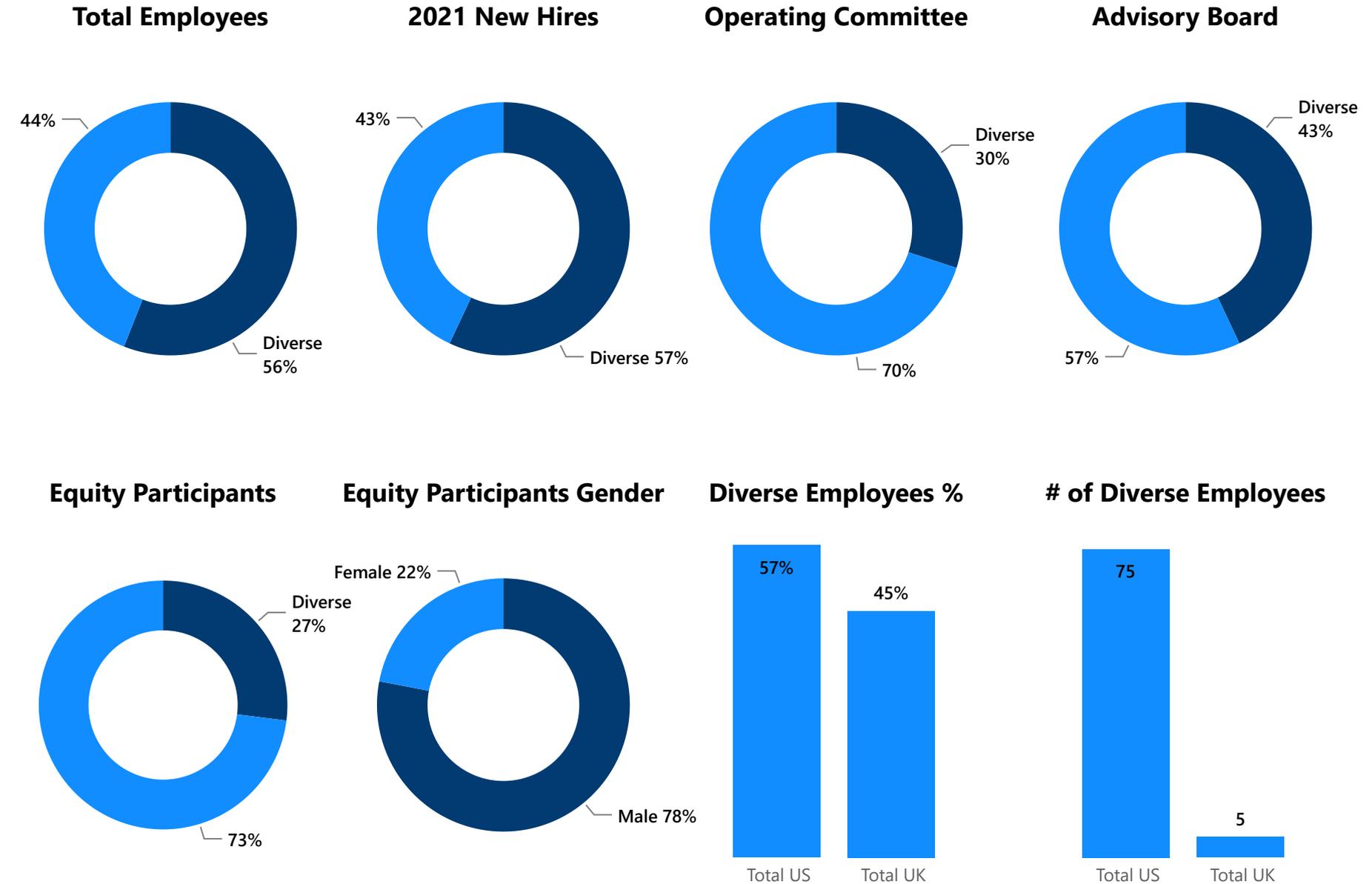
Aspirational Targets at Polen

■ % of Total Polen FTEs



By The Numbers

Diversity at Polen is defined by women, ethnic minorities, veterans, or members of the LGBTQ+ community



Recruitment Partnerships

Full Time Employees



Works to foster career advancement and increased leadership presence of underrepresented talent in the financial service industry



Identifies remarkable military service members, veterans, and spouses, empowering them with academic scholarships, leadership development opportunities and a diverse, global community of mentors and peers



Focuses on united individuals across the financial services industry to drive LGBTQ+ inclusion and inequality

Interns



Works to foster career advancement and increased leadership presence of underrepresented talent in the financial service industry



Expands access to careers in finance and entrepreneurship for undergraduate students from underrepresented backgrounds



Provides rising sophomores and juniors from underrepresented communities with an introduction to career possibilities in financial services



Provides young women online resources and a network of female role models delivering compelling and high-impact messages on the many benefits of investing as a career



FAMU in partnership with Adaptive Growth Leadership

Making a Difference

Firmwide Training: Conscious Inclusion (2019), Implicit Bias (2020), Behaviors of Inclusion (2021)

Polen Capital Diversity Charitable Fund: Donor Advised Fund with grants for minority-focused organizations managed by Roland Cole, Large Company Growth Team Research Analyst and Toigo alum

Employee Resources Groups: Women's ERG and Multicultural ERG established in 2021

The George Snow Scholarship Fund: Polen Capital will be funding a \$40,000 scholarship for a diverse rising college student who is interested in business or finance

The Diversity Project North America: An organization focused on diverse best practices that allows Polen to network with other finance institutions



DDJ Diversity & Inclusion

Diversity Representation Survey for Oakland Police & Fire

Diversity Representation Survey for Oakland Police and Fire

DATA AS OF 12/31/2021

Firm Name	DDJ Capital Management, LLC
Product Managed for OPFRS	DDJ Capital Management Group Trust - High Yield Investment Fund
Total Number of Employees	50

	Percentage (%) of Board of Directors / Managing Members	Percentage(%) of Firm (Entire Staff)	Percentage (%) of Firm (Investment Professionals)
Race and Ethnicity*			
African American/Black	0.00%	2.00%	0.00%
Asian/Hawaiian/Pacific Islander	0.00%	4.00%	6.25%
Latino/Hispanic	0.00%	2.00%	0.00%
White	100.00%	90.00%	93.75%
American Indian/Alaska Native	0.00%	0.00%	0.00%
Other	0.00%	2.00%	0.00%
Gender			
Male	77.78%	62.00%	87.50%
Female	22.22%	38.00%	12.50%
Non-Identified/Other	0.00%	0.00%	0.00%
	100.00%	100.00%	100.00%
	100.00%	100.00%	100.00%

*Racial/ethnic categories appear as defined by EEOC guidance.

Other represents two or more races.

Percentage of each category was calculated based on the total number of individuals in each group (Managing Members, Firm, and Investment Team).

DDJ does not maintain a Board of Directors. For the purposes of the Board of Directors/ Managing Members category, DDJ has included (1) the members DDJ's management operating committee, which is chaired by David Breazzano, president and chief investment officer, and includes three additional representatives (including one female employee) that collectively oversee the legal/compliance, finance/operations, and human resources; and (2) the members of DDJ's five-person investment review committee (which is also chaired by Mr. Breazzano and includes one female employee) who oversee the investment operations of the firm.

Firmwide Diversity & Inclusion Council



Tim Dillon | Investment
DIRECTOR, PORTFOLIO ANALYTICS
11 years industry experience
9 years at DDJ



Sameer Bhalla | Investment
SENIOR RESEARCH ANALYST
18 years industry experience
6 years at DDJ



Jennifer Leger | Human Resources
DIRECTOR, HUMAN RESOURCES
28 years industry experience
3 years at DDJ



Erika Kennedy | Business Development & Client Service
DIRECTOR, INVESTOR RELATIONS
15 years industry experience
4 years at DDJ*



Victoria Moore | Investment
RESEARCH ANALYST
3 years industry experience
2 years at DDJ



Meaghan Mahoney | Business Development & Client Service
DIRECTOR, INVESTOR RELATIONS
19 years industry experience
2 years at DDJ

The Diversity & Inclusion Council is tasked with identifying and developing partnership, training, recruitment and other initiatives to further the firm's progress on its Diversity & Inclusion efforts

Diversity & Inclusion Council

- As an equal opportunity employer, DDJ has an established Affirmative Action Plan and strives to identify the best candidate for all position openings, while recognizing the substantial benefit to the organization that is associated with employing a well-diversified staff
- DDJ is committed to the recruitment and advancement of people regardless of age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make each of its employees unique
- Since 2015, 45% of the firm's new hires have been women and/or minorities, including the two most recent additions to its investment team
- Additionally, as of 12/31/2021, approximately 40% of the firm's employees are women and/or minorities and 20% of its employee equity owners (by count) are women and/or minorities
- Finally, DDJ proactively seeks to partner with vendors that identify as women, minority or veteran-owned businesses

Diversity & Inclusion Council

*Drawing on the experiences of a cross-section of employees across the firm, DDJ officially launched its **Diversity & Inclusion (D&I) Council** in 2020 to formalize its D&I strategy with respect to:*

RECRUITING

- Recruit with intention to identify and ultimately hire from a diverse candidate pool
- Develop internship programs, such as the firm's current partnership with the Posse Foundation, and other engagement opportunities, such as the firm's Whitepaper Challenge, to reach and attract under-represented groups in an effort to help improve the industry "pipeline" problem

DEVELOPING

- Create training and development opportunities for the firm and its employees individually to continue to progress on the D&I journey, including, but not limited to, mandatory annual firmwide training
- Develop an internal mentorship program and affinity groups
- Partner with external organizations, such as 100 Women in Finance and Boston Women in Finance, to augment internal development efforts

RETAINING

- Foster a culture of inclusivity and equality, allowing DDJ to remain a preferred place of employment and to retain its most important asset – its employees



DDJ's Diversity & Inclusion Mission Statement:

DDJ believes that embracing diversity is paramount to creating and maintaining a culture that drives employee collaboration, enhances our business results and advances our commitment to excellence. As part of its *Corporate Citizenship Program*, DDJ is committed to and prioritizes diversity across age, gender, religion, race, sexual orientation, disability, national origin, experience and thought.

Through employee education, community engagement and recruiting efforts, DDJ strives to create a more diverse workplace, foster a greater awareness of the importance of diversity and inclusion and provide opportunities to underrepresented communities. DDJ believes that possessing a broader set of backgrounds and perspectives results in better decision-making, which is critical to the firm's sustainability and long-term success.

Investment Team

	Industry Coverage / Responsibilities	Prior Investment Experience	Education
DAVID BREAZZANO PRESIDENT	Chief Investment Officer; Oversees strategies firm-wide; Co-PM on Opportunistic HY Strategy; Co-PM on Upper Tier U.S HY Strategy	Fidelity Investments T. Rowe Price	Cornell University, MBA Union College, BA
BENJAMIN SANTONELLI PORTFOLIO MANAGER	Co-PM on Opportunistic HY Strategy; PM on Total Return Credit Strategy; Assistant PM on Bank Loan Strategy		Amherst College, BA
JOHN SHERMAN PORTFOLIO MANAGER	Co-PM on Opportunistic HY Strategy; PM on Bank Loan Strategy; Assistant PM on Total Return Credit Strategy	Thoma Cressey Equity Partners Citigroup Investment Banking Division	University of Notre Dame, BBA
ROMAN RJANIKOV PORTFOLIO MANAGER	Co-PM on Upper Tier U.S. HY Strategy; Director of Research; ESG Integration	MFS Investment Management Fidelity International	Harvard Business School, MBA Plekhanov Russian University of Economics, MSc
SAMEER BHALLA SENIOR RESEARCH ANALYST	Energy, Chemicals, Industrials	Liberty Mutual Group Investor's Bank and Trust	Boston College, MSF Boston University Questrom School of Business, BS
MICHAEL GRAHAM, CFA SENIOR RESEARCH ANALYST	Healthcare	Macquarie Capital	Middlebury College, BA CFA Designation
ERIC HOFF, CFA SENIOR RESEARCH ANALYST	Metals & Mining, Autos, Aerospace & Defense	Newstar Capital (f/k/a Feingold O'Keeffe Capital)	Boston University Questrom School of Business, BS CFA Designation
NED HOLE, CFA SENIOR RESEARCH ANALYST	Telecommunications, Cable, Satellite, Consumer & Retail	Putnam Investments BlackRock Financial	Williams College, BA CFA Designation
MARK WEGNER SENIOR RESEARCH ANALYST	Building Materials, Paper & Packaging, Services	Silver Point Capital, L.P. Rothschild Inc.	The Johns Hopkins University, BA

	Industry Coverage / Responsibilities	Prior Investment Experience	Education
DOUGLAS WOODEN SENIOR RESEARCH ANALYST	<i>Media, Technology, Gaming & Leisure</i>	Fort Warren Capital Putnam Investments	University of Pennsylvania, BA
VICTORIA MOORE RESEARCH ANALYST	<i>Support on various industries</i>	Cambridge Associates	Yale University, BA
JASON RIZZO HEAD TRADER	<i>High yield bonds, bank loans, and equity</i>	Grantham, Mayo, Van Oterloo & Co. LLC Colonial Management Associates	State University of New York, BS
CHRIS KAMINSKI, CFA TRADER	<i>High yield bonds, bank loans, and equity</i>	Bank of New York Mellon	Boston University, BA CFA Designation
TIMOTHY DILLON DIRECTOR, PORTFOLIO MANAGEMENT ANALYST	<i>Portfolio construction, modeling and analysis</i>	Brown Brother Harriman & Co.	Middlebury College, BA Bentley University, MBA
JOSHUA MCCARTHY GENERAL COUNSEL & CHIEF COMPLIANCE OFFICER	<i>Product structuring compliance and general transactional</i>	Testa, Hurwitz & Thibault, LLP	Duke University School of Law, JD Duke University, AB
BETH DUGGAN ASSOCIATE GENERAL COUNSEL	<i>Loans, reorganizations, and general transactional</i>	Goodwin Procter, LLP Pillsbury Winthrop, LLP	Northwestern University School of Law, JD Cornell University, BA

Biographies

DAVID BREAZZANO *President, Chief Investment Officer, Portfolio Manager*

Mr. Breazzano is a co-founder of DDJ and has more than 41 years of experience in high yield, distressed, and special situations investing. At DDJ, he oversees all aspects of the firm and chairs the Management Operating, Remuneration, and Investment Review Committees. In addition, Mr. Breazzano serves as co-portfolio manager of DDJ's U.S. Opportunistic High Yield and Upper Tier U.S. High Yield strategies. Prior to forming DDJ, from 1990 to 1996, he was a vice president and portfolio manager in the High-Income Group at Fidelity Investments, where he had investment management responsibility for over \$4 billion in high yield and distressed assets. Specifically, he was a portfolio manager of the Fidelity Capital & Income Fund, which was one of the largest high yield funds in existence at that time. In addition, Mr. Breazzano co-managed the distressed investing operation at Fidelity. Prior to joining Fidelity in 1990, Mr. Breazzano was a vice president and portfolio manager at T. Rowe Price Associates. Before joining T. Rowe Price in 1985, he was a high yield analyst and vice president at First Investors Asset Management, which had over \$1 billion in high yield assets under management. Mr. Breazzano began his professional career at New York Life as an investment analyst. Mr. Breazzano is the author of the chapter entitled "Distressed Investing" in *Leveraged Financial Markets: A Comprehensive Guide to High-Yield Bonds, Loans, and Other Instruments* and co-author of the chapter entitled "Trading in the Distressed Market" in *Investing in Bankruptcies and Turnarounds*. Mr. Breazzano serves as a member of the board of directors for the Children's Trust Fund following his appointment by Massachusetts Governor Charlie Baker in 2016. He received his MBA from the Johnson School at Cornell University where he currently is a member of the university's board of trustees. Mr. Breazzano graduated *cum laude* with a BA from Union College, where he also currently sits on its board of trustees.

BENJAMIN SANTONELLI *Portfolio Manager*

Mr. Santonelli joined DDJ in 2004 and has more than 17 years of experience in sourcing, analyzing, and managing investments across a variety of industries. Mr. Santonelli serves as co-portfolio manager of DDJ's U.S. Opportunistic High Yield strategy, portfolio manager of DDJ's Total Return Credit strategy, and assistant portfolio manager of DDJ's Bank Loan strategy. He is also a member of the Investment Review Committee. Mr. Santonelli serves as a member of the board of directors of a portfolio company. Mr. Santonelli received his BA from Amherst College.

JOHN SHERMAN *Portfolio Manager*

Mr. Sherman joined DDJ in 2007 and has more than 17 years of corporate finance and investment experience. Mr. Sherman serves as co-portfolio manager of DDJ's U.S. Opportunistic High Yield strategy, portfolio manager of DDJ's Bank Loan strategy, and assistant portfolio manager of DDJ's Total Return Credit strategy. He is also a member of the Investment Review Committee. Mr. Sherman serves as a member of the board of directors of a portfolio company. Prior to joining DDJ, Mr. Sherman was an associate in the Healthcare Group at Thoma Cressey Equity Partners, focusing on private equity investments in middle-market companies. While at Thoma Cressey Equity Partners, Mr. Sherman participated in the due diligence of new standalone investments and tack-on acquisitions for existing portfolio companies. Prior to joining Thoma Cressey Equity Partners, Mr. Sherman was in the Investment Banking Division of Citigroup where he was an analyst in the Global Healthcare Group. While at Citigroup, he participated in the execution of initial public offerings, private placements, mergers and acquisitions, recapitalizations, and other corporate finance transactions. Mr. Sherman graduated *magna cum laude* with a BBA from the University of Notre Dame.

ROMAN RJANIKOV *Portfolio Manager, Director of Research*

Mr. Rjanikov joined DDJ in 2007 and has more than 18 years of experience in sourcing, analyzing, and managing investments across a variety of industries. Mr. Rjanikov serves as the co-portfolio manager of DDJ's Upper Tier U.S. High Yield strategy as well as the Director of Research. He is also a member of the Investment Review Committee and is currently spearheading DDJ's Environmental, Social, and Governance efforts (including the development of the DDJ Environmental Sustainability High Yield Strategy). Prior to joining DDJ, Mr. Rjanikov was an Equity Research Analyst at MFS Investment Management since 2003. While at MFS, Mr. Rjanikov covered a variety of industries with a focus on equities of public US companies. From 1995 to 2001, Mr. Rjanikov was a Senior Financial Analyst at Hewlett-Packard Company in the US, Switzerland and Russia. Mr. Rjanikov earned his MBA (with Distinction) from Harvard Business School and M. Sc. from Plekhanov Russian University of Economics.

JASON RIZZO *Head Trader*

Mr. Rizzo joined DDJ in 2004 and has more than 24 years of industry experience. Mr. Rizzo is responsible for the execution of trades in all securities in which DDJ invests including high yield bonds, bank debt, distressed bonds, convertible bonds, and equities as well as general oversight of the trading function. Prior to joining DDJ, Mr. Rizzo served in a trading support role at Grantham, Mayo, Van Otterloo & Co. LLC from 2000 to 2004. From 1999 to 2000, Mr. Rizzo was a pricing analyst with Colonial Management Associates and from 1997 to 1999 he worked at State Street Bank and Trust in the mutual fund accounting area. Mr. Rizzo received his BS from the State University of New York.

JOSHUA McCARTHY *General Counsel & Chief Compliance Officer*

Mr. McCarthy joined the DDJ legal department in 2003 and has over 21 years of experience in the legal profession. As General Counsel, Mr. McCarthy is responsible for overseeing DDJ's legal affairs and providing counsel related to the firm's investment management activities. In addition, in his role as Chief Compliance Officer, Mr. McCarthy administers DDJ's compliance program, including the firm's annual compliance review conducted pursuant to the requirements of the Investment Advisers Act of 1940. He is also a member of the Management Operating, Remuneration, and Fair Value Committees. Prior to joining DDJ, Mr. McCarthy worked as an associate in the business practice group at Testa, Hurwitz & Thibault, LLP, where he represented various publicly and privately held companies as well as venture capital partnerships. Mr. McCarthy received his JD from Duke University School of Law, *magna cum laude*, and his AB from Duke University, *magna cum laude*. Mr. McCarthy is a member of the bar of the Commonwealth of Massachusetts.

ELIZABETH DUGGAN *Associate General Counsel*

Ms. Duggan joined the DDJ legal department in 2006 and has over 20 years of experience structuring and negotiating corporate and finance transactions. She focuses the majority of her work on primary issuances of loans and private placements, mergers and acquisitions, reorganizations and intercreditor issues. She is also a member of the Investment Review Committee. Prior to joining DDJ, she was a senior associate in the Leveraged Finance Group at Goodwin Procter, LLP and an associate in the Corporate, Securities, and Finance Group of Pillsbury Winthrop, LLP, in New York. Ms. Duggan has significant experience representing institutions on various domestic and cross-border financing transactions. Ms. Duggan received her JD from Northwestern University School of Law and her BA from Cornell University. She is a member of the bars of the Commonwealth of Massachusetts and the State of New York.

DAVID LEVINE, CFA *Managing Director, Portfolio Specialist*

Mr. Levine joined DDJ in 2008 and has more than 21 years of experience in the investment management industry. Mr. Levine works with the members of the business development and client service team to effectively communicate DDJ's investment philosophy and strategies with clients, consultants and prospects. In addition, Mr. Levine heads the group responsible for developing content, performance measurement, analytics and reporting. Before joining the business development and client service team in 2013, he served as performance manager for DDJ's analytics team where he was responsible for performance measurement, portfolio analytics, attribution, and GIPS compliance for the firm. Earlier in his career, he worked at Blackrock, Inc. and State Street Corporation. Mr. Levine received his MS in Finance from Bentley University and his BS from Framingham State University. Mr. Levine is a CFA charterholder.

ANDREW ROSS, CFA *Director, Portfolio Specialist*

Mr. Ross joined DDJ in 2016 and has more than 20 years of experience in the investment management industry. Mr. Ross works with members of the business development and client service team to effectively communicate DDJ's investment philosophy and strategies with clients, consultants and prospects. Prior to joining DDJ, he served as a fixed income product management analyst at Wellington Management Company, where he acted as a proxy for portfolio managers in communicating to clients, consultants, and prospects on investment strategies, positioning, and market outlook. Prior to that, Mr. Ross worked as an equity research associate at MFS Investment Management, where he built and maintained company models using bottom-up fundamental analysis to forecast various metrics. Mr. Ross graduated *cum laude* with a BS in Finance from the University of Massachusetts and is a CFA charterholder.

JOHN RUSSELL, CPA *Chief Financial Officer*

Mr. Russell joined DDJ in 1997 and has more than 31 years of industry experience. Mr. Russell is responsible for all day-to-day financial reporting, accounting, tax-related and back office accounting functions as well as oversight of DDJ's human resource function. He is also a member of the Management Operating, Remuneration, Fair Value, and Business Process Review Committees. Prior to joining DDJ, Mr. Russell worked as an audit manager in the Investment Management Group at Ernst & Young, LLP, and prior to that, as a senior and staff auditor. Mr. Russell earned his MS (accounting) / MBA from Northeastern University and his AB from Brown University. Mr. Russell is a certified public accountant and member of the Massachusetts Society of CPAs and the Private Equity CFO Association (Boston Chapter). Mr. Russell serves on the Board of Advisors of the Greater Boston Food Bank.

MATT HENSHER *Director, Investor Relations*

Mr. Hensher joined DDJ in 2016 and has more than 26 years of experience in the investment management industry. He is a relationship manager for DDJ and also has business development responsibilities. Prior to joining DDJ, he served as a director of relationship management at MFS International (UK) Limited in London for over ten years. Mr. Hensher worked with a broad range of institutional clients in the Nordic, North American and UK regions. Prior to that, Mr. Hensher was a client service manager, also at MFS International, where he set up and managed the London Institutional Client Service team. Earlier in his career, he worked at Goldman Sachs Asset Management, Rothschild Asset Management and Coutts & Co. Private Bank. Mr. Hensher received his Investment Management Certification (IMC) at the London School of Business.

ERIKA KENNEDY *Director, Investor Relations*

Ms. Kennedy most recently joined DDJ in 2017 and has more than 15 years of industry experience. She is responsible for business development in various regions of the U.S. She also served as a director at DDJ from 2008-2016. Prior to re-joining DDJ in 2017, Ms. Kennedy worked as Vice President of Institutional Sales and Consultant Relations at NWQ Investment Management Company. Prior to initially joining DDJ in 2008, Ms. Kennedy was a compliance analyst at Fidelity Investments. Ms. Kennedy received her MA from the University of Miami and her BS from Syracuse University and she holds her Series 7 and 63 registrations.

MEAGHAN MAHONEY *Director, Investor Relations*

Ms. Mahoney joined DDJ in 2019 and has more than 19 years of experience in the investment management industry. She is responsible for sales and consultant relations for DDJ. Prior to joining DDJ, she served as a senior vice president at Great Elm Capital Management, where she was responsible for investor relations for two publicly-traded, micro-cap companies. Prior to that, Ms. Mahoney was a Partner at MAST Capital Management, where she was responsible for marketing, investor relations and business development strategy. Earlier in her career, she worked at Strategic Value Partners, Avenue Capital, Protégé Partners, and Goldman Sachs. Ms. Mahoney received her BS from Cornell University and she holds her Series 7 and 63 registrations.

BILL PORTER *Director, Investor Relations*

Mr. Porter joined DDJ in 2019 and has more than 29 years of experience in the investment industry. He is responsible for business development and consultant relations for the firm. Prior to joining DDJ, Mr. Porter spent nine years at Amundi Pioneer Asset Management (f/k/a Pioneer Investments), where he served for seven years as senior vice president and head of institutional distribution for North America, and was a member of the firm's U.S. Management Committee. In this capacity, he was responsible for managing a team of business development, consultant relations, relationship management and client portfolio management professionals. During his first two years at Pioneer Investments, he served as head of consultant relations where he built and managed the team in North America. Prior to that, he spent twelve years at State Street Global Advisors (SSgA), where he held senior roles in consultant relations and client portfolio management. Earlier in his career, he worked at Scudder, Stevens & Clark. Mr. Porter received his MBA, with a concentration in Marketing, from Northeastern University and his BA, *magna cum laude*, from St. Lawrence University and he holds his Series 7 and 63 registrations.

KATHERINE (KENZIE) WEDGE *Associate Director, Investor Relations*

Ms. Wedge joined DDJ in 2015 and has more than seven years of experience in the investment management industry. She is responsible for developing and maintaining client and consultant relationships, as well as business development. Prior to joining DDJ, she served as a data integrity analyst at Commonwealth Financial Network, where she supported financial advisors by maintaining and analyzing the data related to both client accounts and sponsor companies. Ms. Wedge received her BS in Mathematics and Finance from the College of Charleston and she holds her Series 7 and 63 registrations.

DDJ Capital Management, LLC
Schedule of Investment Performance - DDJ U.S. Opportunistic High Yield Composite
 March 31, 1998 to September 30, 2021

Year Ended 12/31	Total Gross Return (%)	Total Net Return (%)	Custom Benchmark Return (%)	Number of Portfolios	Composite Assets at End of Period (\$ millions)	Firm Assets at End of Period (\$ millions)	Composite Dispersion (%)	Composite 3 Yr. Annualized Standard Deviation (%)	Benchmark 3 Yr. Annualized Standard Deviation (%)
YTD 2021	8.84%	8.47%	4.73%	20	5,654	8,322	na	11.06%	9.58%
2020	8.36%	7.89%	6.04%	22	5,521	7,987	1.25%	11.06%	9.63%
2019	6.18%	5.73%	13.98%	24	6,041	7,861	0.64%	4.31%	4.23%
2018	0.88%	0.40%	-2.20%	25	6,345	8,207	1.75%	4.16%	4.85%
2017**	12.13%	11.56%	7.30%	18	5,643	7,831	0.54%	4.92%	5.93%
2016	17.53%	16.96%	18.33%	21	5,584	7,589	1.40%	4.96%	6.35%
2015	-3.82%	-4.28%	-5.43%	21	5,091	7,401	0.88%	4.04%	5.46%
2014	3.68%	3.12%	2.09%	15	4,091	8,028	1.84%	3.10%	4.51%
2013	10.16%	9.55%	7.23%	15	3,456	7,145	1.01%	4.54%	6.50%
2012	17.61%	16.92%	15.58%	13	2,475	5,032	1.51%	5.27%	7.13%
2011	3.57%	3.04%	4.38%	14	2,459	3,653	1.50%	8.37%	11.15%
2010	19.30%	18.63%	15.19%	10	2,455	3,985	2.86%	14.34%	17.16%
2009	58.52%	57.51%	57.51%	11	2,657	3,414	3.32%	14.19%	17.02%
2008	-29.22%	-29.51%	-26.39%	8	1,231	2,333	1.64%	11.13%	13.50%
2007	3.77%	3.27%	2.19%	7	1,517	2,791	na	3.72%	4.55%
2006	12.15%	11.52%	11.77%	5	1,450	2,835	na	3.85%	3.86%
2005	5.79%	5.32%	2.74%	3	1,425	2,617	na	5.89%	5.47%
2004	13.59%	12.18%	10.87%	2	1,158	2,220	na	7.44%	8.48%
2003	39.51%	34.18%	28.15%	2	914	1,675	na	8.82%	10.63%
2002	10.10%	9.23%	-1.89%	1	468	1,173	na	8.65%	10.30%
2001	7.17%	6.55%	4.48%	1	397	1,166	na	7.40%	7.93%
2000	-7.59%	-8.17%	-5.12%	1	355	1,126	na	na	na
1999	4.68%	4.04%	2.51%	1	363	1,111	na	na	na
1998*	-3.43%	-3.89%	-0.02%	1	347	1,040	na	na	na

*Partial year, inception 3/31/98

DDJ Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DDJ Capital Management, LLC has been independently verified for the periods March 1, 1996 to December 31, 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The DDJ U.S. Opportunistic High Yield Composite has had a performance examination for the periods January 1, 2005 to December 31, 2020. The verification and performance examination reports are available upon request.

U.S. OPPORTUNISTIC HIGH YIELD COMPOSITE DISCLOSURES

DDJ Capital Management, LLC ("the Firm", "DDJ") is an investment adviser, registered with the Securities and Exchange Commission, which specializes in high yield securities and special situations investing.

The DDJ U.S. Opportunistic High Yield Composite ("the Composite") was created in August 2007. The U.S. Opportunistic High Yield strategy seeks to generate capital appreciation and income by investing in high yield securities or higher rated securities that offer yields similar to those available in the high yield market. The strategy focuses on investments in high yield bonds and has a bias toward lower tier securities. Opportunistic High Yield portfolios not denominated in U.S. dollars, where currency hedging is a significant component of the strategy, are excluded from the Composite. Derivatives may be used for hedging purposes only; however, certain credit derivatives may be used in limited circumstances subject to client guidelines. Portfolios within the Composite will be permitted to invest in lower-rated debt securities, equity securities, bank debt, small issues and direct private investments, but allocations to these security types will vary. Portfolios within the Composite will generally invest at least 25% of assets in bank loans, hold no fewer than 50 issuers and will invest in illiquid securities. In January 2021, a lower limit on issuers held was added.

Gross returns do not reflect the deduction of investment management fees, but are net of trading expenses, deal-related legal expenses and foreign withholding tax. Net returns reflect the application of actual management and, if applicable, performance-based fees to gross returns. Composite dispersion is the equal-weighted standard deviation of annual gross returns of all accounts included in the Composite for the entire year. Composite dispersion is not applicable for composites which contain five accounts or fewer for the entire year. The three-year annualized standard deviation measures the variability of the Composite gross returns and the benchmark returns over the preceding 36-month period. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds as well as policies for valuing portfolio investments, calculating performance, and preparing GIPS Reports are available upon request.

At 12/31/2020, 12% of composite assets were valued using subjective, unobservable inputs.

The custom benchmark, the ICE BofA U.S. Non-Financial High Yield Index, is used for comparative purposes only. Like the investments of the benchmark, the Composite consists primarily of bonds and notes rated BB or lower. However, the benchmark is an unmanaged index and does not include any private (non-144A) obligations, convertible bonds, preferred and common equity, and certain other securities and obligations, and excludes financials. Investments made by DDJ on behalf of the portfolios managed according to the strategy may differ from those of the benchmark and may not have the same investment strategy. Accordingly, investment results for the Composite will differ from those of the benchmark. For periods prior to January 1, 2013, the Composite is measured against the ICE BofA U.S. High Yield Index.

The standard management fee schedule is as follows (per annum):

Separate Account		Commingled Fund	
First \$100 million	55 bps	First \$200 million	55 bps
Next \$100 million	50 bps	Next \$200 million	50 bps
Above \$200 million	45 bps	Above \$400 million	45 bps

From the most recent audited annual report dated 12/31/20, the total expense ratio of DDJ Capital Management Group Trust - High Yield Investment Fund, which is a member of this Composite, was 0.60%

Performance-based fee schedules are available for separate accounts. Management and performance-based fees may vary according to the specific mandate of the account, investment performance, and assets under management.

The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by DDJ. ICE Data and its Third Party Suppliers accept no liability in connection with its use. Please contact DDJ for a full copy of the applicable disclaimer.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Past performance is not an indication of future results.

**Following a review of the Composite membership during the fourth quarter of 2017, DDJ removed four portfolios from the Composite, comprising approximately 10% of Composite AUM. Reasons for this removal include changes in client investment guidelines (and associated) constraints as well as the overall evolution of the DDJ U.S. opportunistic high yield strategy and of the high yield market. Accordingly, DDJ migrated such portfolios, which remain under DDJ's management, to separate composites more appropriate for their respective investment strategies.



We've moved!

INVESTMENT MANAGER

DDJ Capital Management

1075 Main Street

Suite 320

Waltham, MA 02451

www.ddjcap.com



December 7, 2021

Dear Clients and Partners,

I hope this letter finds you and your family well.

I am writing to you today to share the exciting news that DDJ Capital Management, LLC has reached an agreement to be acquired by Polen Capital Management, LLC, a U.S.-based growth equity asset management firm with over thirty years of experience in the investment management business and over \$80 billion in total client assets. Subject to customary closing conditions, we are seeking to finalize the closing of this transaction by year-end.

With DDJ becoming the dedicated leveraged credit arm of a growing and diversified investment firm, we believe that this transaction will improve DDJ's institutional stability. Over the years, DDJ has been approached by many suitors, and in each of those instances, I have made it clear that any deal would require the continued autonomy of our investment team. Also important to me was the prospect of enhanced distribution capabilities in order to ensure that DDJ remained a healthy and viable enterprise well into the future. In addition, I believe that this deal provides added benefits to our clients through leadership succession as well as access by DDJ to greater resources to invest in our technological infrastructure. I am confident that the agreement between DDJ and Polen facilitates these outcomes. Although I believe that DDJ would have continued to thrive as a stand-alone business, I also expect that this deal will enhance the overall experience for our clients and consultants, as well as provide for greater opportunity for DDJ's most valuable resource: its people.

Since I co-founded the firm in 1996, DDJ has focused on generating attractive risk-adjusted returns for its clients and consultants through its investments in high yield bonds, syndicated bank loans, private credit, and other special situation investments, growing the firm from its initial founding with \$245 million in assets under management to over \$8.2 billion today. This past March, we celebrated the firm's 25th anniversary, a milestone of which we are all incredibly proud. I believe that this agreement with Polen provides the DDJ franchise with the platform necessary to ensure our continued success for the next 25 years and beyond.

Importantly, this transaction will not change the team's focus on investing in the leveraged credit markets and delivering attractive performance returns to our clients. Upon the consummation of the transaction, Polen will acquire all of the assets of DDJ – its people, its processes, and its investment philosophy. Polen's business model will provide DDJ with the autonomy to continue operating as a specialist High Yield and Leveraged Loan investment manager, yet with the resources of a larger firm. Polen's approach creates a clear delineation of roles and responsibilities, which enables its investment teams to solely focus on investing. I believe that partnering with Polen will enhance DDJ's ability to invest in its people and business, further empowering the DDJ team to achieve excellent investment performance and deliver high-quality client service.



From an investment philosophy perspective, both firms are extremely like-minded in their focus and belief that bottom-up security selection together with the management of concentrated investment portfolios will generate superior investment performance over the long-term. Although DDJ and Polen invest in different asset classes and areas of the market and are thereby complementary in nature, the two organizations nonetheless share critical similarities in terms of corporate culture with their mutual commitment to the on-going development of human capital, community outreach, and diversity and inclusion, to name but a few.

In terms of any potential effect that this transaction may have on you, I would like to underscore how important it is to all of us at DDJ that your relationship with the firm changes as little as possible. The members of the firm's Investment Review Committee, including myself and each of the portfolio managers, have entered into multi-year employment contracts with Polen, ensuring that your investment experience with DDJ will remain unchanged. On the non-investment side of the business, Polen has committed to retaining the entire DDJ team, though we expect that the combination of the various support functions throughout the broader organization will happen in time. Further, I (somewhat selfishly) welcome the opportunity to reallocate some of my non-investment functions, allowing me to devote a greater percentage of my time to the investment process, which, as you likely know, is my true passion. Lastly, I am pleased to report that the entire DDJ team will continue to operate out of our new office location at 1075 Main Street in Waltham, Massachusetts.

As this transaction will constitute a change of control of DDJ, we will be seeking client consent for the assignment of our investment management agreements. Your relationship manager will be in touch shortly to work with you and your team on the approval process and associated documentation.

I am extremely grateful for the confidence that you and your organization have shown in our firm, and we look forward to deepening our relationship with you for many years to come. We at DDJ are excited to begin this new chapter in our firm's history. If any questions arise, please do not hesitate to reach out to either me or your relationship manager directly.

Kind regards and best wishes,

David J. Breazzano

President & Chief Investment Officer



December 8, 2021

To: Investment Advisory Clients of DDJ Capital Management, LLC (“DDJ”) and investors in certain funds advised or managed by DDJ (“DDJ Funds”)

Re: Request for Consent under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)

You are receiving this letter because you are an investment advisory client of DDJ and/or you are an investor in a DDJ Fund.

DDJ has entered into a Membership Interest Purchase Agreement, dated as of December 2, 2021, pursuant to which Polen Capital Management, LLC (“Polen Capital”) will purchase 100% of the outstanding equity interests in DDJ (the “Transaction”).

DDJ and Polen Capital are seeking to close the transaction by December 31, 2021, subject to the satisfaction of customary closing conditions. Upon the closing of the transaction, the DDJ investment team will remain intact and continue to have complete autonomy over its investment process. In addition, DDJ’s president and chief investment officer, David Breazzano, as well as each of the members of the firm’s investment review committee, has entered into a multi-year employment contract with Polen Capital. Mr. Breazzano will also continue to lead the DDJ investment team as head of the U.S. High Yield franchise, and the firm’s current portfolio managers will continue managing their existing client portfolios. Furthermore, DDJ’s accounting/finance, legal/compliance, performance/analytics, and client service departments will continue to remain accountable for supporting the high yield platform with no interruption, while your existing relationship manager will continue to serve as your primary contact. This outcome should result in DDJ’s clients seeing no change in the management of their portfolios or in any related client servicing and reporting.

Although Polen Capital and DDJ do not intend to make any changes to DDJ’s investment philosophy or process, the Transaction nonetheless will constitute an “assignment” under the Advisers Act, thereby requiring the consent of DDJ’s clients.

As a client of DDJ or an investor in one or more DDJ Funds, you are hereby requested to provide your written consent to the Transaction. If you are an investor in a DDJ Fund, your consent will serve as authorization for the applicable general partner, manager or trustee of the DDJ Fund to formally consent to the Transaction.

Please complete the attached Consent Form and return it to DDJ by email to Joshua McCarthy, General Counsel and Chief Compliance Officer of DDJ, at jmccarthy@ddjcap.com at your earliest convenience, but no later than December 23, 2021.

We look forward to continuing to serve you. Please contact Joshua McCarthy at (781) 283-8511 or jmccarthy@ddjcap.com if you have any questions relating to the foregoing.

Sincerely,

DDJ Capital Management, LLC

By: 

Name: David J. Breazzano

Title: President

CONSENT FORM

This is the Consent Form accompanying the December 8, 2021 letter to DDJ Capital Management, LLC clients and investors in DDJ Funds regarding the purchase by Polen Capital Management, LLC of all of the outstanding equity interests of DDJ Capital Management, LLC (the "Transaction").

The person(s) signing below (i) hereby CONSENT(S) to the Transaction on behalf of the client/investor named below and (ii) represent(s) and warrant(s) to DDJ that they are duly authorized to consent to the Transaction on behalf of the client/investor named below with respect to all investment advisory accounts advised by DDJ and all DDJ Funds in which the client/investor is invested.

Client/Investor Name: **The Oakland Police and Fire Retirement System**

By: _____

Name:

Title:

Date: January ___, 2022

By: _____

Name:

Title:

Date: January ___, 2022

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: Meketa Investment Group
DATE: January 26, 2022
RE: DDJ Capital- Manager Update

Background

In December 2021, DDJ Capital reached an agreement to be acquired by Polen Capital, a Florida-based growth equity asset management firm with over thirty years of experience and over \$80 billion in total client assets. It was expected to close by 2021-year end.

DDJ Opportunistic High Yield strategy continues to be a high conviction strategy, and the transaction will benefit the team without affecting the philosophy, investment process, or culture. **However, as a result of the organizational change, Meketa recommends maintaining watch status and closely monitoring the team and the investment portfolio.**

DDJ Background & Organizational Update

DDJ was founded in 1996 and is based in Waltham, MA. Co-founder Dave Breazzano remains active in the organization serving as President and Chief Investment Officer. DDJ manages more than \$8 billion in credit-oriented strategies with the flagship Opportunistic High Yield strategy. DDJ will become the dedicated credit arm of Polen and remain located in Waltham, MA enabling the investment team to stay intact and operating independently. There are no direct cost synergies or redundancies, and no one will be terminated.

Over the last few years, Mr. Breazzano had been transitioning equity to employees and had spoken with a handful of insurance companies and asset managers, but he did not like any of the arrangements. A sub-advisory partner of DDJ who own some of Polen's equity mentioned to DDJ six months ago that Polen was looking to expand into fixed income to diversify its offerings away from equity. They were connected and the deal came together.

Transaction Details

Ownership Structure Changes: Mr. Breazzano (together with his family trusts established for estate planning purposes) currently is a majority and controlling shareholder of DDJ while 20-30% of the total equity is owned by current senior employees and 11% of the firm is owned by former employees of DDJ. Cornell University Foundation currently holds a small amount of equity, which was a gift from Mr. Breazzano. Polen has agreed to purchase 100% of the outstanding equity units of DDJ including shares held by all employees, former employees, and the Cornell Foundation. Upon closing, franchise equity in the high yield operation will be awarded by Polen Capital to key senior members of the DDJ investment team so they retain some economic interest in DDJ. No franchise equity will be issued to former employees or the Cornell Foundation.

Investment Team Retention Incentives: The DDJ Investment Review Committee, including Mr. Breazzano and each of the portfolio managers, have entered into a three-year contract. Additionally,

Mr. Breazzano is locked up for five years. Mr. Breazzano will become a member on Polen’s Operating Committee giving him a voice at the table of the parent company. He will remain CIO of the high yield group and stay involved in the investment process but will reallocate much of the non-investment functions to Polen. Finally, they will have access to a reserve pool at Polen that can be used for bonuses for employees of DDJ.

Polen Capital Overview

Polen Capital is a Florida-based growth equity-oriented asset manager with over \$80 billion in assets. The majority of firm assets are in US and global large cap strategies. Polen has a long-term investment philosophy and possesses a thorough due diligence process within their strategies. Currently, the firm is 71% employee-owned. iM Global Partners owns 20% in passive, permanent interest, and the late founder’s Polen family owns the remaining 9%. Polen employees control 100% of the firm. Ownership is spread among 33 employees, but Portfolio Managers David Davidoff and Damon Ficklin and CEO Stan Moss own the majority of the equity.

Performance Update

OPFRS Portfolio Annualized Returns (as of 12/31/2021)

	2021	2020	2019	3-year	5-year	Since Inception (Feb-2015)
DDJ Opportunistic High Yield (Net)	8.9	7.9	4.6	6.9	6.3	5.9
ICE BofA High Yield TR	5.4	6.2	14.4	8.6	6.1	6.0

In 2021, DDJ outperformed their benchmark by 350 basis points and ranked in the 9th percentile of the eVestment Alliance high yield manager universe. While the 3-year performance number is heavily weighed down by 2019, longer-term performance shows DDJ’s success versus the index.

While we expect DDJ may continue to face shorter-term periods of underperformance due to their unique strategy that combines 1) a lower credit quality focus, 2) overweight to smaller issuers, 3) a high bank loan allocation and 4) more portfolio concentration, we believe the firm will continue to execute this strategy and has a high likelihood of outperformance over longer time periods.

Potential Opportunities and Risks

Given Polen Capital’s acquisition of DDJ, OPFRS has three options, 1) retain and monitor the manager, 2) terminate DDJ and conduct a replacement search, or 3) do nothing. As noted earlier in this memo, recent performance of the DDJ high yield strategy has been strong. DDJ’s strategy is somewhat unique compared to peers and they have executed on it well. That said, there is the potential risk of investment personnel turnover associated with the manager in the short-intermediate term. Should the investment team experience departures our opinion on the strategy may change..

Summary & Recommendation

We think the transaction will benefit the team and is unlikely to affect the philosophy, investment process, or culture. Mr. Breazzano is in no rush or need for cash and has taken his time in finding what he believes is the right partner. Being acquired by a parent company with ten times DDJ's size in AUM should benefit them with additional resources and take some of the non-investment tasks away from the team enabling them to focus on investing.

A contract with a three-year earnout and lockup of senior investment team members, the opportunity to have economic interest via franchise shares, and potentially bigger bonuses from a reserve pool at Polen serve as the critical tools to retain the team. Given there are no synergies driving the deal, the team does not have to worry about cost cuts, redundancies, or relocation. As the first bond manager at Polen, the DDJ team should remain largely independent and autonomous.

As such we recommend that OPFRS maintain "watch" status and continue to monitor over the next 6-9 months.

DS/PN/JLC/ep

Economic and Market Update

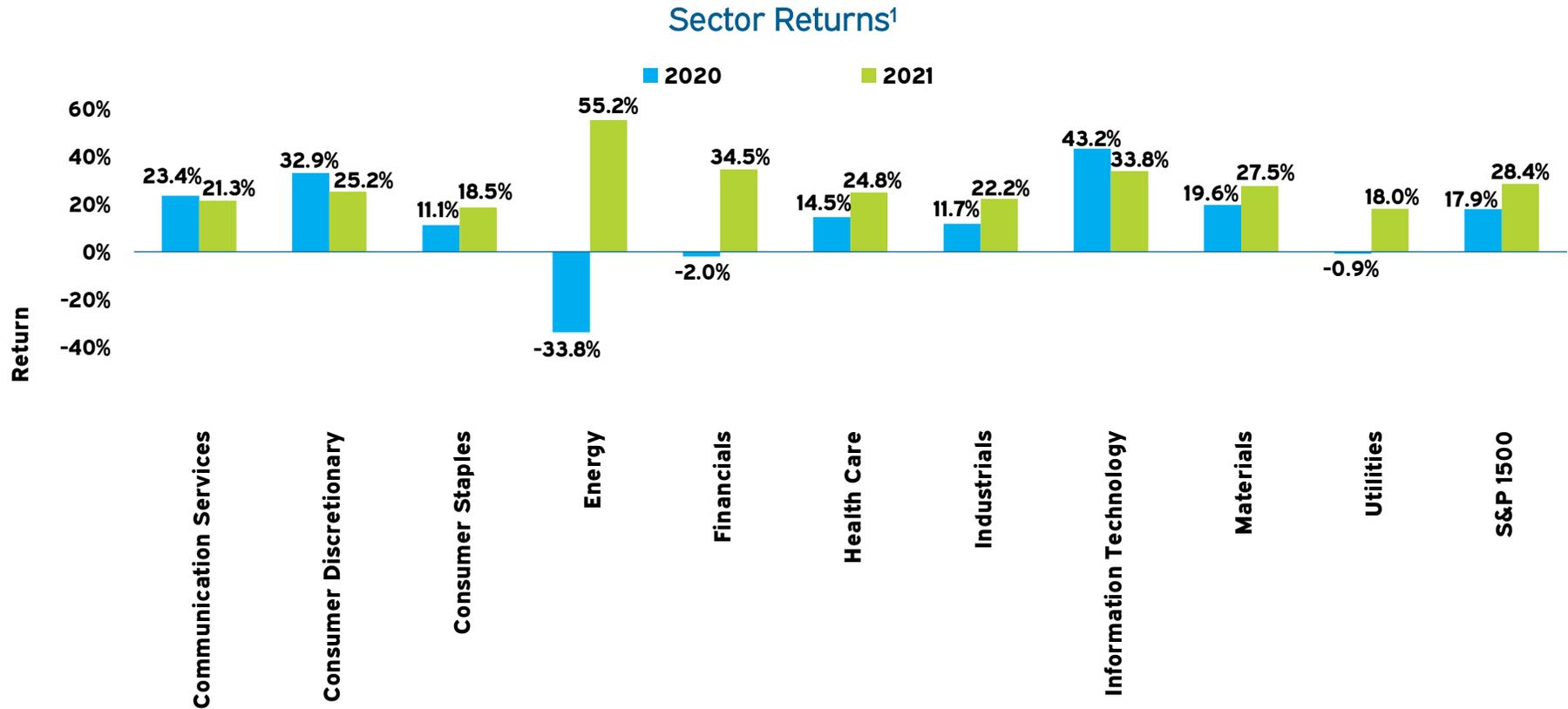
Data as of December 31, 2021

Market Returns¹

Indices	December	1 Year	3 Year	5 Year	10 Year
S&P 500	4.5%	28.7%	26.1%	18.5%	16.6%
MSCI EAFE	5.1%	11.3%	13.5%	9.6%	8.0%
MSCI Emerging Markets	1.9%	-2.5%	10.9%	9.9%	5.5%
MSCI China	-3.2%	-21.7%	7.8%	9.4%	7.2%
Bloomberg Barclays Aggregate	-0.3%	-1.5%	4.8%	3.6%	2.9%
Bloomberg Barclays TIPS	0.3%	6.0%	8.4%	5.3%	3.1%
Bloomberg Barclays High Yield	1.9%	5.3%	8.8%	6.3%	6.8%
10-year US Treasury	-0.4%	-3.6%	5.1%	3.5%	2.4%
30-year US Treasury	-2.1%	-4.6%	9.7%	7.0%	4.4%

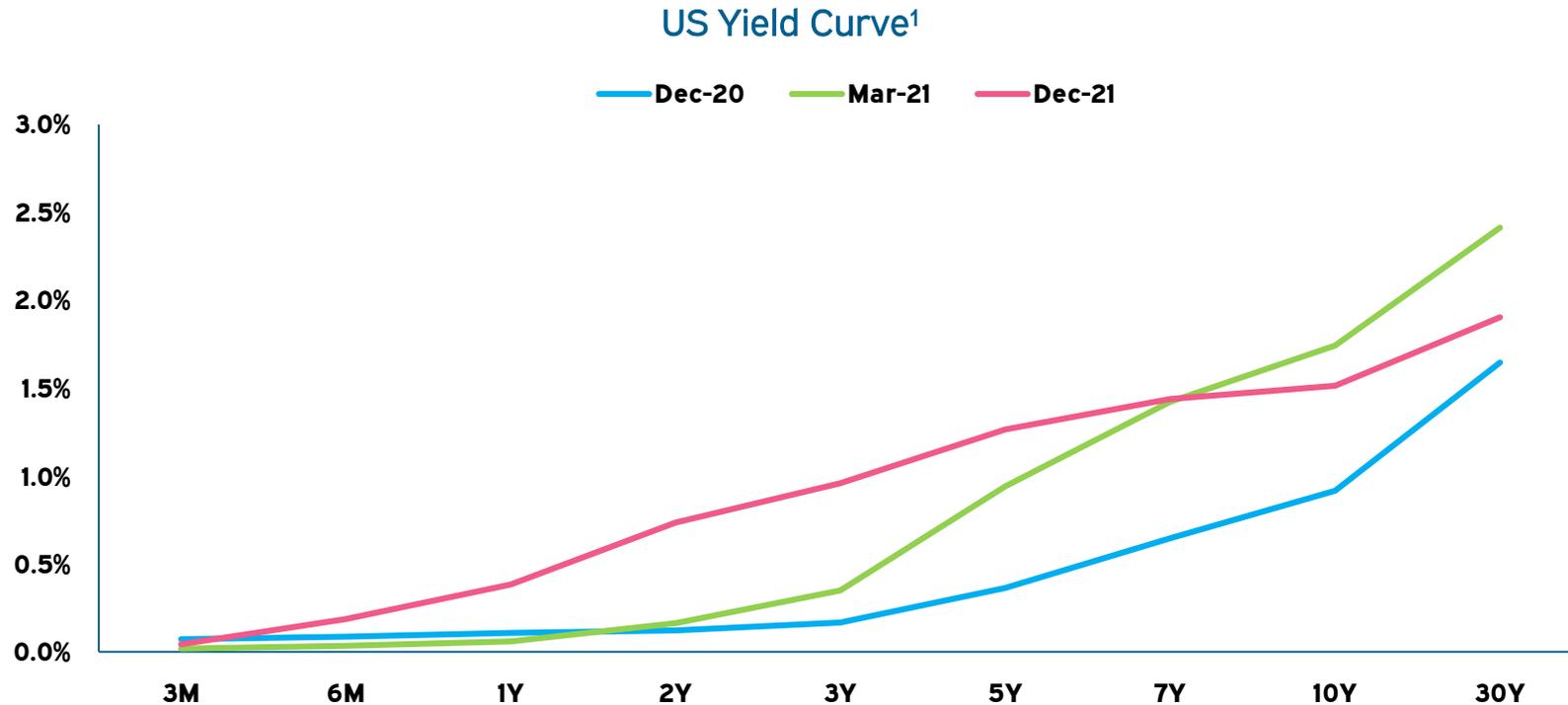
- Declining fears over the Omicron variant and expectations for continued corporate strength contributed to global equity markets posting positive returns for December. Developed markets led the way with international equities (MSCI EAFE) outpacing US equities (S&P 500). Emerging markets lagged mainly due to continued concerns related to China. Overall in 2021, US equities had the best results given continued policy support, relative success in reopening the economy, and strong corporate fundamentals.
- In December, rising inflation and expectations for less accommodative policy led to the US bond market (Bloomberg Barclays Aggregate) declining slightly, while high yield bonds increased in the risk-on environment. For the year, TIPS led the way in bonds, up 6%, followed by high yield with the broad bond market index declining by 1.5%.

¹ Source: Investment Metrics and Bloomberg. Data is as of December 31, 2021.



- All sectors advanced in 2021 with energy leading the way followed by financials, a reversal of the 2020 trend.
- The technology sector also produced strong results last year building on the 40%+ returns in the prior year.

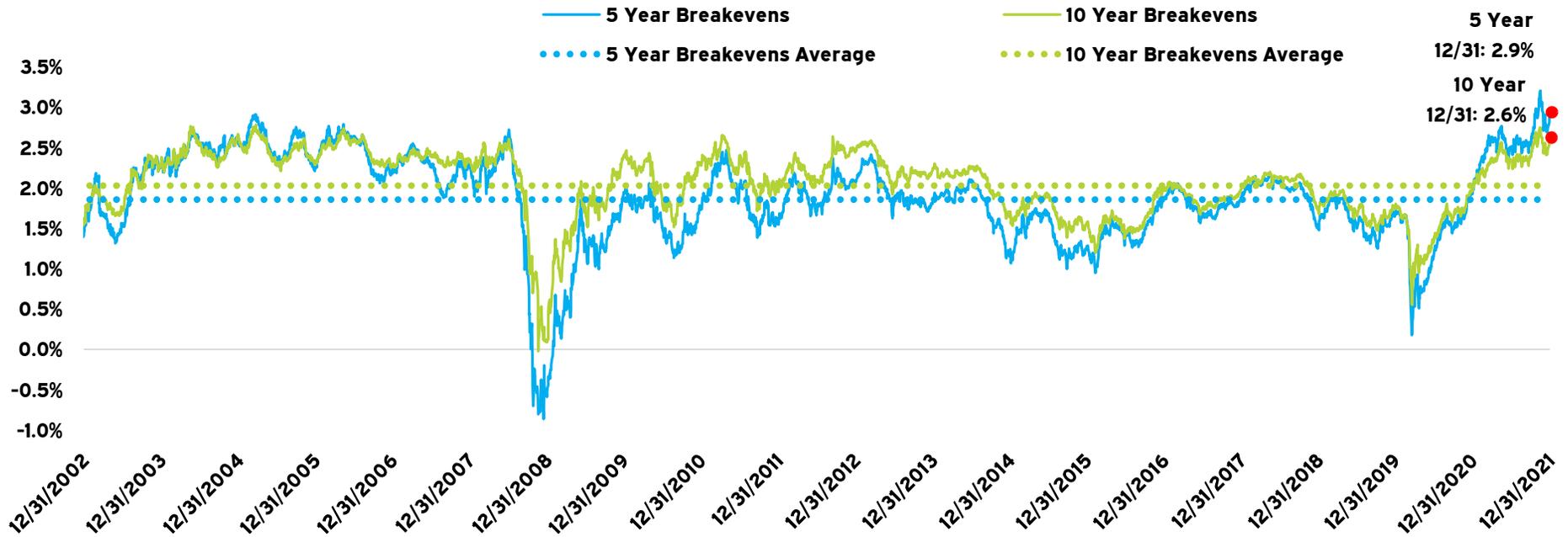
¹ Source: Bloomberg. Data is as of December 31, 2021.



- During the first half of 2021, the Treasury yield curve steepened on both higher growth and inflation expectations as vaccines were deployed and economic growth prospects improved on the opening of the economy, while monetary policy anchored short-dated rates near 0%.
- Over the latter-half of the year, however, shorter-dated yields from 1- to 5-years rose sharply as the FOMC signaled that policy rates may be tightened more aggressively than previously anticipated.

¹ Source: Bloomberg. Data is as of December 31, 2021.

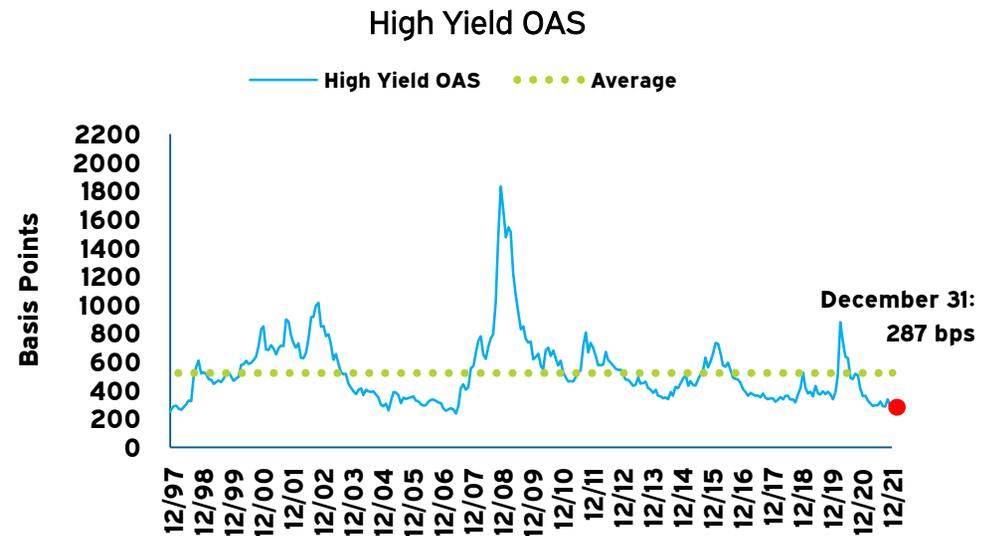
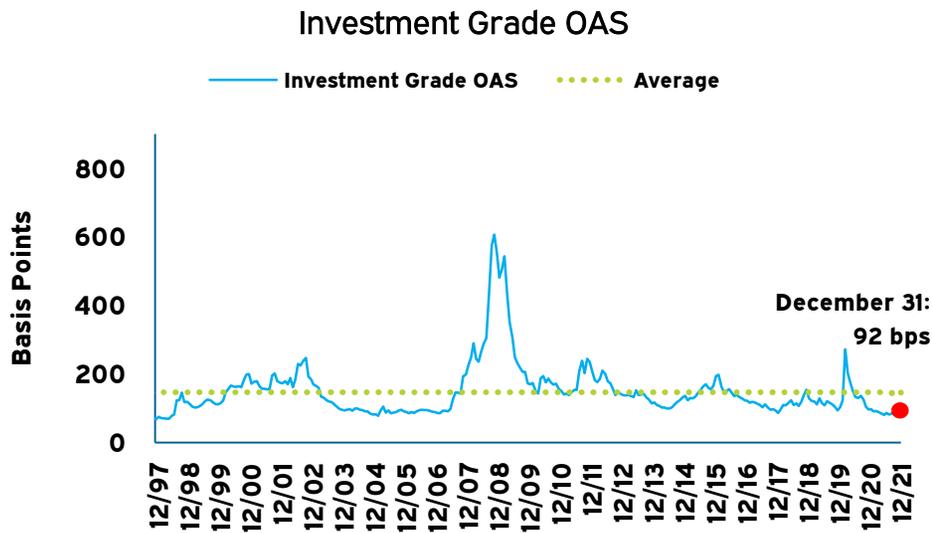
Breakeven Inflation¹



- Inflation expectations finished the year higher than they started, ending at a level well above the Fed’s 2% target.
- Supply chain issues potentially persisting as new variants of the virus increase the risk of re-shuttering sectors of the global economy and wage pressures remain key drivers of inflation expectations.
- Additionally, changes to Fed policy focused on an average inflation target may play a role in inflation market dynamics and, specifically, the risk that consumer inflation expectations get entrenched at higher inflation growth rates.

¹ Source: Bloomberg. Data is as of December 31, 2021.

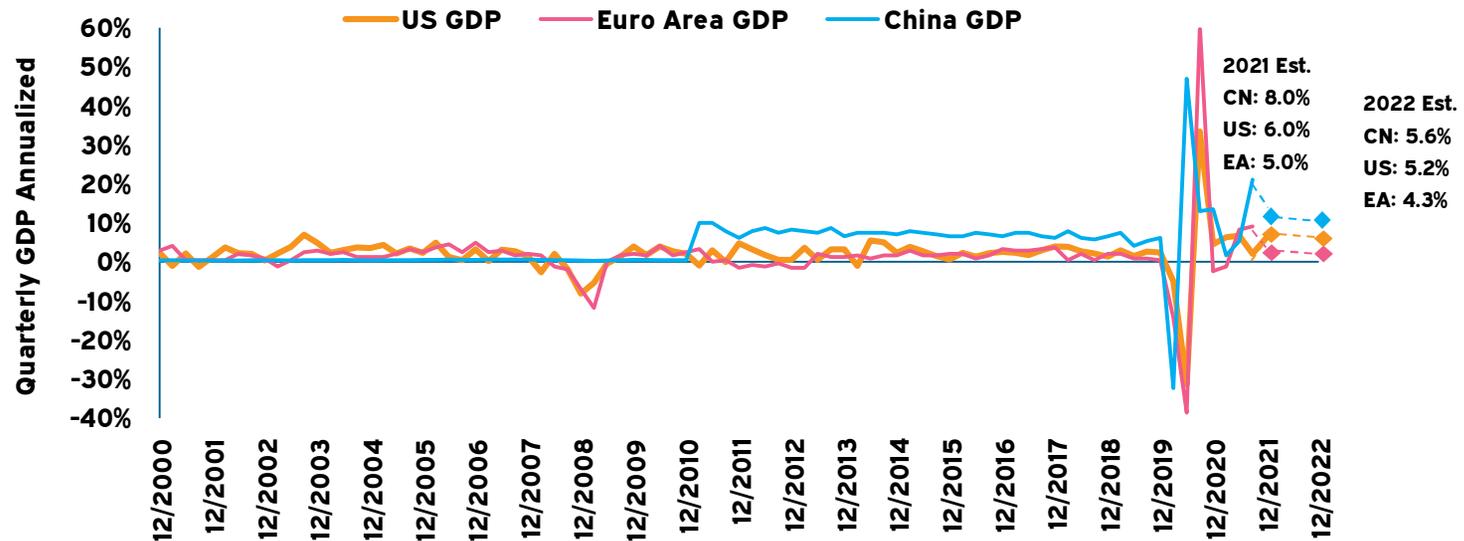
Credit Spreads (High Yield & Investment Grade)¹



- Credit spreads (the yield spread above a comparable maturity Treasury) narrowed in December after the modest widening in November on the discovery of the new virus variant (Omicron).
- Policy support, strong corporate fundamentals, and the search for yield in a low-rate environment have been key drivers in the decline in US credit spreads to well below long-term averages, particularly for high yield issuers.

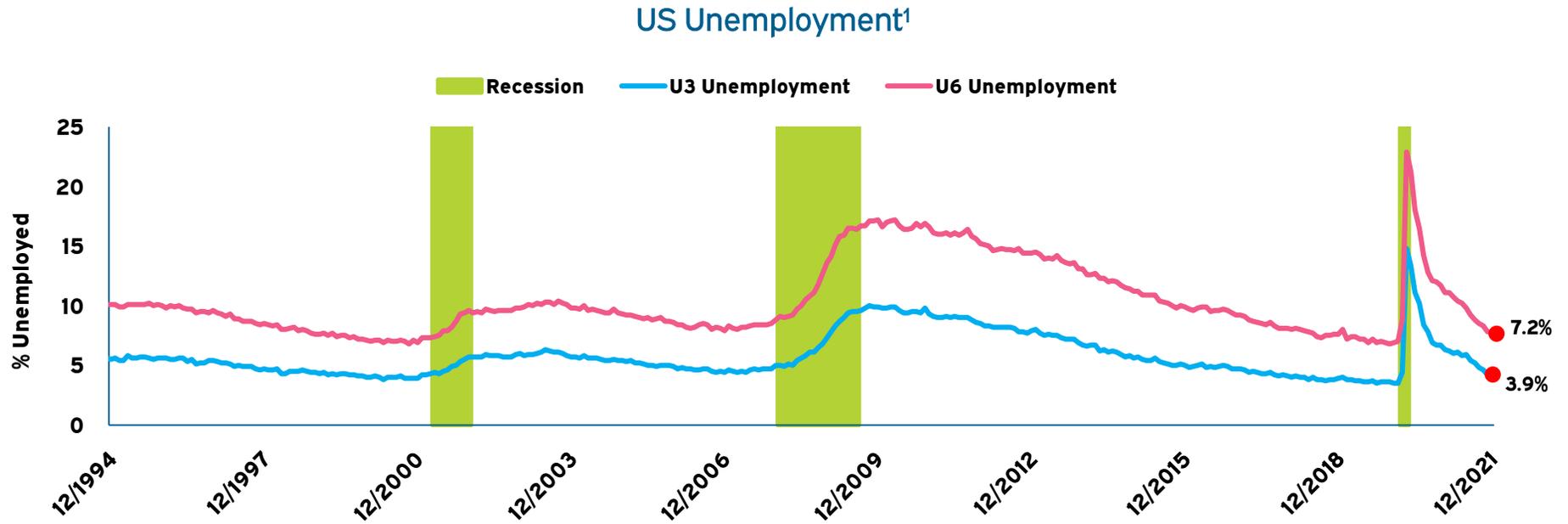
¹ Source: Barclays Live. Data represents OAS and is as of December 31, 2021.

GDP Data Shows Slowing Growth in 2022¹



- In late 2020 and early 2021, major economies grew at rates far above potential. These high rates of growth are expected to decline slightly, with projections continuing to decline due to supply disruptions, reopening trends moderating, and some countries continuing to struggle with the virus.
- The US is expected to grow faster than the euro area again in 2022, with some growth pulled forward due to the relative success in distributing the vaccine and a substantially larger fiscal stimulus response to the pandemic.
- China is projected to grow at 8.0% in 2021 and 5.6% in 2022, both above the expected US growth rate. Questions remain, though, about the highly levered property market and increased government regulations.

¹ Source: Bloomberg, and IMF; Euro Area and China figures annualized by Meketa. Projections via October 2021 IMF World Economic Outlook and represent annual numbers.



- The US labor market continues to recover, and the unemployment rate (U3) fell from 4.2% to 3.9% in December. It still remains slightly above pre-pandemic levels though, but far below the pandemic peak.
- The broader measure of unemployment (U6) that includes discouraged and underemployed workers also continued to decline but is much higher at 7.2%. Also, the labor force participation rate remains quite low at 61.9% and is below the 63.4% level of January 2020.
- Continued improvements in the labor market have contributed to recent expectations that the Federal Reserve will increase its pace of policy removal in 2022.

¹ Source: Bloomberg. Data is as of December 31, 2021. Bars represent recessions as observed by the National Bureau of Economic Research.

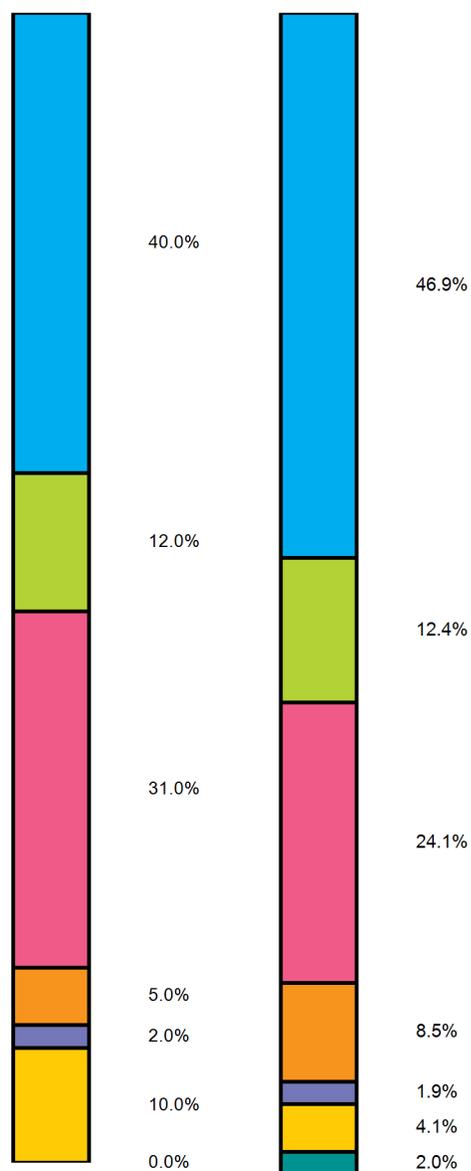
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Oakland Police and Fire Retirement System

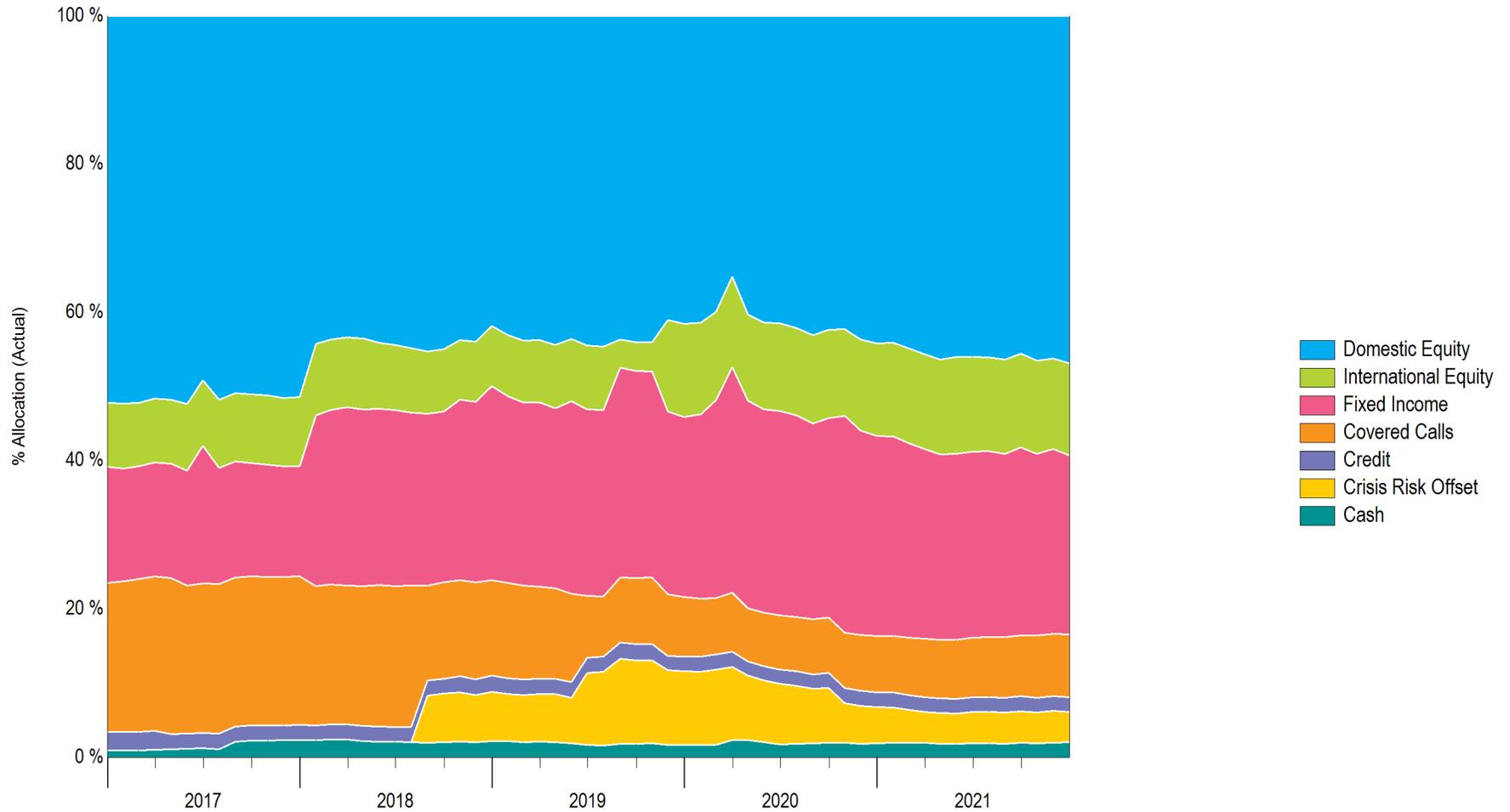
December Flash Report

OPFRS Total Plan As of December 31, 2021



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Within IPS Range?	
Domestic Equity	\$226,498,729	46.9%	40.0%	6.9%	Yes	
International Equity	\$60,100,247	12.4%	12.0%	0.4%	Yes	
Fixed Income	\$116,568,599	24.1%	31.0%	-6.9%	No	
Covered Calls	\$41,091,899	8.5%	5.0%	3.5%	Yes	
Credit	\$9,372,205	1.9%	2.0%	-0.1%	Yes	
Crisis Risk Offset	\$19,890,317	4.1%	10.0%	-5.9%	No	
Cash	\$9,698,983	2.0%	0.0%	2.0%	Yes	
Total	\$483,220,978	100.0%	100.0%			

Asset Allocation History
5 Years Ending December 31, 2021



Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	483,220,978	100.0	3.1	5.4	13.9	14.8	11.3	9.8	7.2	Dec-88
<i>OPFRS Policy Benchmark</i>			<i>2.4</i>	<i>4.2</i>	<i>11.8</i>	<i>14.4</i>	<i>10.7</i>	<i>9.3</i>	<i>8.5</i>	<i>Dec-88</i>
Domestic Equity	226,498,729	46.9	5.0	9.3	25.0	24.5	17.2	15.8	9.8	Jun-97
<i>Russell 3000 (Blend)</i>			<i>3.9</i>	<i>9.2</i>	<i>25.7</i>	<i>25.8</i>	<i>18.0</i>	<i>16.3</i>	<i>10.0</i>	<i>Jun-97</i>
International Equity	60,100,247	12.4	4.7	1.4	10.6	14.5	10.8	8.6	5.9	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			<i>4.2</i>	<i>-1.1</i>	<i>8.3</i>	<i>13.7</i>	<i>10.1</i>	<i>7.8</i>	<i>6.0</i>	<i>Jan-98</i>
Fixed Income	116,568,599	24.1	-0.3	0.2	-0.3	5.5	4.3	3.6	5.4	Dec-93
<i>Bloomberg Universal (Blend)</i>			<i>-0.1</i>	<i>0.0</i>	<i>-1.1</i>	<i>5.2</i>	<i>3.8</i>	<i>3.3</i>	<i>5.2</i>	<i>Dec-93</i>
Credit	9,372,205	1.9	1.0	2.5	9.6	7.6	7.0	--	6.6	Feb-15
<i>Bloomberg US High Yield TR</i>			<i>1.9</i>	<i>1.6</i>	<i>5.3</i>	<i>8.8</i>	<i>6.3</i>	<i>6.8</i>	<i>6.1</i>	<i>Feb-15</i>
Covered Calls	41,091,899	8.5	4.1	10.1	24.7	19.4	13.4	--	11.1	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>			<i>3.8</i>	<i>8.3</i>	<i>20.3</i>	<i>10.9</i>	<i>8.0</i>	<i>7.6</i>	<i>7.1</i>	<i>Apr-14</i>
Crisis Risk Offset	19,890,317	4.1	-2.2	2.0	-6.7	-6.8	--	--	-8.0	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>			<i>3.3</i>	<i>1.6</i>	<i>7.6</i>	<i>-1.7</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>
Cash	9,698,983	2.0	0.0	0.0	0.0	1.2	1.3	0.7	0.6	Mar-11
<i>FTSE T-Bill 3 Months TR</i>			<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>1.0</i>	<i>1.1</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>

Fiscal year begins on July 1.

Cash balances held in ETF accounts at the Custodian are reflected in the Cash account market value.

OPFRS Total Plan As of December 31, 2021

Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	483,220,978	100.0	--	3.1	5.4	13.9	14.8	11.3	9.8	7.2	Dec-88
<i>OPFRS Policy Benchmark</i>				<i>2.4</i>	<i>4.2</i>	<i>11.8</i>	<i>14.4</i>	<i>10.7</i>	<i>9.3</i>	<i>8.5</i>	<i>Dec-88</i>
Domestic Equity	226,498,729	46.9	46.9	5.0	9.3	25.0	24.5	17.2	15.8	9.8	Jun-97
<i>Russell 3000 (Blend)</i>				<i>3.9</i>	<i>9.2</i>	<i>25.7</i>	<i>25.8</i>	<i>18.0</i>	<i>16.3</i>	<i>10.0</i>	<i>Jun-97</i>
Northern Trust Russell 1000	122,696,981	25.4	54.2	4.0	10.0	26.5	26.2	18.4	16.5	15.8	Jun-10
<i>Russell 1000</i>				<i>4.1</i>	<i>10.0</i>	<i>26.5</i>	<i>26.2</i>	<i>18.4</i>	<i>16.5</i>	<i>15.8</i>	<i>Jun-10</i>
EARNEST Partners	51,502,726	10.7	22.7	6.7	10.2	25.7	28.2	19.2	16.9	11.8	Apr-06
<i>Russell MidCap</i>				<i>4.1</i>	<i>5.4</i>	<i>22.6</i>	<i>23.3</i>	<i>15.1</i>	<i>14.9</i>	<i>10.2</i>	<i>Apr-06</i>
iShares Edge MSCI Min Vol ETF	23,024,059	4.8	10.2	6.8	10.7	20.8	--	--	--	28.0	Apr-20
<i>MSCI USA Minimum Volatility GR USD</i>				<i>6.8</i>	<i>10.7</i>	<i>21.0</i>	<i>17.9</i>	<i>14.7</i>	<i>14.2</i>	<i>28.2</i>	<i>Apr-20</i>
Rice Hall James	17,436,537	3.6	7.7	4.3	2.1	16.2	19.8	--	--	14.2	Jul-17
<i>Russell 2000 Growth</i>				<i>0.4</i>	<i>-5.6</i>	<i>2.8</i>	<i>21.2</i>	<i>14.5</i>	<i>14.1</i>	<i>13.8</i>	<i>Jul-17</i>
Brown Fundamental Small Cap Value	11,838,425	2.4	5.2	6.0	7.3	--	--	--	--	10.8	Apr-21
<i>Russell 2000 Value</i>				<i>4.1</i>	<i>1.2</i>	<i>28.3</i>	<i>18.0</i>	<i>9.1</i>	<i>12.0</i>	<i>5.9</i>	<i>Apr-21</i>
International Equity	60,100,247	12.4	12.4	4.7	1.4	10.6	14.5	10.8	8.6	5.9	Jan-98
<i>MSCI ACWI ex US (Blend)</i>				<i>4.2</i>	<i>-1.1</i>	<i>8.3</i>	<i>13.7</i>	<i>10.1</i>	<i>7.8</i>	<i>6.0</i>	<i>Jan-98</i>
SGA ACWI ex-U.S. Equity	42,401,389	8.8	70.6	5.1	2.2	10.8	--	--	--	9.1	Dec-19
<i>MSCI ACWI ex USA Gross</i>				<i>4.2</i>	<i>-1.1</i>	<i>8.3</i>	<i>13.7</i>	<i>10.1</i>	<i>7.8</i>	<i>11.6</i>	<i>Dec-19</i>
Vanguard Developed Markets ETF	17,098,207	3.5	28.4	2.7	-0.9	8.2	--	--	--	12.2	Sep-19
<i>FTSE Developed All Cap Ex US TR USD</i>				<i>5.1</i>	<i>1.6</i>	<i>11.9</i>	<i>14.7</i>	<i>10.2</i>	<i>6.8</i>	<i>14.8</i>	<i>Sep-19</i>

Fiscal year begins July 1.

Throughout the report performance for new funds will be shown after one full month of investment.

International equity performance inclusive of residual cash in Hansberger transition.

OPFRS Total Plan As of December 31, 2021

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Fixed Income	116,568,599	24.1	24.1	-0.3	0.2	-0.3	5.5	4.3	3.6	5.4	Dec-93
<i>Bloomberg Universal (Blend)</i>				<i>-0.1</i>	<i>0.0</i>	<i>-1.1</i>	<i>5.2</i>	<i>3.8</i>	<i>3.3</i>	<i>5.2</i>	<i>Dec-93</i>
Ramirez	79,372,600	16.4	68.1	-0.4	0.2	0.1	5.5	--	--	4.3	Jan-17
<i>Bloomberg US Aggregate TR</i>				<i>-0.3</i>	<i>0.1</i>	<i>-1.5</i>	<i>4.8</i>	<i>3.6</i>	<i>2.9</i>	<i>3.6</i>	<i>Jan-17</i>
Reams	29,560,445	6.1	25.4	-0.1	0.4	-1.2	8.7	6.2	4.7	5.9	Feb-98
<i>Bloomberg Universal (Blend)</i>				<i>-0.1</i>	<i>0.0</i>	<i>-1.1</i>	<i>5.2</i>	<i>3.8</i>	<i>3.3</i>	<i>4.9</i>	<i>Feb-98</i>
Wellington Core Bond	7,635,510	1.6	6.6	-0.2	0.0	--	--	--	--	1.9	Apr-21
<i>Bloomberg US Aggregate TR</i>				<i>-0.3</i>	<i>0.1</i>	<i>-1.5</i>	<i>4.8</i>	<i>3.6</i>	<i>2.9</i>	<i>1.9</i>	<i>Apr-21</i>
Credit	9,372,205	1.9	1.9	1.0	2.5	9.6	7.6	7.0	--	6.6	Feb-15
<i>Bloomberg US High Yield TR</i>				<i>1.9</i>	<i>1.6</i>	<i>5.3</i>	<i>8.8</i>	<i>6.3</i>	<i>6.8</i>	<i>6.1</i>	<i>Feb-15</i>
DDJ Capital	9,372,205	1.9	100.0	1.0	2.5	9.6	7.6	7.0	--	6.6	Feb-15
<i>ICE BofA High Yield Master TR</i>				<i>1.9</i>	<i>1.6</i>	<i>5.4</i>	<i>8.6</i>	<i>6.1</i>	<i>6.7</i>	<i>6.0</i>	<i>Feb-15</i>
Covered Calls	41,091,899	8.5	8.5	4.1	10.1	24.7	19.4	13.4	--	11.1	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>3.8</i>	<i>8.3</i>	<i>20.3</i>	<i>10.9</i>	<i>8.0</i>	<i>7.6</i>	<i>7.1</i>	<i>Apr-14</i>
Parametric DeltaShift	23,455,117	4.9	57.1	4.6	12.1	29.1	24.5	16.5	--	13.8	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>3.8</i>	<i>8.3</i>	<i>20.3</i>	<i>10.9</i>	<i>8.0</i>	<i>7.6</i>	<i>7.1</i>	<i>Apr-14</i>
Parametric BXM	17,636,781	3.6	42.9	3.5	7.6	19.2	13.8	10.0	--	8.7	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>3.8</i>	<i>8.3</i>	<i>20.3</i>	<i>10.9</i>	<i>8.0</i>	<i>7.6</i>	<i>7.1</i>	<i>Apr-14</i>
Crisis Risk Offset	19,890,317	4.1	4.1	-2.2	2.0	-6.7	-6.8	--	--	-8.0	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>				<i>3.3</i>	<i>1.6</i>	<i>7.6</i>	<i>-1.7</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>
Vanguard Long-Term Treasury ETF	19,890,317	4.1	100.0	-2.2	2.0	-6.7	--	--	--	5.3	Jul-19
<i>Bloomberg US Govt Long TR</i>				<i>-1.4</i>	<i>3.5</i>	<i>-4.6</i>	<i>8.8</i>	<i>6.5</i>	<i>4.5</i>	<i>6.1</i>	<i>Jul-19</i>
Cash	9,698,983	2.0	2.0	0.0	0.0	0.0	1.2	1.3	0.7	0.6	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>1.0</i>	<i>1.1</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>
Cash - Treasury	6,676,000	1.4	68.8								
Cash	3,022,983	0.6	31.2	0.0	0.0	0.1	1.4	1.4	0.8	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>1.0</i>	<i>1.1</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>

Cash balances held in ETF accounts at the Custodian are reflected in the Cash account market value.

OPFRS Total Plan As of December 31, 2021
Cash Flow Summary
Month to Date

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Brown Fundamental Small Cap Value	\$11,173,401	\$0	\$665,024	\$11,838,425
Cash	\$2,624,335	\$9,463	\$389,186	\$3,022,983
Cash - Treasury	\$6,470,000	\$206,000	\$0	\$6,676,000
DDJ Capital	\$9,286,405	\$0	\$85,799	\$9,372,205
EARNEST Partners	\$48,277,885	\$0	\$3,224,841	\$51,502,726
Hansberger Transition	\$432,308	\$0	\$168,343	\$600,651
iShares Edge MSCI Min Vol ETF	\$21,618,140	\$0	\$1,405,919	\$23,024,059
Northern Trust Russell 1000	\$118,924,857	-\$1,000,000	\$4,772,124	\$122,696,981
Parametric BXM	\$17,047,397	\$0	\$589,384	\$17,636,781
Parametric DeltaShift	\$22,421,043	\$0	\$1,034,074	\$23,455,117
Ramirez	\$79,703,198	\$0	-\$330,598	\$79,372,600
Reams	\$29,590,827	\$0	-\$30,382	\$29,560,445
Reams Low Duration	\$44	\$0	\$0	\$44
Rice Hall James	\$16,712,955	\$0	\$723,582	\$17,436,537
Securities Lending Northern Trust	\$0	-\$9,463	\$9,463	\$0
SGA ACWI ex-U.S. Equity	\$40,332,686	\$0	\$2,068,703	\$42,401,389
Vanguard Developed Markets ETF	\$16,642,791	\$0	\$455,416	\$17,098,207
Vanguard Long-Term Treasury ETF	\$20,337,415	\$0	-\$447,098	\$19,890,317
Wellington Core Bond	\$7,655,025	\$0	-\$19,515	\$7,635,510
Total	\$469,250,712	-\$794,000	\$14,764,266	\$483,220,978

Benchmark History As of December 31, 2021

Total Plan x Securities Lending x Reams LD Exception Comp

1/1/2019	Present	40% Russell 3000 / 12% MSCI ACWI ex USA Gross / 33% Bloomberg US Universal TR / 5% CBOE BXM / 6.7% SG Multi Alternative Risk Premia Index / 3.3% Bloomberg US Treasury Long TR
5/1/2016	12/31/2018	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 20% CBOE BXM
10/1/2015	4/30/2016	43% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 15% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
1/1/2014	9/30/2015	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 10% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
3/1/2013	12/31/2013	40% Russell 3000 / 10% MSCI ACWI ex USA Gross / 17% Bloomberg US Universal TR / 33% ICE BofA 3M US Treasury TR USD
8/1/2012	2/28/2013	20% Russell 3000 / 7% MSCI ACWI ex USA Gross / 18% Bloomberg US Universal TR / 55% ICE BofA 3M US Treasury TR USD
10/1/2007	7/31/2012	53% Russell 3000 / 17% MSCI ACWI ex USA Gross / 30% Bloomberg US Universal TR
4/1/2006	9/30/2007	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Universal TR
1/1/2005	3/31/2006	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Aggregate TR
4/1/1998	12/31/2004	50% Bloomberg US Aggregate TR / 10% Russell 1000 / 20% Russell 1000 Value / 5% Russell MidCap / 15% MSCI EAFE
9/1/1988	3/31/1998	40% S&P 500 / 55% Bloomberg US Aggregate TR / 5% FTSE T-Bill 3 Months TR

Asset Class / Manager Liquidity

Jan - Mar 2022 Report			
Asset Class	Fund		Tier
Domestic Equity	Northern Trust		1
Domestic Equity	EARNEST Partners		3
Domestic Equity	iShares MSCI Min Vol ETF		3
Domestic Equity	Rice Hall James		3
Domestic Equity	Brown Small Cap Value		3
International Equity	SGA MSCI ACWI ex-US		3
International Equity	Vanguard Developed ETF		3
Domestic Fixed Income	Ramirez		2
Domestic Fixed Income	Reams		2
Domestic Fixed Income	Wellington Core Bond		3
Credit	DDJ		2
Covered Calls	Parametric		2
Crisis Risk Offset	Vanguard Long Duration ETF		3
Cash	Cash		1

Description of Liquidity Tiers

Tier	Description	Amount	in Months
1	Public, Scheduled Withdrawal Allowances	\$130.6	21.8
2	Public, Accommodating of Withdrawals	157.8	26.3
3	Public, Must Plan Withdrawals	187.0	31.2
4	Closely Held	0.0	-
Total		\$475.4	

Cash Flow Recommendation Summary

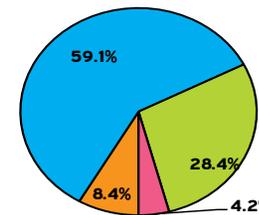
PFRS Asset Allocation October 31 Market Values*				
	Market Value (\$M)	Market Value (%)	Target (%)	\$ Variance (from basic target)
Northern Trust	121.5	25.6%	20.0%	26,441,913
EARNEST Partners	48.8	10.3%	8.0%	10,781,284
iShares MSCI Min Vol ETF	22.1	4.6%	6.0%	(6,455,039)
Rice Hall James	17.4	3.7%	3.0%	3,157,793
Brown Small Cap Value	11.4	2.4%	3.0%	(2,875,204)
Total Domestic Equity	221.2	46.5%	40.0%	31,050,747
SGA MSCI ACWI ex-US	42.0	8.8%	8.4%	2,028,863
Vanguard Developed ETF	17.5	3.7%	3.6%	337,749
Total International Equity	59.8	12.5%	12.0%	2,366,612
Total Public Equity	281.1	59.0%	52.0%	33,417,360
Parametric	39.7	8.4%	5.0%	15,957,243
Total Covered Calls	39.7	8.4%	5.0%	15,957,243
Long Duration ETF	19.8	4.2%	3.3%	4,000,464
TBD Risk Premia & STF Managers			6.7%	(31,694,896)
Total Crisis Risk Offset	19.8	4.2%	10.0%	(27,694,432)
Ramirez	79.4	16.7%	17.0%	(1,460,918)
Reams	29.4	6.2%	12.0%	(27,635,694)
Wellington Core Bond	7.6	1.6%	2.0%	(1,864,734)
DDJ	9.3	2.0%	2.0%	(192,996)
Total Public Fixed	125.7	26.4%	33.0%	(31,154,341)
Cash	9.0	1.9%	0.0%	9,047,775
Total Stable	134.8	28.4%	33.0%	(22,106,566)
Total Portfolio	475.4	100.0%	100.0%	---

Actual Cash flows For Oct - Dec Benefits Payable the 1st of each month		Suggested Cash flows For Jan - Mar Benefits Payable the 1st of each month	
Inflow (\$M)	Outflow (\$M)	Inflow (\$M)	Outflow (\$M)
	(3.0)		(3.0)
10.90	(10.90)	10.90	(10.90)
10.90	(13.90)	10.90	(13.90)

October 31 Market Values by Portfolio Segment	
Portfolio Segment	MV (\$M)
Total Domestic Equity	221.2
Total International Equity	59.8
Total Public Equity	281.1
Total Covered Calls	39.7
Total Crisis Risk Offset	19.8
Total Public Fixed	125.7
Total Stable	134.8
Total Portfolio	475.4

Suggested Cash Withdrawals	
Manager	Amount
Cash in Treasury	\$10.9 million
NT R1000	\$3.00 million

Projected Equity to Fixed Allocation (MV)



■ Total Covered Calls
■ Total Public Equity
■ Total Stable
■ Total CRO
 \$ difference in MV of Public Equity from 52% allocation: \$33.4 million

* Estimated based on PFRS October 31 Northern Trust statement.

** Preliminary value as of October 31 per OPFRS staff.

Projected OPFRS Asset Allocation¹

	Est Mkt Value (\$M)	Est Mkt Value (%)	Target (%)	Projected % Variance (from target)	Projected \$ Variance (from target)
Northern Trust	115.5	24.6%	20.0%	4.6%	21,641,913
iShares MSCI Min Vol ETF	22.1	4.7%	6.0%	-1.3%	(6,095,039)
EARNEST Partners	48.8	10.4%	8.0%	2.4%	11,261,284
Brown Small Cap Value	11.4	2.4%	3.0%	-0.6%	(2,695,204)
Rice Hall James	17.4	3.7%	3.0%	0.7%	3,337,793
Total Domestic Equity	215.2	45.8%	40.0%	5.8%	27,450,747
Vanguard Developed ETF	17.5	3.7%	3.6%	0.1%	553,749
SGA MSCI ACWI ex-US	42.0	8.9%	8.4%	0.5%	2,532,863
Total International Equity	59.8	12.7%	12.0%	0.7%	3,513,341
Total Public Equity	275.1	58.6%	52.0%	6.6%	30,964,089
Parametric	39.7	8.5%	5.0%	3.5%	16,257,243
Total Covered Calls	39.7	8.5%	5.0%	3.5%	16,257,243
Long Duration ETF	19.8	4.2%	3.3%	0.9%	4,200,463
<i>TBD Risk Premia Manager</i>	0.0	0.0%	6.7%	-6.7%	(31,294,900)
Total Crisis Risk Offset	19.8	4.2%	10.0%	-5.8%	(27,094,436)
Reams	29.4	6.3%	12.0%	-5.7%	(26,915,694)
DDJ	9.3	2.0%	2.0%	0.0%	(72,996)
Ramirez	79.4	16.9%	19.0%	-2.1%	(9,829,482)
iShares Core US Agg Bond ETF	7.6	1.6%	2.0%	-0.4%	(1,744,734)
Total Public Fixed	125.7	26.8%	33.0%	-6.2%	(29,174,341)
Cash	9.0	1.9%	0.0%	1.9%	9,047,775
Total Stable	134.8	28.7%	33.0%	-4.3%	(20,126,566)
Total Portfolio	469.4	100.0%	100.0%		

¹ Report reflects change in asset allocation from October 31, 2021 values listed by Northern Trust, and beneficiary payments estimated at \$13.9 million on a quarterly basis per OPFRS. Report reflects quarterly City contributions of \$10.9 million. Current City of Oakland quarterly contribution amount is based on FY 2020/2021 actuarial annual required contribution of \$43.65 million.

MEMORANDUM

TO: Oakland Police and Fire Retirement System (PFRS)
FROM: Meketa Investment Group ("Meketa")
CC: David Sancewich; Paola Nealon - Meketa
Teir Jenkins - PFRS
DATE: January 26, 2022
RE: 2021 Asset Allocation Memo – Inflation Update

Summary and Recommendation:

During the August 2021 meeting, Meketa presented the board with expected return estimates for the next 20-years utilizing our 2021 Capital Market assumptions. Following discussion with the board, Meketa was asked to evaluate any potential changes to the asset allocation regarding the addition of an inflation sensitive component.

Currently, there is no allocation in the PFRS portfolio to inflation sensitive assets. The portfolio has three general components: public equities, fixed income and CRO. However, as PFRS continues to move towards de-risking the plan the need for risky assets (public equities) decreases.

There are three portfolio options for PFRS to consider with regard to changing the PFRS asset allocation.

1. Do Nothing – Keep the long-term asset allocation.
2. Keep the current Interim allocation. The current interim allocation has a lower allocation to CRO and a larger allocation to fixed income.
3. Create an Inflation sensitive class. Allocation 5% of the portfolios assets to an inflation sensitive component utilizing short-duration TIPs.
 - a. As of 9/30/2021 PFRS fixed income managers (Wellington, Ramirez, and Reams) had a total of 0.001% in TIPs.

While all three of the options listed are reasonable, Meketa recommends Option #3.

The general theme of the 2021 Meketa Capital Market Assumptions are lower future expected returns. This is a theme which is consistent across the board in the industry and largely driven by the significant changes in interest rates during 2020. Lower interest rates result in lower expected returns for most yield oriented asset classes as starting yield is often a fairly reasonable predictor of future returns for many fixed income related classes. Other approaches which focus on building forecasts from a more bottom-up or fundamental view point for equities and other economic growth risk linked classes are often (or at least in some part) influenced by valuation levels. With a strong year across the board for equity markets, valuations increased across many measures.

As such, expected returns are lower for anyone relying solely on a valuation approach as well. It's important to remember that our capital market assumptions and those of other practitioners and peers have a significant range of error in terms of potential future outcomes. For example, the higher the expected standard deviation, the higher the range of possible outcomes is expected to be for any asset class or portfolio. It is also important to note that the long-term expected portfolio compound return assumes net-of-fee returns, with no attempt to seek added value via active management.

It is important to note that our capital market assumptions are over a 20-year time horizon which is different from the time horizon used by PFRS's actuary, Chieron which projects out over 30-years. Further summary comments of our 2021 capital market assumptions and the detailed projections by asset class are shown on the following page.

- In 2021 our cash return expectations declined materially from 2020 from 2.4% to 1.1% pushing the real return expectation even further into negative territory.
 - Short-term rates declined significantly, with 3 month treasury yields starting at 1.55% and dropping to 0% on March 25th and 26th 2020, before remained low the rest of the year and ending at 0.09%.
- Fixed income yields across the maturity and quality spectrum fell significantly during 2020 reducing return expectations for Fixed Income, High Yield, and Long Duration (a part of Crisis Risk Offset).
- With the exception of Public Equities, no class in the PFRS portfolio is forecasted to achieve a compound return above 7.00% over the next 20 years.
 - Public Equity contains U.S. Equity and International Equity. The next highest returning sub-asset class is Covered Calls at ~4.7%.
- Over the next 20-years the PFRS Long-term policy portfolio is projected to produce a return of 5.63%. The addition of an inflation component reduces this return expectation to 5.48%, however this assumes normal expected inflation.

Current Interim Policy

Investment Class	Target * (%)	2021 20-Year Assumptions	
		Exp. Comp. Return**	Expected Std. Dev.
US Equity	40	6.80	18.00
International Equity	12	7.10	19.00
Covered Calls	5	4.70	13.00
Fixed Income	31	1.80	4.00
Credit	2	4.20	11.00
Crisis Risk Offset	10	4.05	8.90
Cash	---	1.10	1.00
Total	100	5.37	10.24

Current Long-Term Policy

Investment Class	Target * (%)	2021 20-Year Assumptions	
		Exp. Comp. Return**	Expected Std. Dev.
US Equity	40	6.80	18.00
International Equity	12	7.10	19.00
Covered Calls	5	4.70	13.00
Fixed Income	21	1.80	4.00
Credit	2	4.20	11.00
Crisis Risk Offset	20	4.05	8.90
Cash	---	1.10	1.00
Total	100	5.63	10.21

Long-Term Policy with (Short-Term Tips)

Investment Class	Target * (%)	2021 20-Year Assumptions	
		Exp. Comp. Return**	Expected Std. Dev.
US Equity	40	6.80	18.00
International Equity	12	7.10	19.00
Covered Calls	5	4.70	13.00
Fixed Income	21	1.80	4.00
Credit	2	4.20	11.00
Crisis Risk Offset	15	4.05	8.90
Inflation (Short-Term Tips)	5	1.50	5.00
Cash	---	1.10	1.00
Total	100	5.48	10.28



Long-Term Policy with (Gold)

Investment Class	Target * (%)	2021 20-Year Assumptions	
		Exp. Comp. Return**	Expected Std. Dev.
US Equity	40	6.80	18.00
International Equity	12	7.10	19.00
Covered Calls	5	4.70	13.00
Fixed Income	21	1.80	4.00
Credit	2	4.20	11.00
Crisis Risk Offset	15	4.05	8.90
Inflation (Gold)	5	2.30	20.00
Cash	---	1.10	1.00
Total	100	5.48	10.28

DS, PN, ep

MEMORANDUM

TO: Oakland Police and Fire Retirement System (PFRS)
FROM: Meketa Investment Group ("Meketa")
CC: David Sancewich; Paola Nealon - Meketa
Teir Jenkins - PFRS
DATE: January 22, 2022
RE: Update on ESG Changes - SEC and DOL

In March 2021, the SEC announced the formation of the Climate and Environmental, Social and Governance task force (ESG task force) within its enforcement division. The task force had 22 members from various areas of the SEC, including headquarters, regional offices, and the enforcement division. The goal of this group is to identify material gaps or misstatements in current disclosures of climate risk.

As part of this initiative, the SEC also sought consultation from the public, including investors and market participants about the adequacy of current ESG disclosures and climate change. ESG and climate change seems to have become a priority to both the current federal administration and the SEC chair Gary Gensler. A full report is expected in the first half of 2022.

Separately, the Department of Labor (DOL) has also asked for public comment regarding current ESG disclosures and on proxy voting. The deadline for comments was December 13, 2021 with a summary report expected to be released in the first half of 2022.

As the rules and regulations regarding ESG change, Meketa will continue to work with the PFRS board to provide additional discussion and education as to the impact on its current portfolio.

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon – Meketa Inv. Group
DATE: January 26, 2022
RE: 2022 Ongoing Strategic Investment Agenda

On an ongoing (monthly) basis, Meketa develops a list of projects that we expect to work closely with OPFRS to complete over throughout the calendar year (see table below). In an attempt to coordinate the scheduling of these tasks, this memo details a Preliminary Investment Project Agenda by calendaring and prioritizing the expected tasks and deliverables that would be required to fulfill the Agenda. Meketa welcomes any suggestions and/or modifications to the proposed timeline.

2022 Preliminary Investment Project Agenda

Expected Completion Date	Task
February 2022	<ul style="list-style-type: none">Quarterly Performance Report (4Q 2021)Manager Update: Rice Hall JamesWatch Update memo: RHJContract Renewal: Earnest Partners
March 2022	<ul style="list-style-type: none">Cash Flow Report (2Q 2022)2022 Capital Market AssumptionsManager Update: TBD
April 2022	<ul style="list-style-type: none">Flash Performance (1Q2022)Manager Update: VersorEducational: TBD
May 2022	<ul style="list-style-type: none">Quarterly Performance Report (1Q 2022)
June 2022	<ul style="list-style-type: none">Cash Flow Report (3Q 2022)Educational Item: TBDWatch Update Memo: Rice Hall & JamesManager Update: Wellington
July 2022	<ul style="list-style-type: none">Flash Performance (2Q2022)Manager Update: Kepos



Expected Completion Date	Task
August 2022	<ul style="list-style-type: none">Quarterly Performance Report (2Q 2022)
September 2022	<ul style="list-style-type: none">Cash Flow Report (4Q 2022)Educational Item: TBDThermal Coal List Update: 2022
October 2022	<ul style="list-style-type: none">Flash Performance (3Q2022)
November 2022	<ul style="list-style-type: none">Quarterly Performance Report (3Q 2022)
December 2022	<ul style="list-style-type: none">Cash Flow Report (1Q 2023)

Bold are priority strategic items.

This agenda includes only major strategic items. Meketa also expects to work with the Staff and Board to complete more routine tasks and projects, as expected.