University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP)

Fund Review Committee Investment Recommendation Policy

Approved December 1, 2022

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Background
The University of Washington Board of Regents is ultimately responsible for the UWRP and VIP under RCW 28B.10.400, *et seq.*

As part of this authority, the University of Washington Board of Regents has approved plan documents for UWRP and VIP. Those plan documents establish the investment options offered to plan participants. In those plan documents, the University of Washington Board of Regents has authorized the University of Washington Retirement Plan (UWRP) and Voluntary Investment Program (VIP) Fund Review Committee (the Committee) as a standing committee in an advisory capacity only to make recommendations regarding investment options provided to Plan participants under UWRP and VIP. The UW Provost/Executive Vice President has delegated decision-making authority from the Board of Regents. The Committee's structure and authority is outlined in Section 5.2 of the UWRP Plan Document and Section 5.4 of the VIP Plan Document.

Objective of the Retirement Plan
The objective of the UWRP and the VIP (the Plans) is to provide for the long-term retirement income of each participant by offering investment vehicles for contributions made by the University of Washington (UW) and/or by each participant. The University does this by affording participants an opportunity to participate in a range of permissible investment funds to attain a range of possible returns within reasonable levels of risk.

Investment Philosophy
The Committee believes that the Plans’ assets should be managed in a fashion that reflects the best interests of the Plans and participants, by incorporating accepted investment theory and reliable, empirical evidence. Specifically, the following principles have been adopted:

I. Both cost and effort for the participant are minimized;
II. Asset allocation is a primary return driver;
III. Diversification is the primary risk control element;
IV. Returns should be evaluated over the long-term;
V. A range of passive to active managed portfolios is provided; and
VI. A socially conscious investment option will also be provided.

Time Horizon & Risk Tolerances
Individual participants’ investment horizons and risk tolerances will vary considerably. Interim fluctuations in investment performance should be viewed by the plan participants in light of these different horizons and tolerances. Due to the different investment horizons that individual participants may face, the Committee recognizes that participants will seek various combinations of risk and return to achieve their individual investment objectives.

Responsibilities of the Fund Review Committee
The duties and responsibilities of the Fund Review Committee include:

I. Developing, reviewing, and revising the Plans' investment recommendation policy;
II. Evaluating recordkeepers and individual investment options; and
III. Providing recommendations to the Provost and Executive Vice President to change recordkeepers and/or investment options.

The Committee does not restrict what investment options Plan participants may choose through their brokerage accounts. This Policy does not apply to selection of investment options by Plan participants through their brokerage account

The Committee recognizes its responsibility to provide information to the campus community and work within campus practices. The Committee does not suggest, by setting forth its general investment policies and objectives in this Statement, that it, the recordkeepers, or the investment managers can guarantee the attainment of these objectives.

Responsibilities of the Investment Managers
The investment fund managers are responsible for making investment decisions for each of the Plans' Investment fund options. These managers duties include:

I. Complying with all applicable securities laws, ethics, and social responsibility standards, including but not limited to the provisions of the Investment Advisors Act of 1940;
II. Adhering to the provisions of the fund prospectus (or a similar document if one exists);
III. Investing the assets with the care, skill, prudence, and diligence that a prudent professional investment manager would use in the investment of assets;
IV. Considering material and relevant Environmental, Social, and Governance (ESG) factors; and
V. Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholder's rights of ownership and thereby impact adversely the performance of the investment options.

Responsibilities of the Recordkeeper(s)
The recordkeeper(s) of the Plans will be responsible for:

I. Maintaining and updating individual account balances, including information regarding plan contributions, withdrawals, and distributions, and otherwise acting on the directions of the Committee or its authorized delegates;
II. Providing participant account access through the Internet, interactive voice response and call center;
III. Producing quarterly participant statements;
IV. Complying with provisions of the Internal Revenue Code as applicable to recordkeeping of 403(b) plans;
V. Conducting compliance testing (as applicable);
VI. Complying with the terms of the plan documents as may be set forth in an administrative recordkeeping agreement between the Plans and the recordkeeper;
VII. Providing education and consulting services including, but not necessarily limited to, pre-retirement education, investment newsletter, financial planning program, and new employee orientation;
VIII. Provide regular reports to the plan administrator; and
IX. Participating, as necessary, in various projects as requested by the Committee.

Responsibilities of the Investment Consultant

At its discretion the Committee may utilize assistance from outside consultants to assist it in overseeing the investment program. The investment consultant's role is to serve as an advisor to the Committee, with all investment discretion retained by the University. The consultants will be appointed by, and will serve the Plan by, acting in the best interest of plan participants and their beneficiaries.

The responsibilities of the investment consultant may include assistance or services in some or all of the following areas:

I. Assist the Committee in the development and review of this Investment Recommendation Policy;
II. Provide proactive advice to the Committee on the Plans' investment structure and underlying investment funds;
III. Assist the Committee in the ongoing performance evaluation of the investment options;
IV. Assist in the selection of new investment options and the termination of options;
V. Provide quarterly performance evaluation reports, including absolute and relative performance of each of the investment options relative to appropriate market indices and universes;
VI. Provide materials and address topics of interest related to the discussion of Plan structure, policies and objectives, and other topics of relevance to the investment program; and
VII. Meet as requested with the Committee to discuss investment strategy and review Performance of the investment program.

Investment Option Review Criteria

The recommendation of investment options for the Plans will be performed in a manner consistent with generally accepted standards of fiduciary responsibility. All determinations undertaken on behalf of the Plans will be for the sole benefit of the Plans' participants and beneficiaries.

The Committee considers a number of qualitative and quantitative factors when recommending and monitoring any investment option recognizing that:

I. Investment styles tend to move in cycles. True investment success will be viewed as a long-term proposition. Investment objectives may be difficult to attain over every five-year period, but should be attainable over a series of five- and ten-year periods.
II. A fund's performance should be evaluated on a risk-adjusted basis in the context of its investment style relative to its benchmark and comparable fund peers, its role in the Plan's lineup, and in the context of the markets. In general, each actively managed investment option should outperform median returns for similar investment options as well as an appropriate market benchmark.
III. Factors including, but not limited to, ethical considerations, changes in an investment option's investment approach, organization, portfolio management team, , and the investment manager's financial condition may introduce unacceptable uncertainty when considering the long-term use of the fund in the Plans.
IV. Fee and cost structure are a relevant consideration, and should be taken into account when reviewing the total return of an investment option and its contribution to the options available under the Plans.

The Committee will track performance of the investment options on a quarterly basis and fully review these options at least annually. The Committee will establish tools to assist the Committee in evaluating investment options on an ongoing basis. No single qualitative or quantitative factor will determine whether an investment option should be added, retained, or eliminated; however, certain factors may carry more weight in the Committee's final analysis.

Should an investment option fail to satisfy its performance criteria, or should some other material change prompt concerns as to the appropriateness of a fund to continue to serve as an investment option in the Plans, the Committee may recommend any or all of the following actions:

I. Establish a probationary period during which the area of concern will be assessed and, if necessary, corrected;
II. Supplement the investment option with another investment option for that category;
III. Replace the investment option with another investment option for that category;
IV. Eliminate that investment option.

Review of Policy

This Fund Review Committee Investment Recommendation Policy will be reviewed periodically by the Committee and will be amended when warranted by changing terms of the Plan or changing market conditions. Any changes the Committee makes to this Statement must be provided in writing to the appropriate parties and University committees as soon as possible. The Committee will make detailed information about the Plans and investment options available to employees.