Investment Policy & Investment Guidelines

July 1, 2015 (Including amendments through July 1, 2021)

Investment Policy Statement

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1. Investment Objectives

Within the bounds of prudent risk management as defined by the Policy Asset Allocation and asset class ranges, the YMCA Retirement Fund (the "Fund") seeks to generate attractive long term returns sufficient to allow the Fund's portfolio to meet or exceed its long term liabilities and commitments. The following are the key investment objectives of the Fund's portfolio:

- Compound positive returns over longer term horizon while avoiding large draw-downs
- Generate absolute returns sufficient to deliver minimum plan benefits or greater
- Pursue rigorous portfolio risk management
- Mitigate the risk of the Funding Level falling below 65%
- Pursue 100% Funding Level over the long-term
- Maintain adequate liquidity to meet benefit payments and capture market dislocations

2. Liquidity

The portfolio will be managed to provide sufficient liquidity to fund promised benefits, operational expenses and capital calls, and to make new investments.

3. Responsibilities & Legal

Board and Investment Committee Responsibilities and Delegation

The Board has the responsibility to oversee and approve the investment of Fund assets and may delegate its responsibilities to the Investment Committee. The Fund's Board has delegated investment functions to the Investment Committee, including without limitation, the power to further delegate investment functions to Management, as provided under the Fund's Bylaws and resolutions. Notwithstanding the foregoing sentence, the Board has retained authority to determine the Fund's Policy Asset Allocation specified in Section 5.

The Investment Committee has the following responsibilities:

- Approve an Investment Policy Statement and monitor compliance with such Policy.
- Delegate investment functions to Management of the Fund.
- Approve investments beyond the scope of the authority delegated to Management as detailed in the "*Investment Policy Administrative Procedures*" or which require additional consideration as determined by Management or the Investment Committee.
- Monitor Management's execution and compliance with the scope and terms of its delegated authority.
- Provide guidance on timely strategic investment topics.
- Monitor investment manager/strategy performance.

Management Responsibilities

- Prudently manage all assets in accordance with applicable provisions of federal pension and tax laws.
- Rebalance the portfolio as described in the section "Policy Asset Allocation."
- Monitor the activity and performance of all investment managers and products.
- Provide reports on results and investment recommendations to the Investment Committee.
- With at least one day's notice to the Investment Committee, terminate investment managers.
- Reallocate funds to or from existing managers in the course of normal portfolio management and rebalancing.
- Invest the Fund's assets within the parameters established by the Investment Committee in the Investment Policy Statement and the "*Investment Policy Administrative Procedures.*"

Investment Consultant

The Fund shall retain an independent, third party investment consulting firm to serve as the Fund's investment consultant (the "Investment Consultant"). In addition to any duties, responsibilities and services set forth in any investment consulting agreement between the Fund and the Investment Consultant, the Investment Consultant shall have the following responsibilities as a "fiduciary" within the meaning of Section 3(21)(A) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"):

- Review the Fund's portfolio (asset allocation, manager structure, manager selection, and shortfall risk), and make recommendations when deemed appropriate by the Investment Consultant on: investment objectives and policies; investment management structures; investment managers; investment opportunities; and custody and cash management arrangements for the Fund.

- Provide risk frameworks to review and assess appropriate risk tolerance for the Fund and provide on-going risk monitoring.
- Provide quarterly and monthly investment performance reports, including individual manager returns and return analyses.
- Provide private markets projections modeling service and on-going monitoring of (i) private investment managers, including investment due diligence and business risk management and (ii) asset allocation.
- Provide custom investment and operational due diligence, as needed, with respect to long-only managers and hedge fund managers.

Prudent Person Standard

The Investment Committee and members of Management responsible for investments shall act prudently in all investments under the "prudent person" standard. As fiduciaries, they shall discharge their duties:

- Solely in the interest of the participants and beneficiaries, without subordinating the economic interest of participants and beneficiaries in their retirement income to unrelated social objectives
- With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims
- By diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so
- In accordance with governing Fund documents and applicable law

The Investment Committee or Management (if properly delegated to Management by the Investment Committee) may engage any investment manager to manage the Fund's assets either in (i) a "plan asset" vehicle with the meaning of the regulations issued by the Department of Labor at Section 2510.3-101 of part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, as amended by Section 3(42) of ERISA (thereby an "ERISA Manager") or (ii) a non "plan asset" vehicle.

The standard of care for ERISA Managers shall be the "Prudent Person" standard and they shall acknowledge in writing that they are a fiduciary within the meaning of Section 3(21) of ERISA. ERISA Managers must qualify as an "investment manager" within the meaning of Section 3(38) of ERISA. While the Investment Committee shall prudently exercise its responsibilities under ERISA to monitor the ERISA Managers, the Investment Committee will neither assume any obligation or responsibility for the direct management of the Fund's assets allocated to ERISA Managers nor be liable for any acts or omissions of any ERISA Manager that result in any loss to the Fund.

The Fund will delegate to its investment managers the voting of all proxies for securities under the management of such investment managers. The Fund will require that ERISA Managers agree that all actions with respect to voting proxies must be taken or rendered prudently, in accordance with ERISA, and solely in the interest, and for the exclusive benefit, of the Fund. The Fund will also require its investment managers to maintain accurate records as to proxy voting and report at least annually to the Fund a summary of all proxy voting decisions made on behalf of the Fund.

Pursuant to the New York Prudent Management of Institutional Funds Act, the following are listed as factors the Investment Committee and members of Management shall consider, if relevant, in managing and investing the Fund's portfolio:

- General economic conditions
- The possible effect of inflation or deflation
- The expected tax consequences, if any, of investment decisions or strategies
- The role that each investment or course of action plays within the overall investment portfolio of the Fund
- The expected total return from income and the appreciation of investments
- The needs of the Fund to make distributions and to preserve capital
- An asset's special relationship or special value, if any, to the purpose of the Fund

Decisions made by the Investment Committee in managing and investing the Fund's portfolio are additionally required by the Act to be documented.

4. Asset Class Definitions

Public Equity

The Public Equity portfolio will be segmented into three sub-asset classes: U.S. Equities; Developed Markets ex-US; and Emerging Markets. The Public Equity portfolio will consist primarily of investment managers and direct holdings in shares of publicly traded equity securities.

Fixed Income

The Fixed Income portfolio will consist primarily of investment managers and direct holdings in fixed income and related securities or derivatives, and will be segmented into two sub-asset classes: Rates and Credit.

Cash & Equivalents

The Cash Portfolio will typically hold bank deposits, money market funds, short-term T-bills and similar instruments, either in separate accounts or commingled funds with daily liquidity.

Real Estate

The Real Estate portfolio will invest through managers or directly in real estate properties or securities.

Natural Resources

The Natural Resources portfolio will hold internally and externally managed commodities and commodity-related derivatives and securities, including public and private debt and equity investments in commodity producers and commodity-producing assets.

Private Equity

The Private Equity portfolio is invested in managers and direct investments in equity and equity-related instruments diversified across the following types of financing: buyouts; growth capital; venture capital; and other non-traded investments.

Hedge Funds

The Hedge Fund portfolio may include vehicles that utilize a wide range of investments, trading strategies and securities. The Hedge Fund portfolio may seek exposure to risk factors not easily accessed through other asset classes.

5. Policy Asset Allocation

	Policy Allocation	Max. Deviation/Range
U.S. Equities	18.0%	±6.0%
Int'l Development Markets Equities Ex.-U.S. Equities	9.5%	±6.0%
Int'l Emerging Markets Equities	7.0%	±4.0%
Private Equity	22.0%	±6.0%
Natural Resources	4.5%	±2.0%
Real Estate	4.5%	±2.0%
Credit	5.0%	±4.0%
Directional Strategies	7.0%	±3.0%
Diversifying Strategies	9.5%	±3.0%
Rates	11.0%	5-15%
Cash & Equivalents	2.0%	±5.0%
Total	**100.0%**	

Compliance with the Policy Allocation will be evaluated based upon an exposure look-through analysis. Management may request approval from the Investment Committee to remain outside the range for a period of time.

6. *Aggregate Portfolio Measures*

Management will provide a report showing key risks and metrics of the total Fund, as compared to reporting limits approved by the Investment Committee. This would occur at least quarterly and could include metrics such as: Leverage; Liquidity; Concentration; Derivatives; Non-U.S. assets exposure; Emerging Markets assets exposure; Non-U.S. Dollar exposure; and Scenario analyses. A form of the report, including the limits approved by the Investment Committee is included in the "*Investment Policy Administrative Procedures*."

7. *Benchmarking*

The Fund's composite benchmark will be a weighted blend of the asset class benchmarks below.

	Benchmark	Weight
Public Equity		
U.S. Equities	**Russell 3000**	**18.0%**
International Equities		
Developed Markets	MSCI World ex-U.S.	9.5%
Emerging Markets	MSCI Emerging Markets	7.0%
Cash & Equivalents	**90 Day T-Bills**	**2.0%**
Fixed Income		**16.0%**
Rates	Barclays U.S. Intermed. Gov't	11.0%
Credit	50% Barclays Corp. High Yield 50% CS Leveraged Loan	5.0%
Alternative Assets		
Diversifying Hedge Funds	Equal Weighting of: HFRI Macro Index; HFRI Relative Value Arbitrage Index; HFRI Equity Market Neutral Index; Barclays CTA Index	9.5%
Directional Hedge Funds	HFRI Equity Hedge Index	7.0%
Private Equity	Cambridge Full PE Universe	22.0%
Real Estate	Cambridge Vintage Year/NAREIT	4.5%
Natural Resources	Blend of C|A Vintage Year, MSCI World Natural Resources Index and DJ/UBS Commotidites Index	4.5%
Total		**100.0%**

To reflect the Fund's long-term investment strategy, benchmark comparisons will typically be over longer periods such as one-, three-, and five-years and longer.

8. Other Policy Matters

Management Authority

Management may approve investment managers of: "Liquid Assets" up to $140 million per commitment; "Semi-liquid Assets" up to $100 million per commitment; and "Illiquid Assets" up to $70 million per commitment; provided that the resulting exposures are within the ranges specified in the Policy Asset Allocation in Section 5 above. Additional details regarding the Investment Committee's delegation of authority to Management, including a description of these asset types and the procedures Management shall follow when executing an investment pursuant to such authority, are included in the "*Investment Policy Administrative Procedures*."

In the event that Management believes it is necessary and appropriate under the circumstances to exceed the foregoing approved ranges, Management is permitted to exceed such ranges by up to 20% provided that the Investment Committee is given at least 24 hours' notice.

Notwithstanding anything in the Policy to the contrary, Management may buy, sell, and sell short "Index Funds" of "Approved Indices" outside the approved ranges, provided that the resulting exposures are within the ranges specified in the Policy Asset Allocation in Section 5 above. Additional details regarding this authority, including a list of "Approved Indices" are included in the "*Investment Policy Administrative Procedures*."

Cash Equitization

Unless otherwise authorized by the Investment Committee, cash held by investment managers will be "equitized" (invested in futures of a comparable asset class), although this practice will be secondary to Management's ongoing rebalancing efforts.

Derivatives

For purposes of this Policy, derivatives include, without limitation: futures contracts; options; options on futures contracts; forward contracts, swap agreement, including swap contracts with embedded options; any instrument or contract intended to manage transaction or currency exchange risk in purchasing, selling, or holding investments. Derivatives may be exchange traded or "over the counter" (OTC).

The Fund may have exposure to derivatives in the following ways:

- The Fund may invest in hedge funds or other commingled investment vehicles ("Hedge Funds") organized as limited-liability entities, that utilize derivatives to implement their investment strategies. The Fund is not a party to the management agreement between the Hedge Fund and its investment manager. Management shall exercise prudent due diligence in assessing the scope of the Hedge Fund manager's uses of derivatives, their purpose, experience of the manager in managing these positions, the manager's systems, controls and operations in determining suitability of these entities for the Fund's investment.

- The Fund may engage investment managers pursuant to investment management agreements (IMAs) that are permitted to utilize derivatives. Guidelines for the scope and use of derivatives will be established on a case-by-case basis with the investment manager in the applicable IMA. An IMA may only authorize such uses of derivatives when Management or the Investment Committee reasonably concludes that the investment manager possesses the expertise to prudently use derivatives and has appropriate operational, compliance, and risk management personnel, policies and procedures to effectively monitor and control their use.
- The Fund may engage investment managers to implement certain hedging strategies through the use of derivatives as part of the Fund's Active Asset Allocation program as detailed in the "*Investment Policy Administrative Procedures*." The maximum risk budget, or the maximum loss the Fund is permitted for a given year as hedging costs relating to these hedging strategies is limited to 25 basis points of the Fund's total portfolio. Individual trades are limited to a risk budget of 15 basis points of the Fund's total portfolio.

Investment Committee approval shall be required for exposure to derivatives that do not fall within the foregoing categories.

General

This Investment Policy Statement is intended to facilitate communication between Management and the Investment Committee. Management shall have full discretion within the constraints of this Investment Policy Statement.

If at any time Management feels that the investment goals and objectives cannot be met, or that the Investment Policy Statement restricts performance, the Investment Committee is to be notified. Management is encouraged to suggest changes to the Investment Policy Statement at any time. The Investment Policy Statement will be reviewed at least annually.