

## INVESTMENT POLICY STATEMENT

*Western Oregon University Foundation – Pooled Gift Annuity Funds*  
*Adopted – April 2002*  
*Revised – November 2007, November 2009*

### PURPOSE OF THE INVESTMENT PORTFOLIO

The primary purpose of the investment portfolio is to maintain as much principal as is prudently possible while sustaining the committed annuity payments.

### ORGANIZATION FIDUCIARY

**WOUF Board of Trustees** will be referred to as “The Board” throughout this Investment Policy Statement. The Board will engage an investment management consultant to manage the day-to-day investment decisions on the investment portfolio.

### INVESTMENT OBJECTIVE

The primary investment objective for the WOU Pooled Gift Annuity is preservation of capital. WOUF believes that a diversified equity and fixed income portfolio has the best chance to achieve this objective. Because of the long-term nature and required annuity payments from this fund, the assets should be reasonably balanced between equities and fixed income.

The single portfolio is made up of various individual annuities. WOUF pools these assets into one fund for its convenience. WOUF will be responsible for the calculation of the annuity payments and required reserve balances and shall undertake the internal maintenance of the records of individual annuities.

### INVESTMENT TIME HORIZON

The expected investment horizon for this Plan is perpetuity.

### TARGETED RATE OF RETURN

Over a full market cycle (5-10 years), it is the goal of the Aggregate Plan Assets to achieve a return, net of fees, of:

**7.0%**

The investment goals above are the objectives of the Aggregate Plan, and are not meant to be imposed on each individual investment account.

### STRATEGIC ASSET ALLOCATION

<u>Asset Class</u>	<u>Minimum</u>	<u>TARGET</u>	<u>Maximum</u>
Cash & Equivalents	0%	<b>15%</b>	35%
Fixed Income	15%	<b>35%</b>	55%
US Equities	15%	<b>30%</b>	50%
International Equities - Developed	5%	<b>10%</b>	25%
Emerging Markets	0%	<b>5%</b>	10%
*Alternative Investments	0%	<b>5%</b>	15%

<b>Equities: 45%</b>	<b>Fixed Income: 35%</b>	<b>Alternatives: 5%</b>	<b>Cash: 15%</b>
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## **OTHER ASSETS**

\*Alternative investments would include REIT's (Real Estate Investment Trusts), Commodities, Private Equity, Foreign Currency, Structured Products, and any other non-traditional asset class that the committee deems appropriate.

## **PROHIBITED ASSETS**

The Board will not allow more than **10%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below **"A"** (or equivalent). The board will not allow more than **5%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below **"BBB"** (or equivalent).

## **PORTFOLIO REBALANCING**

The Portfolio will be reviewed at least semi-annually by the Investment Management Consultant to rebalance the portfolio back to the Board's preferred asset allocation. The Board will review this policy annually or more often as needed to ensure its continued appropriateness.

## **INVESTMENT MANAGER PERFORMANCE REVIEW & EVALUATION**

Performance reports generated by the Investment Management Consultant shall be reviewed at least quarterly. The investment performance of 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 the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over a 3-5 year period, but reserves the right to terminate an investment manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding Performance, Personnel, Strategy, Research Capabilities, Organizational and Business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

## **ROLES & RESPONSIBILITIES**

### **ROLE OF THE BOARD**

- Review the performance of the Investment Consultant to insure the assets are invested within the guidelines of this policy.
- Review this Investment Policy Statement for accuracy and completeness.
- Provide accurate, complete financial information to your Investment Management Consultant, and alert your Investment Management Consultant to any significant changes to this information, including changes to the Board's financial objectives.
- Contact your Investment Management Consultant with any questions or concerns the Board may have about its investments.
- Participate in periodic portfolio reviews with your Investment Management Consultant.

### **ROLE OF THE INVESTMENT MANAGEMENT CONSULTANT**

- Develop portfolio guidelines based on WOUF's financial status, investment objectives, liquidity needs, tolerance for risk and investment time horizon.
- Provide the Board with portfolio reporting upon request.
- Recommend changes in asset allocation guidelines for this portfolio.
- Respond promptly to the Board's concerns and inquiries.
- Prudently invest the portfolio assets within the guidelines of this policy.