SPRINKLER INDUSTRY SUPPLEMENTAL PENSION FUND
STATEMENT OF INVESTMENT POLICY

April 26, 2007

INTRODUCTION

The purpose of the Statement is to establish the investment policy for the management of the assets of the Sprinkler Industry Supplemental Pension Fund.

DESCRIPTION OF THE PENSION FUND

The Sprinkler Industry Supplemental (SIS) Pension Fund is a defined contribution pension plan established and maintained pursuant to collective bargaining agreements between participating Sprinkler Fitter Local Unions and Employers. The Fund is an employee benefit plan as defined in Section 1002(3) of the Employee Retirement Income Security Act. The Fund is a qualified trust under Section 401(a) of the Internal Revenue Code of 1986 and is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986.

Employer contributions to the Fund are based on the hours worked by employees under the collective bargaining agreements. Contributions are a specified amount per hour. Therefore employer contributions fluctuate with the number of hours worked by employees under the collective bargaining agreements.

The Fund provides participants and beneficiaries with five investment alternatives from which to chose. The Fund, therefore, is an ERISA Section 404(c) plan. As provided in Section 404(c), neither the Trustees nor any other fiduciary is liable for any loss which results from a participant's or beneficiary's exercise of control over the assets of his account.

RESPONSIBILITIES OF THE TRUSTEES

The Restated Agreement and Declaration of Trust dated the 21st day of April 2005 and as subsequently amended gives to the Trustees full discretion and authority to direct the investment of Fund assets. (Article V, Section 4.) The Trust Agreement also provides that the Trustees may permit Participants and Beneficiaries to exercise control over the assets in their Individual Accounts. (Article V, Section 4 (cc).) The Trust Agreement specifically authorizes investment in stocks, bonds, real estate and group annuity contracts; but investments are not limited to these categories.

Pursuant to the investment authority granted to them in the Agreement and Declaration of Trust, the Trustees have established five Investment Alternatives from which Participants and Beneficiaries may select. Each of the Investment Alternatives, which are described below, consist of a combination of asset classes. The Trustees have selected the Investment Managers to invest and reinvest the assets in each asset class subject to this Investment Policy and Guidelines adopted by the Trustees.

This investment policy has been adopted following consideration by the Trustees of the potential financial implications of a wide range of policies, and describes the degree of investment risk that these plan fiduciaries deem appropriate within each asset class.

RESPONSIBILITY OF INVESTMENT MANAGERS

Investment Managers appointed by the Trustees invest SIS Fund assets in accordance with this Investment Policy and Guidelines and in accordance with the Manager's judgment concerning relative investment values. In particular, each Investment Manager is accorded full discretion within the limits of this Investment Policy and Guidelines and within the limits of applicable state and federal law to:

1) select individual securities, real property or other investment; and

2) diversify plan assets within each asset class.

INVESTMENT ALTERNATIVES

The Trustees have established five "Life Stage Investment Options" (or alternatives) which are offered to Participants and Beneficiaries. These options are developed from customized investment class mixes; the guidelines for each investment class is described in "Guidelines for Active Managers" set forth below. In addition, cash positions will be maintained in the Fund to provide adequate liquidity to allow for Participant transfers, withdrawals, and Fund expenses.

The Investment Options available to participants and beneficiaries and the composition of each option by asset class are as follows:

	Options	Maximum Growth	Wealth Building	Growth & Income	Current Income	Capital Preservation
U.S. Equities	Large Cap. Value	22.5%	17.5%	12.5%	7.5%	0.0%
	Large Cap. Growth	22.5%	17.5%	12.5%	7.5%	0.0%
	Mid/Small Cap	15.0%	10.0%	5.0%	0.0%	0.0%
Non-U.S. Equity	Large Cap	10.0%	5.0%	5.0%	0.0%	0.0%
U.S. and Non-U.S. Fixed Income	Intermediate Duration	0.0%	0.0%	0.0%	40.0%	25.0%
	Full Duration	25.0%	45.0%	60.0%	0.0%	0.0%
	Stable Value	0.0%	0.0%	0.0%	40.0%	70.0%
	Real Estate	5.0%	5.0%	5.0%	5.0%	5.0%

GUIDELINES FOR ACTIVE MANAGERS

Equity Managers

Equity managers serve in a specialist role managing equity securities. Unless otherwise authorized in writing by the Trustees, the following guidelines apply to each equity manager as defined by their role in the Fund. Commingled investment vehicles may be used if approved in writing by the Trustees. To the extent assets are placed in commingled funds, the practices of such funds as identified in the fund prospectus shall be materially consistent with these guidelines.

U.S. Large Company Equity Managers

Large company equity managers may invest in the common stocks and convertible bonds of U.S. companies and ADR's. They may also invest in the short-term investment fund of the Fund's custodian and individual short-term securities that qualify for investment as detailed below.

Managers are selected based on their style of management such as Value, Growth and Core. It is expected that these managers will outperform the median return of a representative database of managers with a similar style over a market cycle or three years, whichever is less. Over longer periods of time, it is expected that these managers will exceed the return of the S&P 500.

Non-U.S Large Company Equity Managers

Non-U.S. large company equity managers may invest in the equity securities of foreign companies and ADR's. ADR's and foreign company investments may only be made in companies based in the countries that are included in the MSCI EAFE Index and Canada. Equity managers may purchase currency derivatives solely for the purpose of hedging the currency of their foreign investments. At no time may these derivatives be purchased for speculation or to leverage the portfolio. They may also invest in the short-term investment fund of the Fund's custodian and individual short-term securities that qualify for investment as detailed below.

It is expected that these managers will exceed the return of the MSCI EAFE over a market cycle or three years, whichever is less.

U.S. Mid/Small-Cap Company Equity Managers

Mid-cap company equity managers may invest in the common stocks and convertible bonds of U.S. companies and ADR's. They may also invest in the short-term investment fund of the Fund's custodian and individual short-term securities that qualify for investment as detailed below.

Managers are selected based on their style of management such as Value, Growth and Core. It is expected that these managers will outperform the median return of a representative database of managers with a similar style over a market cycle or three years, whichever is less. Over longer periods of time, it is expected that these managers will exceed the return of the Russell Mid-Cap Index.

General Guidelines for Equity Managers

Equity managers are prohibited from investing in venture capital, private equity, options, futures (except for hedging currency exposure) and other derivative investments.

The equity managers are expected to diversify their portfolios to avoid large losses.

All proxies will be voted consistent with the Fund's Proxy Policy.

The equity managers are responsible for notifying the Trustees, if in their judgment, it is imprudent to manage these assets within these guidelines.

Security Trading Guidelines for Equity Managers

a) Securities purchase and sales transactions are to be made for the exclusive benefit of the Fund and to enhance the total return of the portfolio.

b) It is the responsibility of the investment manager to attempt to obtain the lowest overall trading cost at all times. Trading costs include both brokerage commissions and execution cost (market impact).

c) In order to further reduce transaction costs to the Plan, the Plan Trustees will identify brokerage companies who offer the Plan brokerage commission recapture arrangements. The Plan's investment managers will use the accounts established for these arrangements at the brokerage companies whenever possible. At all times these transactions must be in compliance with paragraphs a and b above.

The Trustees recognize that certain investment research is available to their investment managers only through directed brokerage. Insofar as this type of brokerage direction does not interfere with paragraphs a, b, and c and is in compliance with federal laws and directives of regulatory agencies, it will be permitted by the Trustees.

Investment managers may not trade with any brokerage company with which they are affiliated unless specifically authorized by the Trustees:

The investment managers will report to the Fund annually as to their trading practices and experience over the past year. On a portfolio average, the investment managers should pay no more that the industry average.

Investment managers will report to the Fund annually on the use of all soft dollars used to purchase investment research or other services.

Fixed Income Managers

Fixed income managers serve in a specialist role, managing debt securities. Each manager is assigned a specific role within the fixed income portion of the Fund. Commingled investment vehicles may be used if approved in writing by the Trustees. To the extent assets are placed in commingled funds, the practices of such funds as identified in the fund prospectus shall be materially consistent with these guidelines.

Full Duration Fixed Income Managers

Full Duration Fixed Income Managers' investments may include any of the following fixed income securities and their futures or options derivatives, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below, may be held outright and under resale agreement:(i) U.S. dollar denominated obligations of the United States Government and its Agencies and instrumentalities, and U.S. corporations, (ii) mortgage-backed securities including Collateralized Mortgage Obligations ("CMOs") and commercial mortgage backed securities (CMBS), (iii) Asset Backed Securities ("ABSs") (including CDOs, CBOs & CLOs), (iv) registered 144A securities, (v) municipal bonds, (vi) short term securities, (vii) securities of foreign companies or foreign countries (sovereigns or supranationals) denominated in U.S.

dollars, trading in the U.S. markets and capable of settlement in U.S. markets (Yankee bonds), (viii) dollar denominated obligations of U.S. companies trading outside the U.S. ("Eurobonds"), (ix) non-US dollar denominated fixed income securities of both developed and emerging markets, (x) convertible and non-convertible notes and debentures and preferred stocks , (xi) swaps, forwards, options on swaps, options on forwards, (xii) bank Loans.

In addition to the above limitations on eligible securities, the following guidelines apply to each Full Duration Fixed Income Manager:

- Up to 20% of the value of the Full Duration Fixed Income Manager's portfolio may be invested in a combination of the following:
    - Non-US dollar denominated fixed income securities of both developed and emerging markets. The maximum allocation to emerging market securities will be limited to 5% of the total portfolio.
    - Securities rated below investment grade but no lower than BB-/Ba3.
- At least 80% of the value of the Full Duration Fixed Income Manager's portfolio must be rated investment grade as defined by the Lehman Aggregate Index, at the time of purchase. If a security's rating change should cause the fixed income manager's portfolio to violate the above stated 80% rule, the fixed income manager will immediately notify the Trustees in writing of the event and describe its plan for dealing with the security. Should the manager decide to continue to hold the downgraded issue, the manager will report to the Trustees quarterly in writing as to the status of the security.
- Up to 10% of the value of the fixed income manager's portfolio may be invested in unregistered 144A securities and 4(2) commercial paper.
- Financial futures and options on financial futures are limited to a 100% net notional basis of the portfolio. At no time may derivatives be utilized to leverage the Fund or for speculation.
- Or [<u>Derivatives</u>: No more than 5% of the portfolio will be invested in original futures margin and option premiums, exclusive of any in-the-money portion of the premiums. Short (sold) options positions will generally be hedged with cash, cash equivalents, current portfolio security holdings, or other options or futures positions.]
- Fixed income managers may hedge the currency risk of their portfolio by utilizing currency derivatives. At no time may derivatives be utilized to leverage the Fund or for speculation.

The average option adjusted (effective) duration of the fixed income portfolios may not exceed 125% of the Lehman Aggregate Index.

Each Full Duration Fixed Income Manager is it is expected that these managers will exceed the return of the Lehman Aggregate Index by 75 basis points annually over a market cycle or three years, which ever is less.

Intermediate Duration Fixed Income Managers

Intermediate Duration Fixed Income Managers' investments may include (i) U.S. dollar denominated obligations of the United States Government and its Agencies and instrumentalities, and U.S. corporations, (ii) mortgage-backed securities including Collateralized Mortgage Obligations ("CMOs") and commercial mortgage backed securities (CMBS), (iii) Asset Backed Securities ("ABSs"), (iv) registered 144A securities,

(v) municipal bonds, (vi) short term securities, (vii) securities of foreign companies or foreign countries (sovereigns or supranationals) denominated in U.S. dollars, trading in the U.S. markets and capable of settlement in U.S. markets (Yankee bonds), (viii) dollar denominated obligations of U.S. companies trading outside the U.S. ("Eurobonds"), and (ix) non-US dollar denominated fixed income securities of both developed and emerging markets.

In addition to the above limitations on eligible securities, the following guidelines apply to each Full Duration Fixed Income Manager:

- Up to 20% of the value of the Intermediate Duration Fixed Income Manager's portfolio may be invested in a combination of the following:
    - Non-US dollar denominated fixed income securities of both developed and emerging markets. The maximum allocation to emerging market securities will be limited to 5% of the total portfolio.
    - Securities rated below investment grade but no lower than BB-/Ba3.
- At least 80% of the value of the Intermediate Duration Fixed Income Manager's portfolio must be rated investment grade as defined by the Lehman Aggregate Index, at the time of purchase. If a security's rating change should cause the fixed income manager's portfolio to violate the above stated 80% rule, the fixed income manager will immediately notify the Trustees in writing of the event and describe its plan for dealing with the security. Should the manager decide to continue to hold the downgraded issue, the manager will report to the Trustees quarterly in writing as to the status of the security.
- Up to 5% of the value of the fixed income manager's portfolio may be invested in unregistered 144A securities.
- Financial futures and options on financial futures are limited to 25% of the portfolio. At no time may derivatives be utilized to leverage the Fund or for speculation.
- Fixed income managers may hedge the currency risk of their portfolio by utilizing currency derivatives. At no time may derivatives be utilized to leverage the Fund or for speculation.
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The average option adjusted (effective) duration of the fixed income portfolios may not exceed 125% of the Lehman Aggregate Index.

Each Intermediate Duration Fixed Income Manager is it is expected that these managers will exceed the return of the Lehman Intermediate Aggregate Index over a market cycle or three years, which ever is less.

STABLE VALUE Manager

The STABLE VALUE manager may invest in Guaranteed Investment Contracts of insurance companies and banks rated A or higher by the major rating services and separate account investment contracts. However, no more than 20% of the assets may be invested in companies rated below A+. They may also invest in the short-term investment fund of the Fund's custodian and individual short-term securities that qualify for investment as detailed below.

Further, they may also invest in units in a PRIMCO Group Trust or other collective fixed income trusts. The separate account investment contracts and units in a PRIMCO Group Trust or other collective fixed income trust may have underlying securities comprised of U.S. Government and its Agencies and other fixed income securities rated A or higher.

The average duration of the STABLE VALUE portfolio may not exceed 4 years and no individual contract may exceed 6 years.

The STABLE VALUE portfolio will be well diversified at all times. No more than 20% may be invested in Guaranteed Investment Contracts of any single institution and no more than 20% may be invested in asset backed investment contracts of any single institution.

The STABLE VALUE portfolio is expected to yield no less than 0.5% higher than the five-year rolling average of the Five Year Constant Maturity Treasury (CMT) as reported in the Federal Reserve Release H.15.

Real Estate Equity Managers

Real estate equity managers serve in a specialist role managing real estate equity. Unless otherwise authorized in writing by the Trustees, the following guidelines apply to each real estate equity manager.

Real estate may be purchased through commingled funds. Selection, evaluation and asset management of properties shall be assumed by each real estate equity manager utilizing prudent underwriting criteria including, but not limited to, market analysis, physical condition and tenancy. They may also invest in the short-term investment fund of the Fund's custodian and individual short-term securities that qualify for investment as detailed below.

It is expected that these managers will exceed the median return of open-end real estate equity funds over a market cycle or five years, whichever is less.

Approved:

____Date: ________________________
Chairman

______________________________________ Date: ________________________
Secretary