RETIREMENT AND DEFERRED COMPENSATION PLANS

INVESTMENT POLICY STATEMENT

September 27, 2018

Contents

Part I. Definitions

- "RF" shall mean the Research Foundation for The State University of New York.
- "Committee" shall mean the Finance Committee (or the Investment subcommittee) of the board of directors of the RF.
- "ERISA" shall mean the Employee Retirement Income Security Act of 1974, any amendments thereto, and any regulations issued pertaining to the Act.
- "Fiduciary" shall mean any individual or group of individuals who are fiduciaries as defined in ERISA Section 3(21) (a) with respect to the Basic Retirement Plan and Optional Retirement Plan.
- "Investment managers" is any fiduciary under Section 3(38) of ERISA with the power to manage, acquire, or dispose of any plan asset. Certain sections of this policy more specifically refer to the manager as a "fund" or "investment option" of the investment managers for monitoring and evaluation.
- "Participant" is any employee or former employee who has met the Plan's eligibility requirements, has entered the Plan and who is or may become eligible to receive a benefit of any type from the Plan, or whose beneficiary may be eligible to receive any such benefit.
- "Plan" shall mean the Basic Retirement Plan (BRP); the Optional Retirement Plan (ORP) or the Deferred Compensation Plan.
- "Plan Sponsor" shall mean the RF.
- Retirement Plan Advisory Committee" shall mean the committee of RF employees as outlined in the Committee Charter.

Part II. General Information

The RF offers its employees three types of retirement or deferred compensation savings plans.

- The Research Foundation for The State University of New York Retirement Plan (Basic Retirement Plan (BRP)) is a defined contribution plan designed to satisfy the requirements of Section 401(a) of the Internal Revenue Code (IRC). The BRP was created in the 1950s and remained relatively unchanged until 1989 when it was changed from a non-qualified 403(b) to a qualified 401(a) plan. The RF funds it through biweekly contributions to eligible employees' retirement annuity contracts and mutual fund accounts.

- The Research Foundation for The State University of New York Optional Retirement Plan (ORP) is a defined contribution plan operating under section 403(b) of the IRC that allows employees of tax-exempt organizations to enter into salary reduction agreements with their employers. Under the agreement, a portion of the employee's compensation is deducted from their pay on a before-tax basis and contributed to an annuity contract or mutual fund custodial account, instead of being paid directly to them.

- The Research Foundation for The State University of New York 457(b) Deferred Compensation Plan provides an opportunity for a select group of management and highly compensated employees to defer compensation for retirement. The Plan was effective July 1, 2002. Participation in the Plan is limited to highly compensated (as defined by the federal tax code), active employees performing services in certain job categories that are established by the RF.

These three saving options are collectively referred to as the “Plans” in the remainder of this document.

Part III. The Plans

The RF sponsors the Plans for the benefit of its employees. It is intended to provide eligible employees with the long-term accumulation of retirement savings through a combination of employee and employer contributions to individual participant accounts and the earnings thereon.

The BRP is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including the IRC of 1986, as amended. The BRP and the ORP comply with ERISA, as amended, and are participant-directed individual account plans that are intended to operate in compliance with ERISA section 404(c) and related Department of Labor (DOL) regulations. These plans permit participants to exercise control over the assets in their accounts, and therefore no fiduciary shall be liable for any loss that results from a participant's exercise of control over the investments in his or her accounts.

The Plans’ participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the options and assets mixes that they select.

Part IV. Purpose of the Investment Policy Statement

This investment policy statement is intended to assist the Plans’ fiduciaries by ensuring that they make investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options and investment managers utilized by the Plan. Specifically, this Investment Policy Statement:

- Defines the Plans’ investment objectives.
- Defines the roles of those responsible for the Plans’ investments.
- Describes the criteria and procedures for selecting investment options and investment managers (or funds).
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes ways to address investment options and investment managers that fail to satisfy established objectives.
- Describes guidelines and responsibilities for participant education and communication.

This Investment Policy Statement will be reviewed annually and, will be amended at the Committee’s discretion, if deemed appropriate.

Part V. Investment Objectives

The Plans' investment options will be selected to:

- Give participants the ability to construct portfolios to generate returns within reasonable and prudent levels of risk.
- Provide returns on an absolute and risk-adjusted basis that are comparable to the appropriate benchmark and/or peer group.
- Provide exposure to a range of investment opportunities in various asset classes.
- Control administrative and management costs.

Part VI. Roles and Responsibilities

Those responsible for the management and administration of the Plans' investments include, but are not limited to:

- RF senior management is responsible for delegating the plan sponsor administrative responsibilities; selecting the trustee(s); hiring the record keeper, investment manager, custodian and investment consultant as approved by the Committee where appropriate..
- The RF's vice president for human resources shall support the administrative functions of the Plan Sponsor and serve as the overall administrator for the various aspects of the Plans, including providing Plan participant investment education and communication.
- The Plans' trustee(s) is responsible for holding and investing plan assets in accordance with the terms of the Trust Agreement.
- The investment or fund managers are responsible for making reasonable investment decisions consistent with the stated objectives and strategy, and reporting investment results on a regular basis as determined by the Plan fiduciaries.
- The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan; collect dividend and interest payments; redeem maturing securities; and affect receipt and delivery following purchases and sales. The custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plans' accounts.
- The record keeper is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions. The record keeper may also be contracted to perform other services such as providing enrollment kits, maintaining beneficiary information, and offering investment and saving advice from an independent third party provider that follows the guidelines set forth in the Department of Labor Advisory Opinion 2001-09A (known as the Sun American Opinion), etc.
- The investment consultant, at the request of the Committee is responsible for assisting in establishing investment policy, objectives and guidelines; assisting in the selection of investment managers; reviewing such managers over time, measuring and evaluating investment performance; and other tasks as deemed appropriate.
- The Committee is responsible for establishing and maintaining the Investment Policy Statement; selecting investment managers and investment options; and annually evaluating the Plans' investment performance and recommending investment option changes. The Retirement Plan Advisory Committee shall support the Committee in carrying out its responsibilities.

The fiduciaries of the plan are authorized to delegate certain responsibilities to various professionals as they deem necessary, but they are still accountable as fiduciaries for the actions of those parties they have delegated activities to. All expenses related to the plans that are customary and reasonable will be borne by the plan or the RF fringe benefit pool as deemed appropriate and necessary.

Part VII. Selection of Investments and Managers

One of the Committee's most important responsibilities is selecting the investment managers and fund investment options offered under the Plans. The considerations and guidelines that the Committee should employ when fulfilling its fiduciary responsibility are included below.

The Plans intend to provide an appropriate range of investment options that will adequately span the risk/return spectrum. Further, investment options for the Plans will allow plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. To maximize diversification and lessen risk to the extent possible, the Plans will offer to participants a portfolio of investment options (funds). These options are comprised of a broad range of equity options, as well as fixed income; real estate; cash equivalents and other one-decision options, such as a lifecycle funds. This array of options is intended to provide participants the opportunity to construct a portfolio more aggressive than fixed income portfolios and less aggressive than purely equity-oriented portfolios.

The Committee must evaluate investment managers and choose managers to manage the specific investment options. Each investment manager must meet certain minimum criteria:

- It should be a bank, insurance company, investment management company or an investment adviser under the Registered Investment Advisers Act of 1940.
- It should be operating in good standing with regulators and clients, with no material pending or concluded legal actions.
- It should provide detailed additional information on the history of the firm, its investment philosophy and approach, and its principals, clients, locations, fee schedules and other relevant information.

Assuming the minimum criteria are met, the particular investment under consideration should meet the following standards for selection:

- Performance should be measured against the appropriate benchmark and peer group over 3, 5, & 10 year periods. Funds significantly underperforming may be recommended for watch.
- Risk-Adjusted return should be compared to the peer group over a 3, 5, & 10 year period. Funds significantly underperforming may be recommended for watch.
- Risk measured by the standard deviation should be comparable or better than the median of a similar, style-specific peer universe over a 3, 5 and 10 year period.
- The lead manager should have at a minimum 2 years of experience on the fund in the case of actively managed options.

- It should demonstrate adherence to the stated investment objective based on style analysis and portfolio characteristics.
- Fees should be competitive compared to similar investments.
- If appropriate, the investment manager should be able to provide all performance, holdings, and other relevant information in a timely fashion, with specified frequency.

Selection and monitoring of the Default Investment Options:

The Committee is authorized to designate the Plan's default investment options (i.e., the options into which contributions will be directed on behalf of participants who fail to make affirmative investment elections). In so doing, the Committee will apply the general selection and monitoring principles described in this Investment Policy. In addition, the Committee's selection and monitoring of default investment options shall be consistent with the United States Department of Labor's standards for the selection and monitoring of "qualified default investment alternatives."

Selection of Target Date Funds:

- Target date funds shall be selected for the plan utilizing the following steps as general guidelines with the understanding that the target date fund family universe is very broad and each target date suite differs from the others. Less emphasis will be placed on category averages based on glide path dispersion between target date fund families. The selection process may include, but is not limited to, the steps below: The Committee decides what the primary objectives are in relation to risk management – whether or not minimizing risk on a static scale at retirement is desired (i.e., managing the glide path "to" retirement) versus maximizing to maximize savings "through" life expectancy with a more aggressive glide path after retirement.
- Consider participant demographics in order to help define overall risk tolerance. Factors that may be considered are average age of population, overall investment knowledge and current plan usage of target date, hybrid funds or asset allocation suites.
- Determine diversification of asset classes. The Committee may consider a broad range of asset classes and whether or not the target date chosen should include various types of asset classes that would normally not be considered under a core line up. These asset classes typically have lower correlations to the core line up and may include, but not be limited to, the following; real estate, commodities, high yield debt, emerging market equity and debt, inflation hedging and long/short equity strategies.
- Inception of the target date fund should be at least three years though can consider less.
- A review of expense fees in comparison to averages and as related to overall plan cost.
- Performance comparison to a custom style benchmark in addition to category averages.

Part VIII. Investment Monitoring and Reporting

The ongoing monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment option selection process and confirming that the criteria originally satisfied remain so and that an investment option continues to be a valid offering. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines, and potentially changing investment options, is an ongoing and necessary process.

Monitoring should occur on a regular basis (e.g., quarterly), use the same criteria that were the basis of the investment selection decision, and include a formal review annually. Further, unusual, notable or extraordinary events should be immediately communicated to the Committee by the investment manager. Examples of such events include portfolio manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure, or announcements thereof.

The monitoring of target date funds may include, but is not limited to, the steps below. Less emphasis may be placed on category averages based on glide path dispersion between target date fund families:

- Review the glide path to ensure consistency with reason that funds were chosen.
- Review performance relative to custom style benchmark in addition to category averages.
- Review underlying holdings in comparison to relative Morningstar peer groups or applicable strategy.
- Review qualitative assessment on management of the funds in an effort to demonstrate consistency with overall strategy.

If overall satisfaction with the investment option is acceptable, no further action is required. If areas of dissatisfaction exist, the investment manager and the Committee must take steps to remedy the deficiency. If over a reasonable period the manager is unable to resolve the issue, termination may result.

Part IX. Manager and/or Fund Termination

An investment manager and/or fund option should be terminated when the Committee has lost confidence in its ability to:

- Achieve performance and risk objectives.
- Comply with investment guidelines.
- Comply with reporting requirements.
- Maintain a stable organization and retain key investment professionals.

There are no hard and fast rules for termination. However, if the investment has consistently failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. If the fund's investment performance is not satisfactory and/or issues relating to the organization or strategy are of a concern, the committee can consider placing the fund on a watch list instead of terminating it. Failure to remedy the circumstances of unsatisfactory performance, within a reasonable time, shall be grounds for termination.

The watch period will be established by the committee.

- Within one quarter from the time a fund is placed on watch, the committee may interview a representative of the fund company to determine if performance is suitably explainable or what actions were taken to correct the concern. The committee can then decide to continue to watch performance or terminate.
- If at the end of the watch period the committee is satisfied that the situation improved, the fund may be removed from the watch list.
- If at the end of the watch period the situation did not improve, the committee will begin a search for a replacement (if desired) and subsequently terminate the existing fund.

Any recommendation to terminate will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to those above, other factors may include professional or client turnover, or material change to investment processes. Considerable judgment must be exercised in the termination decision process.

Part X. Participant Education and Communication

The Plan administrator will communicate to employees that they control their own investments; permit investment changes as necessary; and provide effective educational materials to allow employees to make informed decisions.

In developing a continual participant investment education program, the Plan provider will select funds and provide supporting material with consideration for the following:

- The committee may consider limiting the number of funds offered to promote participant understanding without sacrificing the objectives set forth in this policy.
- The participants should be provided general information relating to the economy and capital markets as part of the investment education program.
- Participants should be encouraged to select an appropriate asset allocation (based on their risk tolerance, their time until retirement and other factors relating to their personal financial status) and avoid attempts to time the market.

The participants should be educated on the relative risk and return of investing in different asset classes and how diversified investing can reduce the risk of investing.

Part XI. Participant Accounts

- Each vested participant and beneficiary with an account under the Plans shall have the authority to decide and direct how the funds in the account shall be invested, subject to rules and policies adopted by the Committee and the administrator, including the provisions of this Statement.
- Plan assets are to be valued daily to provide participants and beneficiaries timely access to information about the status of their account.
- Participants may change investment elections as frequently as permitted by the investment election system provided by the Plan’s record keeper under its agreement with the plan sponsor.

- For the BRP and the ORP, contributions for new participants shall be invested in an age appropriate target retirement age fund, unless the participant elects different investment funds.

Part XII. Coordination with the Plan Document

Notwithstanding the foregoing, if any term or condition of this investment policy conflicts with any term or condition in the Plans, the terms and conditions of the Plans shall control.