RPB

Investment Policy Statement

Defined Contribution and Rabbi Trust Plans

Adopted October 10, 2018; Revised December 2018

Invested in your future

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. The investment options consist of two tiers. Tier I is a set of four investment objective-based funds. Tier II consists of asset class specific funds that allow participants to construct a custom asset allocation.

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 optimize the total return of the portfolio consistent with a “prudent investor” standard of care. 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, the Association of Reform Jewish 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:

- Approving the investment policy and objectives
- Approving the Tier I asset classes, asset class groupings and applicable ranges consistent with Exhibit B, “Guidelines for Board Actions to Investment Committee Recommendations”
- Approving Tier II options
- Designating of a default option(s)
- Appointing members of the Investment Committee
- 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
- Making recommendations to the Board regarding the Plan investment options, including any default option
- Establishing the investment manager guidelines
- Monitoring the investment portfolio results and compliance with investment guidelines
- Periodically updating the Board on portfolio performance and changes to the managers or strategies utilized consistent with Exhibit B, "Guidelines for Board Actions to Investment Committee Recommendations"
- Hiring, retaining and, if necessary, terminating the Plan's service providers including money managers, consultants and custodians within the current Board policies
- Reviewing and updating this Investment Policy Statement for final Board approval

RPB Staff Responsibilities

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

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

Tier I: Investment Objective-Based Funds

The Plan consists of the following funds: (1) Capital Appreciation Fund, (2) Appreciation and Income Fund, (3) Income Focused Fund and (4) Capital Preservation Fund. Each fund is designed for a different investment objective with different return and risk characteristics. The funds also differ with respect to the types of asset classes and strategies utilized as well as the percentage allocation of each asset class within the funds. The Board believes a prudent allocation, to one or among these funds, by participants should, over time, satisfy the participants' overall objectives.

Each of the funds will incorporate new asset classes and strategies over time that are consistent with their respective goals and risk and return characteristics. Any material changes to the asset class groupings, asset classes or range of investments will be noted in meeting minutes and will be approved by the Investment Committee and Board. This policy may be revised as appropriate.

Capital Appreciation Fund

Goal

The Capital Appreciation Fund seeks the following:

- A rate of return consistent with global equities
- Less volatility than the global equity market index
- A more efficient portfolio, resulting from a combination of the above

Asset Allocation

The Capital Appreciation Fund will invest in growth-oriented asset classes that enhance return, lower volatility, or both. The following are the asset class groupings, policy target allocations and policy target allocation ranges for the Capital Appreciation Fund. Each asset class grouping may consist of one or more asset classes, subject to the notification requirements established by the Board and explained in Exhibit B.

Asset Class Groupings	Policy Target	Policy Target Ranges
Domestic Large Cap Equity	36.75%	20.0% to 60.0%
Domestic Small Cap Equity	5.25%	2.5% to 10.0%
Developed International Equity	31.0%	20.0% to 50.0%
Emerging Markets Equity	6.0%	2.5% to 20.0%
Equity Surrogate	21.0%	0.0% to 35.0%
Cash	0.0%	0.0% to 10.0%
Total	**100.0%**	

Performance Measurement
To determine if the Capital Appreciation Fund is meeting its goal, the Investment Committee will evaluate the following:

- Net of Fee performance versus the MSCI ACWI IMI Index (or similar) as the proxy for global equities
- The standard deviation of fund returns versus the benchmark Index
- The Beta, Sharpe ratio, information ratio, up/down market capture ratios and other statistical measures that illustrate success in meeting the fund's objectives
- The incremental value derived from the use of active management. This will include a comparison of net-of-fee fund performance and a Manager Composite Index, comprised of manager weights and benchmark returns
- The incremental value derived from asset allocation differences versus the current target asset allocation documented in Exhibit A

To further assist the Investment Committee in identifying a performance disparity between specific asset classes, a set of asset class composites may be used and defined as follows:

- Global Equity, consisting of the Domestic Equity and International Equity composites described below, benchmarked to the MSCI ACWI IMI Index.
- Domestic Equity benchmarked to the Russell 3000 Index.
- International Equity benchmarked to the MSCI ACWI IMI ex. US Index.
- Equity Surrogate benchmarked to the MSCI ACWI IMI Index.

Appreciation and Income Fund

Goal
The Appreciation and Income Fund seeks the following:

- A rate of return between that of global equities and US fixed income.
- Less volatility than the composite index.
- A more efficient portfolio, resulting from a combination of the above.

Asset Allocation
The Appreciation and Income Fund will be comprised of an allocation to the Capital Appreciation and Income Focused Funds. The Appreciation and Income Fund will maintain a strategic target allocation of 60%/40% (Capital Appreciation/Income Focused). The Investment Committee is permitted to tactically adjust allocations to the Capital Appreciation/Income Focused funds within a range of 50% - 60% / 50% - 40%, respectively, based on the Investment Committee's analysis of asset class valuations. The specific strategic and tactical allocations are documented in Exhibit A.

Performance Measurement
To determine if the Appreciation and Income Fund is meeting its goal, the Investment Committee will evaluate the following:

- Net of Fee performance versus a composite blend of the MSCI ACWI IMI Index (or similar) and the Barclays Capital US Aggregate (or similar) with weights consistent with the fund's allocation to the Capital Appreciation and Income Focused funds
- The standard deviation of fund returns versus the composite index
- The Beta, Sharpe ratio, information ratio, up/down market capture ratios and other statistical measures that illustrate success in meeting the fund's objectives
- The incremental value derived from the use of active management. This will include a comparison of net-of-fee fund performance and a Manager Composite Index, comprised of manager weights and benchmark returns
- The incremental value derived from asset allocation differences versus the current target asset allocation documented in Exhibit A

Income Focused Fund

Goal
The Income Focused Fund seeks the following:
- A rate of return consistent with US fixed income
- Less volatility than the US fixed income market index
- A more efficient portfolio, resulting from a combination of the above
- The ability of the participant to maintain purchasing power in retirement by keeping pace, or exceeding, the rate of inflation

Asset Allocation
The Income Focused Fund will invest primarily in income-oriented asset classes that enhance return, lower volatility, or both. In appreciation of the Fund's use by older participants and retirees, the fund will also invest in asset classes that have a higher correlation to inflation or help maintain a participant's purchasing power during inflationary periods. The following are the asset class groupings, policy target allocations and policy target allocation ranges for the Income Focused Fund. Each asset class grouping may consist of one or more asset classes, subject to the notification requirements established by the Board and explained in Exhibit B.

Asset Class Groupings	Policy Target	Policy Target Ranges
Equities	10.0%	5.0% to 20.0%
Domestic Fixed Income	52.5%	25.0% to 60.0%
International Fixed Income	0.0%	0.0% to 35.0%
Opportunistic Fixed Income	20.0%	0.0% to 20.0%

Inflation Hedge	17.5%	5.0% to 25.0%
Cash	0.0%	0.0% to 5.0%
Total	**100.0%**	

Performance Measurement

To determine if the Income Focused Fund is meeting its goal, the Investment Committee will evaluate the following:

- Net of Fee performance versus the Barclays Capital US Aggregate (or similar).
- The standard deviation of fund returns versus the benchmark index.
- The Beta, Sharpe ratio, information ratio, up/down market capture ratios and other statistical measures that illustrate success in meeting the fund's objectives.
- The incremental value derived from the use of active management. This will include a comparison of net-of-fee fund performance and a Manager Composite Index, comprised of manager weights and benchmark returns.
- The incremental value derived from asset allocation differences versus the current target asset allocation documented in Exhibit A.

Capital Preservation Fund

The Capital Preservation Fund's role within the Plan is to provide participants with a conservative, low volatility cash proxy. Consistent with this role, the Fund will invest in asset classes and strategies with the following characteristics:

- Preservation of principal
- Low volatility
- A modest level of return over a cash benchmark, such as the FTSE 3 Month T-Bill or similar

Assets that feature these characteristics generally include stable value, money market funds and Guaranteed Investment Contracts (GICs) issued by a financially stable highly-rated insurance carrier.

The Capital Preservation Fund is benchmarked to the Lipper Money Market Fund Index; however, the Board recognizes the industry does not currently offer a standardized benchmark given the unique nature of stable value funds and other insurance products.

Rebalancing

The RPB's asset allocation policies are long-term (i.e. strategic) in nature. Asset classes will be rebalanced back to targets documented in Exhibit A based on the relative size of the allocation, the transaction costs associated with rebalancing each asset class and the potential volatility within each asset class.

In the process of replacing managers or implementing an asset allocation change, a fund's actual asset allocation may differ materially from the targets set forth in this policy for a period not to exceed forty-five (45) days. Exposure more than forty-five (45) days requires Board approval.

Tier II: Individual Investment Options

The following funds will be offered to participants to provide greater flexibility in constructing a custom asset allocation. Tier II options may be held in conjunction with Tier 1 options.

Fund Name	Ticker	Benchmark
Vanguard S&P 500 Index Fund	VIIIX	S&P 500 Index
Vanguard Small Cap Index Fund	VSMAX	CRSP US Small Cap Index
Vanguard International Developed Markets Index Fund	VTMGX	FTSE Developed All Cap ex. US Index
Vanguard Emerging Markets Index Fund	VEMAX	FTSE Emerging Markets All Cap China A Transition Index
Vanguard REIT Index Fund	VGSNX	MSCI US REIT Index
Vanguard Intermediate-Term Corporate Bond Fund	VICSX	Barclays US 5-10 Year Corporate Bond Index
Vanguard Total Bond Market Index Fund	VBTLX	Barclays US Aggregate Float Adjusted Index
Vanguard Short-Term Bond Index Fund	VBIRX	Barclays US 1-5 Year Government/Credit Float Adjusted Index
Vanguard Short-Term Inflation-Protected Index Fund	VTAPX	Barclays US Treasury Inflation-Protected Securities 0-5 Year Index
RPB Reform Jewish Values Fund		MSCI ACWI Index (Net)

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 in a separate account vehicle 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 in those 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. Consistent with this mandate the Investment Committee has the ability to utilize different asset classes within an asset class grouping to adequately diversify the portfolio. These include, but are not limited to, strategies that focus on style (value vs. growth), capitalization, geographic region, smart beta (e.g., dividends), opportunistic and trend following. Use of asset classes will be consistent with the notification and approval requirements explained in Exhibit B.

Jewish Values Investing

The RPB has adopted a holistic approach to the incorporation of Jewish values in investment decisions. Jewish Values Investing has several dimensions and will continue to evolve with the growing expertise and focus of investment managers. Selection of new asset classes and investment managers will consider a manager’s ability and willingness to invest consistent with Jewish Values Investing. Once selected, investment managers will be periodically evaluated to determine the intersection of Jewish values and investment strategy.

Derivatives and Leverage

Derivatives and leverage may be used by portfolio managers or the RPB directly, provided they are approved by the Investment Committee and Board after careful consideration. Within the context of this Policy, a derivative is a product whose value or rate of return is based on another financial instrument, such as a futures contract. Leverage is defined as borrowing capital or pledging assets that exceed the market value of the assets, such as a long/short equity fund or certain forms of securities lending.

Prohibited Investments

In keeping with the liquidity provisions of the Plan, the strategies utilized within the Plan and funds should provide daily liquidity. Exceptions to these requirements include initial funding commitments, such as stable value funds that may have extended termination provisions, or individual manager holdings, which due to market distress, may become relatively illiquid for a short period of 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 fund and investment manager. 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 factors that include, but are not limited to:

- A fundamental change in the benefit design of the Funds
- 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 **October 10th, 2018** BY THE BOARD OF TRUSTEES OF THE REFORM PENSION BOARD.

EXHIBIT A

Capital Appreciation Fund Asset Class Groupings, Asset Class and Manager Implementation

Asset Class	Active/ Passive	Policy Target	Policy Target Ranges
Domestic Large Cap Equity		**36.75%**	**20.0% to 60.0%**
Large Cap Core	Passive	26.75%	
Large Cap Value	Passive	10.00%	
Large Cap Growth		0.0%	
Domestic Small & Mid Cap Equity		**5.25%**	**2.5% to 10.0%**
Mid Cap Core		0.0%	
Mid Cap Value		0.0%	
Mid Cap Growth		0.0%	
SMID Cap Core		0.0%	
SMID Cap Value		0.0%	
SMID Cap Growth	Active	5.25%	
Small Cap Core		0.0%	
Small Cap Value		0.0%	
Small Cap Growth		0.0%	
Developed Int'l Equity		**31.0%**	**20.0% to 50.0%**
Large Cap Core		0.0%	
Large Cap Value	Active	13.50%	
Large Cap Value	Passive	6.75%	
Large Cap Growth	Active	6.75%	
Large Cap Growth	Passive	0.0%	
Small Cap Core	Active	4.0%	
Small Cap Value		0.0%	
Small Cap Growth		0.0%	
Emerging Markets Equity		**6.0%**	**2.5% to 20.0%**
Emerging Markets Core	Active	6.0%	
Emerging Markets Value		0.0%	
Emerging Markets Growth		0.0%	
Equity Surrogate		**21.0%**	**0.0% to 35.0%**
REITs	Passive	5.25%	
MLPs	Active	5.25%	
Convertible Bond	Active	5.25%	
High Yield Bond	Active	5.25%	
Cash		**0.0%**	**0.0% to 10.0%**

Appreciation & Income Fund Composition (Strategic)

Fund	Weight
Capital Appreciation Fund	60%
Income Focused Fund	40%

Appreciation & Income Fund Composition (Tactical)

Fund	Weight
Capital Appreciation Fund	50% - 60%
Income Focused Fund	40% - 50%

Income Focused Fund Asset Class Groupings, Asset Class and Manager Implementation

Asset Class	Active/ Passive	Policy Target	Policy Target Ranges
Equities		**10.0%**	**5.0% to 20.0%**
Dividend Focus	Active	10.0%	
Domestic Fixed Income		**52.5%**	**25.0% to 60.0%**
Core Fixed Income	Active	52.5%	
Core Plus Fixed Income		0.0%	
International Fixed Income		**0.0%**	**0.0% to 35.0%**
International Fixed Income		0.0%	
Opportunistic Fixed Income		**20.0%**	**0.0% to 20.0%**
Unconstrained Bond	Active	20.0%	
Inflation Hedge		**17.5%**	**5.0% to 25.0%**
Commodities	Active	3.75%	
MLPs		0.0%	
Listed Infrastructure	Passive	3.75%	
TIPS	Active	10.0%	

EXHIBIT B

Guidelines for Board Actions to Investment Committee Recommendations

Recommendations by the Investment Committee ("IC") to changes in the RPB's Funds will be subject to the following guidelines:

1. The Board shall **approve** all Asset Class Groupings* ("Grouping") and the specific asset classes within each Grouping for each of the separate Funds. Additionally, the Board shall approve any new asset classes added to a particular Grouping.
2. The Board shall **approve** the Grouping ranges, which define the allowable lower and upper bounds for that Grouping.
3. The IC shall **inform** the Board of the specific targets for each Grouping and the specific target of each asset class within a Grouping.
4. The Board shall **approve** a change in the asset allocation of any Fund that is equal to or exceeds 10 percentage points, whether or not the change results in a different target for a Grouping.
    a. *Example: The IC recommends reallocating 12 percentage points of the Capital Appreciation Fund from the large cap growth manager to the large cap passive manager. The Board would need to approve the change even though it did not result in a change in the target of the Grouping that those managers fall within.*
5. The IC shall **inform** the Board of any change in the asset allocation of a particular Fund of less than 10 percentage points. However, if the change results in a Grouping target that falls outside the previously approved range, then rule #2 shall apply and the Board must approve the change.
    a. *Example: Within the Income Focused Fund, the Board had previously approved a range of 25% to 60% and target of 30% for the Domestic Fixed Income asset class grouping. If the IC recommended to change the allocation of IR&M Core Bond (the only asset class in this Grouping) to 35% no approval would be required. However, if the change went to 22%, then the Board would need to approve the change because it would cause the Grouping to fall below the lower bound of its range.*
6. The Board shall **approve** the complete exiting of a specific asset class grouping.
7. For all IC recommendations requiring Board notification, such notification shall take place within two weeks of the IC making the change and by coordinated with the Chair of the IC and RPB Executive Director.
8. For all IC recommendations requiring Board approval, the Executive Director will coordinate with the Board Chair to determine whether Board action can be taken at an upcoming Executive Committee or Board meeting, or whether Board approval should be requested by email notification and voting. However, if any

Board member requests a meeting to discuss the proposed action, a teleconference shall be scheduled with the full Board before such Board action is completed.

* An Asset Class Grouping is a grouping of different assets that have similar investment characteristics. For example, as of February 2015 the Domestic Large Cap Equity asset class grouping is comprised of the following asset classes: Passive Large Cap Core, Large Cap Value, Large Cap Growth, and Dividend Focus.

If you have any questions,
we're here to help.

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