

# Marywood University

## Investment Policy Statement of the Defined Contribution Retirement Plan

### I. THE PLAN

Marywood University (“Marywood”) sponsors the Marywood University Retirement Choice 403(b) Plan (“The Plan”) for the benefit of its employees. It is intended to help provide eligible employees with the long-term accumulation of retirement savings through a combination of employee and, when applicable, discretionary employer contributions to individual participant accounts and the earnings thereon.

The Plan’s 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.

### II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This *Investment Policy Statement* (IPS) is intended to assist the Plan’s 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 utilized by the Plan. Specifically, this *Investment Policy Statement* applies only to 403(b) plans and the purpose follows:

- Defines the Plan’s investment objectives.
- Defines the roles of those responsible for the Plan’s investments.
- Describes the criteria and procedures for selecting investment options.
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes ways to address investment options that fail to satisfy established objectives.
- Provides appropriate diversification within investment vehicles.

The Pension Subcommittee will review the *Investment Policy Statement* at least annually and recommend any revisions to the Financial Affairs Committee of the Board of Trustees. If appropriate, revisions may be proposed to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the Plan. The Financial Affairs Committee of the Board of Trustees will recommend proposed revisions to the Board of Trustees for approval.

### III. INVESTMENT OBJECTIVES

Investment options will be selected that:

- Cover a risk/return spectrum of appropriate investment classes;
- Are distinguishable and have distinct risks/return characteristics;

- Are well-diversified and professionally managed;
- Charge fees that are reasonable and competitive for the asset class and investment style; and
- Provide, in the aggregate, the participant with the opportunity to structure a portfolio with risk and return characteristics at any point within a normally appropriate range of investment strategies.

Where common trust funds, commingled funds, exchange traded funds (ETF's) or mutual funds are used, appropriate investment guidelines as stated in the prospectus or governing document will apply.

#### **IV. ROLES and RESPONSIBILITIES**

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

- Marywood University, as Plan Sponsor, is responsible for selecting the trustee(s)/custodian(s). The Financial Affairs Committee of the Board of Trustees, upon recommendation from the Pension Subcommittee, will hire the record-keeper; appoint members of the Pension Subcommittee (or other relevant oversight Committee) who are charged with oversight of the Plan; and ensure that the members of the Subcommittee receive all relevant Plan information to carry out their oversight responsibilities.
- The Plan's trustee(s)/custodian(s) is (are) responsible for holding and investing plan assets in accordance with the terms of the Trust Agreement(s) in place between Marywood University and TIAA for all plans and this *Investment Policy Statement*.
- The record-keeper is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions.
- The Pension Subcommittee of the Financial Affairs Committee of the Board of Trustees (or other relevant oversight Committee) is responsible for:
  - Meeting semi-annually.
  - Establishing and maintaining the *Investment Policy Statement*.
  - Making reasonable investment decisions consistent with the stated approach of the Plan and this IPS.
  - Selecting investment options.
  - Periodically evaluating the Plan's investment performance and recommending investment option changes and/or investment manager changes when warranted.
  - Ensuring Plan participant investment education and communication are provided.
  - Hiring investment advisory consultants at its discretion.
  - Annually reviewing the performance of and fees paid by the Plan to service providers.

## V. SELECTION OF INVESTMENTS and INVESTMENT ADVISORY CONSULTANTS

The selection of investment options offered under the Plan is among Marywood's and the Pension Subcommittee's most important responsibilities. Set forth below are the considerations and guidelines employed in fulfilling this fiduciary responsibility. The Pension Subcommittee will consult with advisory consultants when making such selections.

### Investment Selection

The Plan intends to provide an appropriate range of investment options that will span the risk/return spectrum. Further, the Plan investment options will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. Major investment options/asset classes to be offered will include:

| <b>Asset Class</b>       | <b>Description</b>   | <b>Relevant Benchmark(s)</b>                                  |
|--------------------------|--|---|
| Money Market Fund        | Investment vehicles under this Plan option should be invested in liquid instruments with minimal principal at risk.  | 90-Day Treasury Bill Index                                    |
| Stable Value             | Investment vehicles under this Plan option should provide a stable value of principal while earning a competitive rate of income.  | 90-Day Treasury Bill Index or Bloomberg 1-3 Govt/Credit Index |
| Intermediate Bond Funds  | Investment vehicles under this Plan option should be invested in investment grade debt securities with an intermediate term (3-10 years) average maturity.   | Bloomberg Aggregate Bond Index                                |
| Inflation Protected Bond | Investment vehicles under this Plan option should be invested primarily in Treasury Inflation Protected Securities (TIPS).   | Bloomberg U.S. TIPS Index                                     |
| Global Bond              | Investment vehicles under this Plan option should be invested to provide income with a minimal opportunity for growth of capital via global fixed income securities. The manager will choose whether or not to hedge their investments against the dollar. | Bloomberg Global Aggregate; FTSE World Government Bond        |
| High Yield Bond          | Investment vehicles under this Plan option should be invested to provide income with a minimal opportunity for growth of capital via primarily below investment grade debt securities.   | ICE Bank of America Merrill Lynch High Yield Bond Index       |
| Target Date Funds        | Investment vehicles under this Plan option should be invested among domestic and international stocks, bonds, and cash, and are designed to offer age-appropriate asset allocation portfolios that automatically rebalance                                 | Blended Asset Allocation Benchmarks                           |

|                       |  |   |
|-----------------------|--|---|
|                       | and grow increasingly conservative as participants approach retirement.  |   |
| Balanced Funds        | Investment vehicles under this Plan option may be invested among domestic and international stocks, bonds, and cash.   | S&P 500 / Bloomberg Aggregate (60/40) Index   |
| Domestic Equity Funds | Investment vehicles under this Plan option may include an array of domestic equity options that will provide participants with the ability to invest in funds that differ in investment style (growth vs. value) and capitalization bias (large cap., mid cap., small cap). Further, equity alternatives may be offered that strive to match or exceed appropriate stock market indices. | S&P 500 Index<br>Russell 1000 Value Index<br>Russell 1000 Growth Index<br>Russell Mid Cap Index<br>Russell Mid Cap Value Index<br>Russell Mid Cap Growth Index<br>Russell 2000 Index<br>Russell 2000 Value Index<br>Russell 2000 Growth Index |
| International Funds   | Investment vehicles under this Plan option invest in securities of countries outside the U.S. Some diversify their investments across a broad range of markets and securities, while others target a particular country or region. The manager will choose whether or not to hedge their investments against the dollar.   | MSCI EAFE Index<br>MSCI World Stock Index<br>MSCI Emerging Markets Index  |
| Real Estate           | Investment vehicles under this Plan option invest to provide a combination of growth of capital and current income using real estate securities.   | MSCI REIT Index   |

The actual allocation of the Plan’s assets among the selected investment vehicles will be decided by each of the Plan’s participants. In addition, at the participants’ discretion, subject to the provisions of the Plan, some of their account balances may be loaned to themselves.

The Pension Subcommittee may retain the services of an Investment Advisory Consultant to assume all or part of the Pension Subcommittee’s duties under this *Statement of Investment Policy*. The duties and responsibilities of the Plan’s Investment Advisory Consultant may include:

- Communicating with and reporting to the Pension Subcommittee on a regular basis (at least quarterly):
- Notifying the Pension Subcommittee of any issue that may impact the investment of Plan assets (e.g., change in ownership, professional staff, investment philosophy and/or process);
- Making recommendations on Plan investments with the care, skill, prudence and diligence that a prudent investment professional would exercise in the investment of those assets; and
- Meeting as requested with the Pension Subcommittee to discuss investment strategy, review past performance and make recommendations as appropriate.

- Assisting with preparation and review of meeting minutes.
- Requiring assistance in investment monitoring and reporting as set forth in Article VI.

## **VI. INVESTMENT MONITORING and REPORTING**

The on-going monitoring of investment options 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 is an on-going and deliberative process.

The Plan will track performance on a quarterly basis and fully review the investment options at least annually. The annual review will include, but will not be limited to, evaluations of the following (for each investment option and manager(s) within that investment option):

- performance vs. appropriate benchmarks
- performance vs. appropriate peer groups
- risk-adjusted returns
- level of volatility
- portfolio manager experience and tenure
- consistency of investment strategy
- fees
- percentage of plan assets invested

Each investment option will be compared to recognized, appropriate indices (benchmarks) and within universes of investment managers and investment options with similar styles (peer groups). A benchmark is defined as an unmanaged group of securities whose overall performance is used as a standard to measure investment performance (such as S&P 500). A peer group is defined as a group of managed funds (indexed and actively managed), grouped together by an independent agent (such as Morningstar or Lipper). Performance will be considered over a full market cycle (peak-to-peak) or a three- to five-year period. Periodically, the Pension Subcommittee or, if instructed, its Investment Advisory Consultant, will contact the Security Exchange Commission to determine if any complaints have been filed against any of the Plan's investment companies.

If an investment option under performs appropriate market indices and peer groups over the longer term (3 and 5-year periods) and the most recent 1- and 2-year periods have not shown evidence of adequate improvement, the Pension Subcommittee will seek to determine to the extent possible why performance has lagged and what corrective actions have been or are being taken by the Investment Manager. The Pension Subcommittee may consider any other relevant criteria to request a review of the Investment Manager at anytime as a prudent expert would do.

The Pension Subcommittee's review of underperforming funds shall also include a review of the fund's utilization by Plan participants. The Pension Subcommittee may decide to take any of the following courses of action:

- Place the investment option on a "Watch List" during which any area of concern will be assessed and, if necessary, corrected.
- Supplement the investment option(s) with one or more alternative investment option(s) for that category.

- Replace the investment option with one or more alternative investment option(s) for that category.
- Eliminate the investment option.

The Pension Subcommittee shall document its analysis and decisions in the Subcommittee meeting minutes.

## **VII. PARTICIPANT EDUCATION and COMMUNICATION**

The Plan will communicate to employees that they control their own investments; permit investment changes at least quarterly; and are able to change investments when desired due to market risks; and, provide effective educational materials allowing employees to make informed investment decisions. It is expected that the Plan's record-keeper will facilitate communication to the employees as appropriate.

## **VIII. 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 Plan document, the terms and conditions of the Plan document shall control.

### **Related Policies:**

Retirement Plan

### **History of Policy:**

02/11/2023 -The Board of Trustees established the policy upon recommendation of the Financial Affairs Committee and Audit Committee.

## **MARYWOOD UNIVERSITY POLICIES AND PROCEDURES MANUAL**

Mary Theresa Gardier Paterson, Esquire  
Secretary of the University and General Counsel  
Phone: (570) 340-6018