

# **INVESTMENT POLICY OF THE TRUSTEES OF ACEC RETIREMENT TRUST**

## Purpose of Policy

The purpose of this Investment Policy (“Policy”) is to set forth the principles that the Trustees of the ACEC Retirement Trust (“Trust”) shall follow in establishing investment goals for the Trust. These principles set forth the investment goals that the Trustees deem necessary and sufficient to discharge their duties in establishing and implementing an investment policy. This Policy should also encourage communication between the Trustees and service providers, member plans and other interested parties. In addition, with respect to the investment of assets of the Trust, these investment goals are established to discharge the Trustees' duties of care, skill, prudence, and diligence under ERISA. The Trustees have based these investment principles on the experiences of the individual Trustees and on the advice of professionals, including attorneys, accountants, investment managers and consultants, all of whom after vetting of their experience and qualifications have been determined to be competent to render such advice.

## Identification of the Trust

The Trust is a retirement investment pool available for members of the American Council of Engineering Companies (“ACEC”). The Trust's goal is to maximize return with a prudent level of risk and through economies of scale minimize expenses for retirement plans established by participating consulting engineering firms, who are members of the ACEC and elect to participate in the Trust.

## Identification of the Trustees

There will be a total of seven Trustees of the Trust. All Trustees shall be selected from firms electing to participate in the Trust. Trustees shall be appointed for four-year terms. The Trustees are eligible to be re-appointed to serve an additional four-year term and said terms are on a staggered basis. When a slot is vacant, the new Trustee is elected by the remaining Trustees. A Trustee may not serve for more than two consecutive four year terms, excluding any partial terms of less than four years.

### Responsibilities of Trustees

The Trustees are responsible for the administration, in a prudent and skillful manner, of the Trust in accordance with the terms stated in this Policy, and in order to fulfill this responsibility, has the authority to:

- Select, employ, supervise, and compensate investment providers, recordkeepers, accountants, administrators, attorneys, investment consultants, or any other personnel deemed necessary by the Trustees for the proper administration of the Trust.
- Select and determine, with the assistance of said consultants, investment objectives, investment guidelines, investment monitoring procedures and policies, or any other types of investment compliance deemed necessary by the Trustees.
- To modify this Policy at any time.

### Responsibilities of Investment Consultant

The Investment Consultant (“Consultant”) is responsible for the initial and ongoing development of this Policy, as well as providing a monitoring system to ensure the Trust and its investments are in compliance with this Policy. The Consultant will also assist the Trustees in the selection of service providers and investment options.

### Responsibilities of Fund Manager

The Fund Managers (“Managers”) are expected to manage the Trust’s assets in a manner consistent with their investment objectives, guidelines and constraints. For mutual funds these will be outlined in their mutual fund prospectuses and in accordance with State and Federal law. This would include discharging responsibilities with respect to the mutual fund consistent with the “Prudent Man” rule and all other fiduciary responsibility provisions and regulations. It is expected that experienced professionals with proven track records will manage each investment option. Fund managers will vote proxies of companies in their mutual fund.

### Responsibilities of Recordkeeper

- Provide enrollment kits and other communication and educational material as directed by Trustees.
- Participant Services
  - Maintain and reconcile all participant records.
  - Invest contributions and investment changes as instructed

- Provide communication services including service reps, voice response and Internet availability.
- Make distributions as instructed.
- Participating Firm Services
  - Maintain prototype document
  - Provide testing
  - Purge terminated accounts with balances below \$1,000.
  - Migrate terminated accounts with balance between \$1,000 and \$5,000 to an IRA.
  - Provide sponsor information necessary to administer plan.

#### Responsibilities of Marketing Agent

- Shall meet with Plan Sponsors to evaluate and facilitate delivery of services and work to resolve issues identified in these meetings.
- Will work with participants to educate and enroll via in-person, teleconference or other mediums.
- The agent will provide marketing services for the Trust.

#### Investment Guidelines

The investment guidelines will supply a set of principles for the Trustees to follow. The overall investment philosophy of the Trust is as follows:

- To provide a number of diverse investment options for the Trust participant's allocations.
- Within each investment option, to maximize returns which are reasonable with prudent levels of risk in order to maximize participant retirement accumulation.
- Employ mutual funds, bank commingled funds, separate accounts or pooled mutual funds as the available vehicles.

### Investment Option Selection Guidelines

The Trustees have determined a wide range of investment options may be employed in the Trust and available to participants and should attempt to observe the guidelines below when selecting investment options. The guidelines are as follows:

- The options offer clear choices to participants when attempting to determine and implement their desired asset allocation strategy.
- Investment management organizations should have at least 5 years of investment history.
- Individual manager or management team will have a tenure of at least 3 years.
- Manage at least \$100 million in the investment style.
- Performance is above investment style median and /or benchmark indices for the preceding 5 year period.
- Portfolio characteristics, which have consistently stayed within its investment style during the most recent 5 year period.

### Investment Performance Evaluation

The Trustees, with assistance of the Consultant, will review and analyze the investment options offered by the Trust. Investment performance will be evaluated on a total rate of return basis (capital appreciation plus interest/dividends). The Trustees will evaluate each option in terms of the performance compared to the relevant market indices and peer groups over multiple time periods. Five year performance above benchmark is deemed to be the most important standard. In addition, time weighted rates of return will be used in order to measure performance without regard to contributions and distributions. Other important factors Trustees will consider in evaluating investment performance includes, among others:

- Continuity in the management of investment options
- Consistency of the primary investment approach, methodology and style.
- Fees and cost associated with each investment option

- Legal or compliance issues

The Trustees shall review investment performance and other pertinent factors on a quarterly basis. If a fund fails to meet the aforementioned performance criteria for four consecutive quarters it will be noted in the Trust's quarterly performance review and referred to the Investment Sub-Committee for in-depth analysis. The Investment Sub-Committee will continue to review these funds on a quarterly basis until such time as they meet performance standards or are eliminated. The Trust's overall performance is evaluated on the basis of meeting or exceeding the selected investment objectives.

#### General Investment Goals

The Trustees, in all their actions with respect to the Trust, including the establishment and implementation of this Policy, shall act solely in the interest of the Trust participants for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administering the Trust.

#### Delegation of Duties

The Trustees may retain professionals including investment managers, record keepers, trustee banks, consultants, investment counselors, attorneys, and accountants as the Trustees from time to time deem necessary to discharge their duties. The Trustees shall require each professional, who as a result of the delegation of a function becomes a fiduciary of the Trust, to acknowledge in writing that such professional is a fiduciary. The Trustees shall not delegate any function to any party until the Trustees have determined that their delegation of the function in question satisfies their duties of care, skill, prudence, and diligence.

Whenever the Trustees delegate any duties to a professional in accordance with the provisions of this Investment Policy, the Trustees, shall evaluate the professional's execution of their duties on an ongoing basis.

#### Proxy Voting Policy

The Trustees will exercise all proxies with respect to all assets held by the Trust on behalf of all firms electing to participate in the Trust. Notwithstanding the preceding, in order to allow mutual fund managers to use their best professional judgment in meeting their mutual fund's objectives, the Trustees will support each mutual fund's management in connection with all required proxy votes, except those referendums which seek to raise fees or alter the fundamental investment objective of the mutual fund. In those cases, the Trustees will generally vote negatively unless there is a clear justification on the basis of its benefit to the shareholders, and that such approval is consistent with the aims and purposes for which the mutual fund was selected under this Policy. The investment managers will vote proxies for companies in their mutual fund

## REVIEW OF POLICY

The Trustees will review this Policy at least annually to determine if it meets the current and anticipated needs of the Trust.

## CONCLUSION

The Trustees consider this Policy not only as a basic tool for the implementation of a long-range investment program, but also a dynamic document which is to be responsive to fundamental changes in any needs of the Trust.