



Board Statement on the Investment of Quasi-Endowment Funds

1.0 Purpose of the Investment Portfolio

The primary purpose of the investment portfolio is to maintain the purchasing power of the Western Oregon University Quasi-Endowment assets over the mid-but unspecified term, to support **scholarships** and other University programs.

2.0 Organization Fiduciary

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

3.0 Investment Objective

The Board desires that its quasi-endowment portfolio will grow, over time, at a rate exceeding the consumer price index and will achieve that growth at a steady rate over time at increments less volatile than the stock market indices. The Board believes that a diversified equity and fixed income portfolio has the best chance to achieve this objective. Because of the mid-term nature of the expected uses of this fund, the assets should be invested into a balanced portfolio of equities and fixed income.

4.0 Investment Time Horizon

The expected investment horizon for this Plan is mid-but unspecified term with the Board having an authority to spend down the funds.

5.0 Targeted Rate of Return

Over a five year market cycle, it is the goal of the Aggregate Plan Assets to achieve an average annual return, net of fees, of **5.0%**

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



6.0 Strategic Asset Allocation

<u>Asset Class</u>	<u>Minimum</u>	<u>TARGET</u>	<u>Maximum</u>
Cash & Equivalents	0%	5%	25%
Fixed Income	15%	40%	60%
US Equities	25%	35%	65%
International Equities – Developed	5%	15%	30%
Emerging Markets	0%	5%	10%
*Alternative Investments	-	-	-

Equities: 55%	Fixed Income: 40%	Alternatives: 0%	Cash: 5%
----------------------	--------------------------	-------------------------	-----------------

*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 Board deems appropriate.

7.0 Fiscally and Socially Responsible Investing

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). The Board, at its discretion, may elect to invest some or all the funds in accordance with socially responsible investing.

8.0 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 Board Statement annually or more often as needed to ensure its continued appropriateness.

9.0 Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Management Consultant shall be reviewed by the Board, the Board’s Finance and Administration Committee, or the University’s Vice President for Finance and Administration or designee 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.

10.0 Roles and Responsibilities

10.1 ROLE OF THE BOARD

- Approve the selection of the investment managers and investment consultants and provide adequate oversight during their engagements.
- Review the performance of the Investment Managers to ensure the assets are invested within the guidelines of this Board Statement.
- Review this Board Statement for accuracy and completeness.
- Provide accurate, complete financial information to the Investment Managers and alert the Investment Managers to any significant changes to this information, including changes to the Board's financial objectives.
- Participate in periodic portfolio reviews with the Investment Managers.

10.2 ROLE OF THE INVESTMENT MANAGERS

- Prudently invest the portfolio assets within the guidelines of this Board Statement.
- Develop portfolio guidelines based on University'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.

10.3 ROLE OF THE UNIVERSITY PRESIDENT, VPFA, AND THEIR DESIGNEES

- Exercise due diligence in checking the investment managers' and investment consultants' credentials and backgrounds prior to the board's selection.



- Contact the Investment Managers and the Investment Consultants with any questions or concerns regarding the investments.
- Monitor Investment performance on on-going basis
- Provide the Board with the attribution analysis based on Investment Managers' performance versus the benchmarks.
- Participate in monthly portfolio reviews with the Investment Management.

10.4. ROLE OF THE INVESTMENT CONSULTANT

- Provide the VPFA and FAC with customized performance reports versus the benchmarks.
- Assist the VPFA with attribution analysis
- Contact the Investment Managers with any questions or concerns regarding the investments on the VPFA's behalf.