

Congregation Kol Shalom  
Investment Committee Charter`

## **MISSION**

The Congregation Kol Shalom maintains a Jewish Religious Institution in the Conservative Tradition that encompasses religious, educational and social activities which help strengthen Judaism.

## **SCOPE**

This Investment Committee Charter ("Charter") details the investment policy, objectives, and constraints for the investable assets of the Congregation.

## **PURPOSE**

The purpose of this Charter is to:

1. Establish the Investment Committee
2. Define and assign the responsibilities of all involved parties.
3. Establish a clear understanding for all parties of the investment goals and objectives for the portfolio.
4. Provide guidance and limitations to investment managers regarding the investment of the portfolio.
5. Establish a basis for evaluating investment results.
6. Ensure that the Congregations investments are managed in accordance with applicable statutes and the purpose and mission of the Congregation.

In general, the purpose of this Charter is to establish the Investment Committee, establish the parameters for the operation of the Committee, and outline the philosophy and understandings which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific as to be meaningful, yet flexible enough to be practical.

### **Establishment and Operations of the Investment Committee**

The Investment Committee (the "Committee") is established to manage the investments of the Congregation under the supervision and approval of the Board of Governors (the "Board")

The Investment Committee shall consist of an appointed Chair plus four additional members, of which at least two will be current serving members of the Board of Governors, and all of whom will be members in good standing of the Congregation. The President will appoint the Chair and members of the Investment Committee to serve 2-year staggered terms to ensure continuity on the Committee.

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Meetings – The Committee shall meet at least quarterly. Any Committee member can call a meeting of the Committee, provided the members of the Committee are notified at least seven days in advance of the desired meeting date or all members agree to waive notice.

Quorum for meetings of the Investment Committee – At least three committee members are required for a quorum. Members will be considered present at the meeting provided they are physically present, attend telephonically, or virtually via an online platform providing full audio.

Voting of the Investment Committee – Decisions of the Investment Committee require an affirmative vote by at least three committee members.

**Duties of the Investment Committee**

On an annual basis, the Committee shall draft, and recommend to the Board for approval, Investment Allocation Guidelines (the “Guidelines”). The Guidelines shall establish the portfolio’s risk tolerance and investment horizon as well as establishing reasonable and consistent investment objectives, policies and guidelines that will direct the investment of the portfolio’s assets.

The Committee is responsible for overseeing the investment of all funds designated by the Board for investment and for monitoring portfolio performance on a quarterly basis to ensure compliance with this Charter and the Guidelines.

The Committee is charged to evaluate the Congregations’ Investment Advisor on an ongoing basis and, at least once every five years, make a prudent and diligent recommendation to the Board on the retention of the current Investment Advisor or the selection of a new Investment Advisor.

The Committee shall be authorized to select and approve an appropriate Custodian.

**Role of the Board of Governors**

The Board has the ultimate fiduciary responsibility for the Congregation’s investment portfolio and is responsible for ensuring that appropriate policies governing the management of the portfolio are in place and implemented.

The Board is responsible for setting and approving this Charter and delegates responsibilities to the Investments Committee and the Congregation’s Officers for implementation and ongoing monitoring.

The Board is responsible for reviewing and approving the Guidelines on an annual basis to ensure it adequately defines an appropriate risk-profile for the Congregation’s investments, defines appropriate requirements with respect to portfolio composition in broad areas of the markets, defines the capital markets in which the Congregation will participate and the Congregation’s

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desired asset mix. Withdrawals from the investment portfolio are only allowed in accordance with a decision made by the Board at a duly constituted meeting of the Board.

**Role of the Investment Advisor**

The Advisor has full discretion to make all investment decisions for the assets placed under its jurisdiction, while operating within the policies, constraints, and philosophies as outlined in this Charter and that year's Guidelines.

Specific responsibilities of the Advisor include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement
2. Reporting, on a timely basis, investment performance results.
3. Communicating any significant changes to economic outlook, investment strategy, or any other factors, which affect implementation of its investment process or the investment objective progress of the portfolio.
4. Informing the Congregation of any qualitative change in its investment management organization (examples include significant changes in portfolio management personnel, ownership, structure etc.).
5. Developing and enacting proper control procedures.

**Role of the Custodian:**

The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the portfolio, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the portfolio accounts.

**Other Outside Advisors**

Additional specialists such as attorneys, auditors, and others may be employed by the Congregation to assist in meeting its responsibilities and obligations to administer the portfolio assets prudently.

**Performance Review and Evaluation of the Investment Advisor**

The Investment Advisor shall compile and present performance reports quarterly to the Committee for review. The investment performance of the total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with

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the investment objectives, goals and guidelines as set forth in this statement. The Congregation intends to evaluate the portfolio over at least a five-year period, but reserves the right to terminate an Advisor for any reason including the following:

1. Investment performance, which is significantly less than anticipated given the discipline employed or risk parameters established or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the Manager's organization.

The Advisor shall be reviewed regarding performance, personnel, strategy, research capabilities, organization and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The overall health of the portfolio will be monitored by comparing the value of the total assets against the expected spending rate plus inflation and fees, and by tracking the changes of each to determine whether the spending rate requires adjustment. This will be performed no less often than annually.

#### **Expectations for the Portfolio**

While subject to modification by each year's Board-approved Guidelines based on then existing conditions and circumstances, the following should serve as guidance for the Committee in drafting the Guidelines, for the Board in approving the them, and for the Investment Advisor in implementing them.

#### **INVESTMENT OBJECTIVES**

The objective of investing each pool is to maximize the returns without exposure to undue risk. The Congregation's Board understands that in order to achieve its objectives for the portfolio, the portfolio will experience volatility of returns and fluctuations in market value. Specific investment guidelines and limitations are assigned to each pool to allow for a level of risk acceptable to achieve the investment objectives for that pool.

In general, the Congregation maintains a conservative to moderate approach to the investment of its financial assets.

#### **REBALANCING AND CASHFLOWS**

The purpose of rebalancing the portfolio on a regular basis is to maintain the desired risk/return characteristics to meet the objectives for the portfolio. Cash flows to and from the portfolio will

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be used to rebalance the portfolio. On at least an annual basis, accounts should be rebalanced towards the long-term asset allocation targets.

## PORTFOLIO CHARACTERISTICS

- *Authorized Investments:* The Congregation is authorized to invest in the following debt and equity securities: Bonds or other obligations of the United States, the State of Maryland, the political subdivisions or units of the State of Maryland, direct or indirect federal agencies; Corporate bonds with a rating [no less than] Baa3/BBB [in the event of a split-rated security, the lower rating will be used]; or mortgage backed and asset backed securities with a rating of AAA [by at least one rating agency]; marketable equity securities; marketable equity related mutual funds; or debt related mutual funds. The overall debt security portion of the portfolio must have a rating of at least AA.
- *Allowable Investments:* All investments must be U.S. dollar-denominated. Borrowing for investment purposes is prohibited. Investment in securities with underlying leverage risk or esoteric structures is prohibited.
- *Other Restrictions:* In addition to the portfolio's legal investment restrictions, the Investment Advisor may not:
  1. Acquire any security subject to any restrictions on its sale or subject to any investment representation.
  2. Use margin or otherwise borrow funds for the acquisition of any security.
  3. Knowingly sell any security not owned by the portfolio.
  4. Use futures or options as part of the portfolio.
  5. Allow the overall debt security investment portfolio of the Congregation to fall below an AA rating.
- *Liquidity and Marketability:* To minimize the possibility of a loss occasioned by the sale of security forced by the need to meet a required payment, the Congregation will provide the Advisor with an estimate of expected net cash flow to allow sufficient time to build up necessary reserves. The Congregation requires all portfolio assets be invested in liquid securities, defined as securities that can be sold quickly and efficiently, with minimal impact on market price.
- *Asset Allocation:* The portfolio will consist of fixed income and equity securities. Specific targets and benchmarks are outlined in the Addendum to the Statement. Allowable ranges are as follows:
  - Fixed Income – Minimum 30%; Maximum 90% of total assets
  - Equities – Minimum 10%; Maximum 70% of total assets
- *Social Responsibility:* Management of the portfolio assets shall be consistent with the vision, mission, and values of the Congregation. Socially responsible instruments are investments

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that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact. It is the intent of the Congregation to use socially responsible investments when they meet the Congregation's primary fiduciary duties with respect to risk and return.

Adopted by the Board of Governors on May 19, 2022.

*Janice Krashow*

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