

The *Investment of Employee Benefit Funds Policy* for Radford University (University) provides policy direction and procedural guidelines for the selection, management, and ongoing monitoring of investment options with respect to the employee benefit plan. The policy includes strategic objectives and a framework that promotes investment oversight and administration of the employment benefit plan including the following:

- Establishes the roles and responsibilities of the Retirement Administrative Committee (Committee) as investment fiduciary and the Investment Consultant/Advisor who assists in the fulfillment of the Committee's duties;
- Identifies appropriate investment asset classes for inclusion in the menu of investment options;
- Establishes a prudent process for selecting appropriate investment options to be made available for participant direction;
- Designates an investment option to which all assets will be directed in the absence of a positive election by a participant or beneficiary, which will either serve as the default or Qualified Default Investment Alternative;
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These investments, like balanced funds, attempt to provi

_____ A Stable Value fund is a type of separately managed account, insurance separate account, or commingled trust investing in high quality, short to intermediate-term fixed income securities presenting minimal interest rate and credit risk. Unique accounting features allow for gain and loss amortization over a period of time, allowing management to invest in longer-term fixed income assets while mitigating NAV fluctuations. Stable Value funds are generally structured to maintain a \$1.00/share NAV but it is not guaranteed that they will meet this objective.

to offer a core set of diversified investment options that represent a broad range of different asset classes with different risk and return characteristics. Each plan's investment menu may include, but is not limited to, options from the following broad asset classes: Capital Preservation; Fixed Income; Asset Allocation, including Balanced, Target Risk, Life Cycle, and/or Target Date; Domestic Equity; International Equity; and Specialty.

Each plan is structured to offer participants and their beneficiaries a core set of reasonably priced investment options with different risk and return characteristics. Selection of these investment options is done in the context of each plan's administrative environment, which may impact the number, type, and cost of investment options available to the plan. The Committee may also consider the method and payment of plan expenses, which may be altered by investment-related decisions. The following screening criteria will be among those applied to the available actively managed options:

All investment options must charge "reasonable" fees to investors. The expense ratio for a given investment should generally fall below the average expense ratio for the peer group. Exceptions may be made for investment options that the Committee feels may produce performance that would justify higher than average fees.

Since each investment option is chosen to fulfill a specific part of each plan's overall investment menu, investment options should have demonstrated a consistency in investment style and performance. Some variation may be allowed when an investment option's given style moves in and out of favor, or when an investment option's successful investments outgrow their initial investment classification.

Unless chosen to deliver investment performance that is characteristic of a specific industry or sector of the investment spectrum, investment options generally will be broadly diversified portfolios and will avoid unreasonable overweighting in a given investment, industry or sector. Volatility, as measured by Standard Deviation of returns, should be within reasonable ranges for the given peer group. Other risk measures and ratios, including Sharpe ratio, information ratio and beta, may be used as well.

With few exceptions, all actively managed investment options should rank in the top 50% of their given peer group for the 3- or 5-year annualized period at the time of their selection. While past performance is not indicative of future returns, peer-relative performance offers the Committee perspective on how the investment option has performed over a reasonably demonstrative period of time relative to other choices. In addition to performance, the Committee should consider other variables including (but not limited to) fees, investment style purity, and risk management practices, in order to develop a holistic view about a strategy and its appropriateness within each plan. Passively managed options do not need to meet the same ranking criteria; rather, measures such as tracking error to the stated benchmark are more important measures of performance for these options.

Manager tenure and industry experience are values to be emphasized, as is the strength and expertise of an investment option's sponsoring organization. Sponsoring organization &

When necessary, preference will be given to investment management organizations with a proven commitment to the interests of long-term investors.

In addition to the above outlined factors, the Committee will also consider other factors, which may be less tangible, including fund specific situations and anomalies in the capital markets or in each plan's unique situation.

Each investment option is expected to maintain a high level of acceptability. With the assistance of the Investment Consultant/Advisor, the Committee will monitor the investment options made available within each plan to ensure they remain compliant with the criteria used to initially select them for inclusion in each plan under this policy, or such other or additional criteria as appropriate. The Committee may consider the ranking of investment options relative to their peers using a comprehensive scoring system proprietary to the Investment Consultant/Advisor. The following criteria provide an outline for the evaluation process:

On a quarterly basis, each plan's Investment Consultant/Advisor will provide the Committee with a comprehensive report of each investment option's relevant performance and relative rankings against appropriate indexes, and within appropriate peer groups. The Investment Consultant/Advisor will review the report with the Committee at least annually, or more often as necessary and appropriate.

The Investment Consultant/Advisor will also communicate with the Committee on an ad hoc basis, as appropriate, concerning any material changes affecting any of the selected investment options. Material changes may include management changes, changes to the investment option's pricing structure or significant changes in the investment option's fundamental policies and procedures that the Investment Consultant/Advisor feels warrant Committee review.

The Committee normally will meet with the Investment Consultant/Advisor, at least annually, to evaluate each investment option as well as the overall status of this policy, if necessary.

If the Investment Consultant/Advisor's proprietary Scoring System indicates that a given investment option may no longer meet the appropriate and reasonable standards required to remain included in each plan's menu, the Committee will take appropriate steps.

Each plan is intended to provide opportunities for long-term asset accumulation for participants and beneficiaries. Accordingly, the expectation is neither the investment asset

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When engaged by the Committee, the responsibilities of the Investment Consultant/Advisor include:

Educating the Committee on issues concerning the selection of investment options for each plan.

Assisting in the analysis and initial selection of investment options to be made available for participant investment.

Assisting the Committee with the ongoing review of the investment universe made available within each plan's chosen administrative environment.

Assisting the Committee with the review of the performance of the selected investment options, on at least an annual basis, but more often a quarterly basis, in comparison to their stated objectives and their relative performance and pricing as compared to their peers and designated benchmarks.

Providing specific investment advice to the Committee with respect to each plan on a regular basis, pursuant to a mutual understanding with the Committee that the advice will serve as a primary basis for the Committee's investment decisions, and that the advice will be individualized based on the needs of each plan. Such advice may relate to the advisability of investing in, purchasing, holding, and selling securities or other property.

