



Operated by Jewish Community Partners

## **AMENDED AND RESTATED INVESTMENT POLICY STATEMENT**

**December 1, 2022**

**THIS AMENDED AND RESTATED** Investment Policy Statement of Jewish Foundation of Memphis is entered into to clarify and amend certain provisions of the September 1, 2022 Investment Policy Statement of Jewish Foundation of Memphis and is adopted to be effective as of December 1, 2022.

### **I. INTRODUCTION AND DEFINITIONS**

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#### **A. Purpose**

The Jewish Foundation of Memphis Investment Policy Statement (“IPS”) was adopted by the Board of Directors of the Jewish Foundation of Memphis (“JFOM”) as a productive guideline for the prudent investment of the investable assets (“Assets”) with which the JFOM has fiduciary authority to manage. The Assets are to be managed and invested in a manner consistent with the investment objectives stated herein. “JFOM has delegated financial oversight of the Assets through a management agreement with Jewish Community Partners, a Tennessee non-profit corporation, but, at JFOM’s discretion, may utilize different managers or may directly provide the Services utilizing JFOM employees.”

To support the prudent management of the Assets, this IPS has been adopted for these purposes:

- Establish policies, procedures, and guidelines to assist the Board, the Investment Committee and the Professional Staff of JFOM in effectively supervising, monitoring, reporting, and evaluating the management of the Assets for satisfying their fiduciary obligations under applicable federal and state statutes and regulations and under the JFOM Articles of Incorporation and current Bylaws.
- Maintain the continuity of the investment management through changes in Board members, Committee members, Professional Staff of JFOM, investment managers/advisors, investment consultants and securities markets.

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- Specify evaluation tools (i.e., benchmarks) for the investment performance of the Assets, and encourage realistic expectations of investment performance by the Board and Committee members.

This IPS has been recommended by the Investment Committee (the “Committee”) and approved by the Board to be effective as of the date noted above. It is expected that this document will be reviewed periodically by the Committee. Any revisions will be recommended to the Board and will be subject to Board approval.

## **B. Scope**

The Assets under management of JFOM include participatory philanthropic funds (donor advised funds or supporting organization funds), agency endowment funds, and designated funds to benefit agencies or a particular program. This IPS outlines a general framework for the maintenance and on-going evaluation of a pooled endowment investment platform, where appropriate. Any pooled assets will be accounted for on a separate account basis and reported on in accordance with its usual practice. This IPS also addresses separately managed investment accounts, available to certain funds with balances exceeding \$500,000.

The scope of this IPS does not extend to special situation assets owned by participating agencies, such as, real estate, life insurance policies, certain trusts or life income funds, certain operating funds/non-pooled agency funds, or supporting organizations that are not invested in marketable securities (e.g., partnership interests, private businesses, collectibles, etc.). These assets are reviewed and monitored by the Professional Staff and reported to the Investment Committee or the JFOM Executive Committee.

## **C. Fiduciary Duty**

In seeking to attain the investment objectives set forth in this IPS, the Committee and its members must act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. Investment of funds shall be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. All investment actions and decisions must be based solely in the interest of JFOM and its Affiliates. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests. The Committee, as fiduciaries, shall act in accordance with the standards of the Tennessee Uniform Prudent Investor Act of 2002.

## **II. DELEGATION OF DUTIES AND RESPONSIBILITIES**

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### **A. Board of Directors**

The JFOM Board is responsible for the oversight and prudent management of the

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investment Assets in which it has authority over and is responsible for the adoption of written policies and procedures. The Board also has the responsibility to ensure that the Assets are managed in a manner that is consistent with the policies and objectives of the JFOM as set forth in its business plan, Articles of Incorporation, its current Bylaws, and this IPS. In this regard, the Board also has oversight responsibility for full compliance with all applicable laws.

While the ultimate responsibility for prudent management of the investment Assets rests with the Board, it delegates supervisory and operating responsibility to the JFOM Investment Committee. It is the duty of the Committee to review, evaluate and approve investment strategies (investment options), hiring and firing of investment managers or investment consultant(s) that may be utilized, monitoring performance of the investments on a regular basis, and maintaining sufficient knowledge about the Assets and its managers to be reasonably assured of their compliance with this IPS. All major decisions in the implementation of this IPS are reported to the Board, and regularly scheduled performance evaluations are presented to the Board on a regular basis. The Board believes that delegating the investment management and custodial functions to competent and experienced third parties and oversight responsibility to the Committee properly fulfills the Board's fiduciary responsibility. The Board acknowledges its ultimate responsibility is for adopting a prudent process to manage the Assets but is not otherwise responsible for the investment performance.

## **B. Investment Committee**

The Investment Committee administers this IPS and is charged with the responsibility of overseeing all aspects of the JFOM's investment platform, including, but not limited to:

- The design of the asset allocation of the various strategy offerings.
- The selection and on-going evaluation of the underlying investment vehicles, investment managers and/or investment consultants executing the strategies (yet the Investment Committee is not otherwise responsible for the investment performance) and taking any appropriate corrective action.
- The review and evaluation of investment results, as well as evaluating the costs of the investments as fair and competitive.

In carrying out its responsibilities a quorum of the Investment Committee must be present, either in person, by teleconference, videoconference, or by email. A quorum is at least 50% of the members of the Investment Committee. Each member shall be entitled to one vote and each decision of the Committee shall require the assent of a majority of those voting.

The Investment Committee shall be comprised of a Vice Chair Investment appointed by the Chair of JFOM and confirmed by the Board of Directors, and such other members as may be appointed by the Chair upon consultation with the Vice Chair Investment and JFOM executive committee, including where deemed appropriate, the current JFOM Chair, the current JFOM Vice Chair Finance, a representative from each agency that has funds invested within the JFOM Assets, a representative from each supporting

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organization that has funds invested within the JFOM Assets.

### **C. JFOM President/Professional Staff**

The JFOM President/Professional Staff (“Staff”) is charged with the implementation and administration of the policies, strategies, and procedures adopted and enacted by this IPS and the Investment Committee.

The Staff will assemble reporting materials prepared by the investment manager(s), investment consultant(s), pooled endowment portfolio(s), and any other custodian(s) of the Assets. The Staff will communicate regularly, including recommendations, to the Investment Committee and Board as required, and will convene periodic meetings to review the investment performance, asset mix, asset management, this IPS and any other related matters. The Staff is not otherwise responsible for the investment performance. The Staff shall maintain ongoing business relationships with investment managers/consultants’ professional staff and lay leadership to include the monitoring of investment agreements and communicating any changes thereto with the JFOM’s Legal Committee.

The Investment Committee and Staff will work directly with the investment manager(s), investment consultant(s) and other organizations engaged to manage the Assets regarding adherence to approved asset allocation strategies, manager structures and relevant rebalancing requirements.

## **III. INVESTMENT OPTIONS & STRATEGIES**

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Investment Options for the Assets under the supervision of the JFOM and its Investment Committee include:

- A. Endowment Option
- B. Menu of Publicly Traded Funds Option
- C. Cash Option
- D. Separately Managed Investment Account Option

A listing of the current Investment Options and the investment managers/advisors and/or investment consultants for the Assets of JFOM and its affiliates is included in the Addendum & Exhibits Section to this Investment Policy Statement. These descriptions and materials may change over time, so please refer to the Professional Staff of JFOM for the most up to date copy.

### **A. Endowment Option**

The Endowment Option is invested with the objective of long-term growth and preserving the real purchasing power of the capital. To meet this objective, the Endowment Option will be managed as a balanced portfolio comprised of two major components: an equity

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portion and a fixed income portion.

Endowment equity investments will be to maximize the long-term real growth of the portfolio assets, while the role of the fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of the equity investments. Cash investments will, under normal circumstances, only be considered as temporary holdings and will be used for liquidity needs or to facilitate a planned program of dollar cost averaging into investments in the other asset classes.

The Endowment Option will hold investments across broad asset and sub-asset categories with varying degrees of risk and return. The investments are to consist of publicly traded stocks and bonds, mutual funds, exchange-traded-funds (ETFs), cash and money market cash equivalents. Diversification across and within asset classes is the primary means by which the Endowment Option expects to avoid undue risk of large losses over long time periods. Reasonable precautions are to be taken to avoid excessive investment concentrations to any individual company, industry group, capitalization size or style of investing. Outlined below are the long-term strategic asset allocation guidelines for the Endowment Option, given its long-term objectives:

Asset Allocation Guidelines:

<u>Asset Class</u>	<u>Sub-Asset Class</u>	<u>Target</u>	<u>Range</u>
Equity		60%	40-80%
	<u>Within Equity</u>		
	<i>Domestic (U.S.)</i>	<i>60%</i>	<i>50-90%</i>
	<i>International</i>	<i>40%</i>	<i>10-50%</i>
Fixed Income		40%	20-60%
	<u>Within Fixed Income</u>		
	<i>Domestic (U.S.)</i>	<i>85%</i>	<i>60-100%</i>
	<i>International</i>	<i>15%</i>	<i>0-40%</i>
Cash/Money Market		0%	0-20%

The target represented in the above guidelines chart is stated as an example here, and ultimately determined by the investment managers and/or investment consultants in consultation with the Committee. It is likely that the Endowment Option's actual asset allocation will vary from its target asset allocation because of the varying periodic returns on its investments in different asset and sub-asset classes. The portfolio is expected to be re-balanced to its target normal asset allocation either through 1) incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio or 2) periodic review of the portfolio's deviation from target weightings.

Unless expressly authorized by the Committee, the Endowment Option, its investment managers and/or its investment consultants are prohibited from:

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- Purchasing securities on margin or executing short sales.
  - Purchasing or selling derivative securities for speculation or leverage.
  - Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of the Endowment Portfolio.

## **B. Menu of Publicly Traded Funds Option**

A Menu of Publicly Traded Funds is offered that provides a menu of various options with a varying degree of risk and safety with varying investment allocations between equity and fixed income. The menu is to have a broad allocation range from 100% equity to 100% fixed income, and different allocations in between. The funds may be passive indexed based strategies or actively managed strategies. Diversification, manager tenure, consistency of investment style, benchmarking of returns, and expense structure are just some of the factors considered by the Committee in determining the menu of funds and its investment managers.

## **C. Cash Option**

A Cash Option is offered that invests 100% in cash equivalents, money market funds, certificates of deposit, government insured accounts in local and national banks, and short-term obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies such as U.S. Treasury and Agency bills.

## **E. Separately Managed Investment Account Option**

The Jewish Foundation of Memphis allows those donors, agencies, and/or supporting organizations with assets in excess of \$500,000 to recommend customized investment strategies, managers and policies, invested in marketable securities. The Investment Committee will conduct a thorough review of the proposed investment strategies, managers, and policies. The Investment Committee and/or Board of Directors in its sole discretion reserves the right to engage or terminate any investment firm or professional, such as an investment manager, advisor, or broker. Furthermore, the Investment Committee, Board of Directors, and/or Professional Staff are not otherwise responsible for investment performance from the donor's recommended strategies, managers, and policies. Each Separately Managed Investment Account will be subject to a signed "Agreement of Investment Policies and Guidelines for Separately Managed Investment Accounts", a copy of which is included in the Addendum & Exhibits Section to this Investment Policy Statement.

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## **IV. OPERATIONS & INVESTMENT OBJECTIVES**

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### **A. General Operational Structure**

The JFOM's investment platform is designed to provide sufficient flexibility to meet the diverse needs of the individuals and organizations participating in the investment services. Investment options may be added or removed from the platform upon approval by a simple majority of the voting members of the Investment Committee; however, there must always be a minimum of three option offerings.

The Investment Committee can change manager(s) or the manager allocation within the Endowment Option upon approval by a simple majority of the voting members of the Investment Committee. In addition, the Investment Committee can add or take away funds that are part of the Menu of Publicly Traded Funds Option investment strategy upon approval by a simple majority of the voting members of the Investment Committee. Lastly, the Investment Committee can change an investment manager or money market/cash depository institution within its Cash Option upon approval by a simple majority of the voting members of the Investment Committee.

### **B. Investment Objectives and Performance Review**

This IPS is designed to support the mission and charitable spending policies of JFOM and its Affiliates. Investment objectives are intended to ensure funds are available for both distributions and administrative requirements in support of operations while considering the preservation and long-term growth of investment assets required to sustain purchasing power. Invested assets are expected to earn competitive returns relative to capital market measures that include broad market indices and funds with similar objectives. The Board and the Investment Committee recognize that risk must be assumed to achieve the long-term investment return objectives. Therefore, the Board and Investment Committee have adopted a long-term investment horizon such that the probabilities and duration of investment losses are carefully weighed and evaluated against the long-term appreciation of assets.

The validity and achievability of the primary investment objectives will be reviewed not less than annually by the Investment Committee. Additionally, investment performance will be reviewed at quarterly Investment Committee meetings and will be judged on an absolute basis, as well as a relative basis by comparing the returns to appropriate benchmarks which generally measure similar funds, along with widely used broad market indices. In its evaluation process, the Investment Committee generally will review asset allocation studies, capital market projections, economic outlook data and other analyses.

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## V. PROCEDURES FOR REVISING THIS DOCUMENT

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All investment policy guidelines contained herein including the addendum and exhibits will be reviewed annually or when deemed necessary by the Investment Committee. All revisions to the Investment Policy Statement, unless otherwise stated, must be submitted to the Investment Committee for review. Those revisions that receive the recommendation of the Investment Committee shall be submitted to the JFOM Board for final approval.

[Signatures on following page]

[Signature Page to JFOM Amended and Restated Investment Policy Statement – 12-1-2022]

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**Jason Salomon**  
Board Chair

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**Elkan Scheidt**  
Vice Chairman Investment

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**Laura K. Linder**  
President