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*Division of Human Resources
Benefits & Employee Services*

UNIVERSITY OF NEW MEXICO 403(b) AND 457(b) RETIREMENT PLAN INVESTMENT POLICY

This investment policy is intended to provide a decision-making framework for University of New Mexico Retirement Plan Investment Committee (Committee) members as they discharge their fiduciary obligations to Plan participants. The policy summarizes the process for the selecting, monitoring, and evaluating the investment options offered under the University of New Mexico 403(b) and 457(b) Tax Sheltered Annuity plans (Plans). These guidelines are effective 9/26/2016, and will be revised and modified as appropriate on a periodic basis to reflect such factors as changes in the investment environment, manager performance, and the Committee's expectations.

The Plans are voluntary defined contribution plans that provide for contributions by the employees of the University of New Mexico. The Plans offer a variety of investment options intended to provide a sound and flexible means to affect the potential return and the degree of risk in each participant's account. Investment options have been selected which:

- Cover a spectrum of investment risk and returns
- Are distinguishable and have distinct risk and return characteristics
- Are well diversified and professionally managed
- Charge fees that are reasonable for their asset classes and investment styles
- Provide the participant with the opportunity to structure a portfolio with risk and return characteristics appropriate for the participant's risk tolerance, time horizon, and investment needs and goals

The Committee will review Plan investment options regularly with the Plan service providers (funding companies). These reviews will include, but will not be limited to, evaluation of:

- Historical risk and return results
- Changes in process, philosophy, or personnel
- Fees and expenses
- Additionally, the Committee will determine whether any revenue-sharing payments are available, and use its best efforts to direct disposition of such payments for the benefit of participants

Each investment option will be compared against recognized appropriate market indices and investment options with similar styles. Performance will be considered over one year, three year, and five year periods. In general, each investment option should show performance generally equivalent to recognized benchmark market indices. Should an investment option fail to satisfy its benchmark performance criteria in general, or should some other material change prompt concerns as to the appropriateness of continuing to offer that investment option to Plan participants, the Committee may take any or all of the following actions, or such other action as the Committee deems appropriate:

- Establish a probationary period during which any area of concern will be assessed and, if necessary, corrected
- Supplement the investment options with one or more alternative investment options for that category
- Replace the investment options with one or more alternative investment options for that category
- Eliminate the investment option

The duties and responsibilities of the Committee include:

- Developing, reviewing, and revising Plan investment policies
- Evaluating funding companies, third party administrators, and individual investment option performance
- Appointing and discharging funding companies
- Evaluating and recommending funding company changes

The duties and responsibilities of the Plan's funding companies and third party administrator include:

- Communicating with and reporting to the Committee or Plan sponsor on a regular basis
- Notifying the Committee or Plan sponsor of any issue that may impact the investment of Plan assets (e.g. professional staff, investment philosophy, etc.)
- Investing Plan assets with the care, skill, prudence, and diligence that an investment professional would exercise in the investment of those assets
- Meeting as requested with the Committee or Plan sponsor to discuss investment strategy and review past performance