

**Reform Pension Board  
Defined Contribution Plan  
INVESTMENT POLICY STATEMENT**

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**Introduction**

The Reform Pension Board (the Board) has established a defined contribution plan, pursuant to a trust agreement known as The Reform Pension Plan (the Plan). The investment of Plan assets is for the purpose of providing retirement income to participants in amounts and under conditions described in the Plan. This Investment Policy provides direction for the investment and management of assets held in the Plan.

**Investment Objectives**

The primary objective in the management of the trust assets is to enable accumulation of participants' assets to provide retirement income. The funding to meet the retirement income arises from two principal sources: (1) annual contributions to the Plan and; (2) the investment return on the Plan assets. The investment objective is to maximize total investment returns while adhering to “prudent person” investment standards. The Board expresses its investment philosophy through a program with a long-term investment focus and orientation.

**Responsibilities and Authorities**

Representing the Central Conference of American Rabbis, the Union for Reform Judaism, the National Association for Temple Administration and the National Association of Temple Educators and other eligible employers, the Board has responsibility for the guidance, control and administration of all Plan assets. Acting pursuant to its authority, the Board has delegated specific investment responsibilities to the Investment Committee (the Committee). Set forth below is a list of the Board and Investment Committee’s investment responsibilities:

***Board Responsibilities***

The Board is responsible for the following:

- Establishing the investment policy and objectives.
- Establishing the asset allocation for Plan investment options, including the standard option (Currently 60% Equities/40% Fixed Income).
- Reviewing the Fund’s investment results.

***Investment Committee Responsibilities***

The Board empowers and delegates to the Investment Committee the following responsibilities:

- Making recommendations to the Board regarding the investment policy and objectives.
- Establishing the investment manager guidelines.
- Making recommendations to the Board regarding asset allocation targets for the standard option.
- Monitoring the investment portfolio results and compliance with investment guidelines.
- Hiring, retaining and, if necessary, terminating the Plan’s service providers including money managers, consultants and custodians within the current Board policies.

***RPB Staff Responsibilities***

The Board empowers and delegates to the RPB Staff the following responsibilities:

- Rebalancing of the investment managers.
- Execution of all investment agreements.
- Ensure liquidity to make benefit payments.
- Implementation and oversight of the policies and decisions approved by the Board and Investment Committee.

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**Investment Options**

The Board has approved the following asset classes for potential inclusion in the Plan and believes that the prudent allocation and management among these asset classes, over time, will satisfy the Plan's objectives:

- **Equity Fund**

The Board expects equity investments (primarily common stock) to produce higher and more volatile net rates of return over time compared to other approved investment classes such as fixed income. To minimize overall equity volatility, the Fund may diversify its assets across small cap, mid cap and large cap U.S. and non-U.S. strategies as well as core, growth and value oriented strategies. The Fund's non-U.S. allocation may invest in developed and emerging markets.

The Equity Fund's domestic portfolio is benchmarked to the Russell 3000 Index.

The Equity Fund's non-U.S. developed portfolio is benchmarked to the MSCI EAFE Index.

In order to measure the combined impact of sub-strategy allocation, style biasing and geographic exposure, the aggregate Equity Fund will be benchmarked against the MSCI All Country World Index. To isolate the effect of manager selection the aggregate Equity Fund will also be benchmarked against a Manager Index which is a synthetic, pro rata blend of the underlying managers' specific benchmarks. So, if at the beginning of a measurement period the portfolio had 4% with a domestic small cap growth manager, the Manager Index will have 4% with the Russell 2000 Growth index. At the start of each measuring period, the Manager Index blend will be reset to reflect the portfolio's allocation.

- **Bond Fund**

The Board expects fixed income investments to earn lower rates of return than equities over time with less volatility. This asset class will add diversification benefits to the Plan. Fixed income investments consist primarily of publicly traded bills, notes and bonds issued by the U.S. government, agencies or affiliates, investment grade corporate bonds, mortgage backed securities, and asset-backed securities. Fixed income investments may also include publicly traded international, dollar denominated as well as non-dollar denominated bonds, high yield securities, and private placements.

The Bond Fund is benchmarked to a composite Index (the "Bond Fund Benchmark"), which includes allocations to U.S. & non-U.S. investment grade and below investment grade debt. The U.S. strategies may typically have a duration of 3 to 5 years while the global strategies may typically range from 5 to 7 years.

In order to measure the combined impact of sub-strategy allocation, style biasing and geographic exposure, the aggregate Fixed Income Fund will be benchmarked against the Barclays Capital Global Index. To isolate the effect of manager selection the aggregate Fixed Income Fund will also be benchmarked against a Manager Index which is a synthetic, pro rata blend of the underlying managers' specific benchmarks. So, if at the beginning of a measurement period the portfolio had 4% with a domestic High Yield manager, the Manager Index will have 4% with the Citigroup High Yield Market index. At the start of each measuring period, the Manager Index blend will be reset to reflect the portfolio's allocation.

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- **Stable Value Fund**

The Board expects the stable value portfolio to provide participants with a modest level of return over a typical money market portfolio with preservation of capital as the primary objective.

The Stable Value Fund is benchmarked to the Ryan 3 Year GIC Master Index.

The Board may include other investment classes in the future. It is the Board's responsibility to determine a long term asset allocation policy for the standard option that will best meet investment expectations and the Plan's objectives and to review and alter that investment policy should circumstances warrant.

Based upon its latest evaluation, the Board has approved the following asset class rebalancing ranges for the Bond Fund and Equity Fund:

**BOND FUND**

<b>Asset Class</b>	<b>Policy Target</b>	<b>Rebalancing Ranges</b>
U.S. Core Fixed Income	30%	+/- 7%
High Yield	10%	+/- 3%
Global Bond	50%	+/- 6%
Emerging Market Debt	5%	+/- 2%
U.S. TIPS	5%	+/-2%

**EQUITY FUND**

<b>Asset Class</b>	<b>Policy Target</b>	<b>Rebalancing Ranges</b>
U.S. Equity	69%	+/- 6%
International Developed Equity	21%	+/- 5%
Global Equity	5%	+/- 2%
Emerging Market Equity	5%	+/- 2.5%

The actual allocation may differ based on market movements and individual manager's investment decisions within the limits of their specific guidelines.

The RPB's asset allocation policies are long-term (i.e. strategic) in nature. Rebalancing ranges have been calculated for each asset class taking into consideration the relative size of the allocation to each asset class, the transaction costs associated with rebalancing each asset class and the potential volatility within each asset class. This range will allow asset classes to vary somewhat to minimize transaction costs while maintaining the overall desired risk posture for the fund.

The RPB Staff will review the investment program's asset allocations on a quarterly basis. Any asset class that is out of range will be rebalanced back to the edge of the range in accordance with the rebalancing policy. Any offsetting trades needed should move other classes toward, but not necessarily to, their targets.

When determining how to allocate the Plan's outflows or inflows, the Investment Committee will consider the Plan's asset allocation versus target and range, liquidity needs and current sources of liquidity in the portfolio, transaction costs and the relative allocations to individual managers versus the desired investment structure design.

The current individual manager allocations are available on the RPB website.

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**Management of Plan Assets**

The Board shall contract with investment managers to manage portions of the Plan's assets. All investment managers must satisfy due diligence examinations of experience and proficiency in their stated areas of expertise prior to selection. Diversification of Plan assets requires that managers of different and complementary investment styles be engaged.

Investments may include participation in such vehicles as separately managed accounts, commingled funds, institutional mutual funds, private placements, or others as deemed appropriate by the Board.

Each manager will be subject to a set of mutually agreed upon investment guidelines concerning portfolio characteristics and return objectives. The guidelines may be revised periodically.

**Implementation**

For each asset class, the Investment Committee will evaluate the relative attractiveness of an active versus passive implementation. The Investment Committee will use active management only in those asset classes or sub-asset classes where the Investment Committee believes that such implementation will result in a consistent pattern of above index returns, net of fees.

The Investment Committee believes that proper diversification within each asset class provides the opportunity for better returns and improved risk characteristics.

The investment managers shall at all times remember that the Funds are owned by a Jewish religious institution. Investments which may bring such institutions into disrepute or are of such a nature as to be generally not in keeping with Jewish values shall be avoided. Managers are required to follow specific board resolutions in this regard. This provision applies to separately managed accounts for the RPB (where the RPB can tailor their own investment manager guidelines) and not to pooled (commingled or mutual) funds where the RPB purchases units of the pooled fund and does not have influence on the manager guidelines.

**Derivatives**

Derivatives may be used by portfolio managers, as described in individual manager guidelines, to implement investment strategies, but not to leverage the portfolio. A derivative is defined as a financial obligation that derives its precise value from the value of one or more other instruments (or assets) at that same point in time.

**Evaluation and Monitoring**

The Board, with the assistance of an independent advisor, will monitor the performance of the Plan's asset managers on an ongoing basis. The independent advisor will monitor and regularly report performance along with an overview of the investment environment. Investment performance, portfolio characteristics and volatility will be measured against portfolio guidelines and objectives established for each investment manager. The investment managers will be evaluated against established benchmarks given their respective asset class, style and portfolio characteristics. Investment manager performance will be reported on a "net of fee" basis while benchmarks will be reported "gross of fee".

**Review of Statement of Investment Policy and Guidelines**

The Investment Committee will annually review the Investment Policy as set forth in this statement, as well as the individual investment manager guidelines.

In its determination of whether changes in the Policy are required, the Investment Committee shall consider whether there has been:

- A fundamental change in the benefit design of the Funds.

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- A significant revision to the expected long-term trade-off between risk and reward of asset classes, dependent on basic economic/political/social factors.
- A major change in the contribution/expense expectation or financial risk tolerance of the RPB.
- A shortcoming of the Policy that has emerged in its practical application, or a significant modification that is recommended to the RPB by one of its partners or vendors.
- A change in statutory requirements.

THIS INVESTMENT POLICY WILL BE REVIEWED BY THE BOARD ON AN ANNUAL BASIS AND REVISED OR REAFFIRMED AS APPROPRIATE. APPROVED AS OF \_\_\_\_\_ BY THE REFORM PENSION BOARD.