MEMORANDUM

TAB A

December 6, 2019

Utah Valley University – Investment Policy Revision

Regent policy R541, *Management and Reporting of Institutional Investments* governs the investment of institutional funds and requires the Board of Regents to approve changes to institutional investment policies. Utah Valley University proposes to revise its investment policy to:

- increase the range of investments in alternative investments
- change the threshold for investing in illiquid vehicles from 25% to 30%; and
- clarify the target for spending on endowment purposes to be up to 4% (depending on market conditions) and up to 2% in administrative operating expenses.

Utah Valley University's Board of Trustees approved the revision to the investment policy in their June 19, 2019 meeting. A letter from the institution describing the changes to the policy along with the final document and a redline of the changes is attached. University officials will be present at the meeting and be available to respond to Board questions.

Commissioner's Recommendations

The Commissioner recommends the Committee approve the revision to the Utah Valley University investment policy and add the item to the January 2020 Consent Calendar of the Board of Regents.

Attachments

UTAH VALLEY UNIVERSITY

VICE PRESIDENT FOR FINANCE & ADMINISTRATION

November 11, 2019

Utah System of Higher Education
c/o David Wolstenholme
Interim Commissioner Utah Higher Education
60 South 400 West
Salt Lake City, UT 84101

Interim Commissioner Wolstenholme:

Utah Valley University requests approval of the enclosed revised investment policy. The policy has been reviewed and approved by the investment committee and the Board of Trustees.

Utah State Board of Regents Policy R541-6.1 states:

> **6.1.** In accordance with the Uniform Prudent Management of Institutional Funds Act, an institution's board of trustees may adopt its own endowment investment policy. All such policies (including any associated investment guidelines or other policy direction) must meet the requirements of the Uniform Prudent Management of Institutional Funds Act, and must be formally approved by the Board of Regents. Institutions are not authorized to apply their own policies until both of the foregoing conditions have been met. Institutions following a separate trustee adopted and Regent approved endowment investment policy will be considered to be investing in accordance with the terms of this policy. Revisions to institutional endowment investment policies (including revisions to any associated investment guidelines or other policy direction) must also receive both trustee and Regent approval.

On June 19, 2019 Utah Valley University's Board of Trustees approved the enclosed investment policy for the UVU Foundation. Under the policy, the University proposes to increase the range of investments in alternative assets to 0-50% with a target of 42%. The investment policy meets the requirements of the Uniform Prudent Management of Institutional Funds Act.

Please feel free to contact me if you have any questions or concerns.

Sincerely,

Val Peterson
Vice President
Finance and Administration

800 WEST UNIVERSITY PARKWAY OREM, UTAH 84058-6703 MS 196 *phn* 801 863 8424 *fax* 801 226 5207

UTAH VALLEY UNIVERSITY FOUNDATION, INC.

INVESTMENT POLICY STATEMENT

Approved: *May 9, 2019*

TABLE OF CONTENTS

I. INTRODUCTION

The purpose of this document is to set forth the goals and objectives of the Utah Valley University Foundation, Inc. ("UVUF"), and to establish guidelines for the implementation of investment strategy. This Investment Policy supersedes all other policies and has been formulated to comply with the requirements of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In addition to providing specific restrictions on certain types of investments, the law requires certain issues to be addressed in the Investment Policy and the incorporation of specific language. Compliance with the law significantly expands the Investment Policy and provides for a greater level of detail and understanding.

UPMIFA modernizes the rules governing investments of funds held for charitable purposes by adopting a more well-defined prudent-investor standard. UPMIFA directs that investments be made "in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, considering the purposes, terms, distribution requirements, and other circumstances of the institutional fund," and it lists a number of explicit factors that managers must consider "if relevant." UPMIFA also explicitly provides that institutions may invest in any kind of property or type of investment so long as the investment is prudent.

In making a determination to appropriate or accumulate assets in a Foundation, the board members, acting in good faith, are to apply the prudent person standard, and consider:

A. Duration and preservation of the Foundation.

B. Purposes of the organization and the Foundation.

C. General economic conditions.

D. Possible effect of inflation or deflation.

E. Expected total return from income and the appreciation of investments.

F. Other resources of the organization.

G. Investment Policy of the organization and spending policy.

UPMIFA requires those who manage and invest its funds to:

A. Act in good faith, with the care an ordinarily prudent person would exercise.

B. Incur only reasonable costs in investing and managing charitable funds.

C. Make a reasonable effort to verify relevant facts.

D. Make decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy.

E. Diversify investments unless, due to special circumstances, the purposes of the fund are better served without diversification.

F. Dispose of unsuitable assets.

G. Develop an investment strategy appropriate for the fund and the charity.

This Statement of Investment Policy and Objectives ("Policy") is intended to serve as an operating document to guide the investment activities of the Foundation and:

A. Define responsibilities among the various groups accountable for guiding the investment process and supervising outside investment professionals.

B. Define spending requirements from the Foundation.

C. Determine an appropriate return and risk level for the Foundation.

D. Establish allocation ranges for asset classes and investment styles deemed suitable for the Foundation.

E. Determine prudent diversification of assets.

F. Establish performance objectives and a regular review process.

II. BACKGROUND

Utah Valley University Foundation, Inc. was organized and incorporated in 1981 under Board of Regent policy as a support organization and "component part" of Utah Valley University for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University. The endowment funds of Utah Valley University are segregated from the University's other assets and are held at and invested within the Utah Valley University Foundation. The Foundation has its own tax identification number and is a separate legal entity apart from the University.

The Foundation exists to help raise and manage private resources and to steward donors supporting the mission and priorities of the University as articulated by the Board of Trustees and the President and provide opportunities for students and a margin of institutional excellence unavailable with state funds.

The Foundation is dedicated to assisting the University in building the endowment and in addressing, through financial support, the long-term academic and other priorities of the University. The Board and its members provide advice and counsel to the University President and Vice President for Institutional Advancement concerning fundraising and externally focused programs as appropriate, and manage gift resources and institutional endowments consistent with governance policy as outlined in Regents Policy, University Policy and Utah Valley University Foundation Policy. To provide guidance and direct oversight of the investment management of the Foundation, the Board of Directors ("Trustees") have appointed the Investment Committee ("Committee") to oversee the investments of the Foundation. The Trustees have established these investment objectives and operating policies and procedures. The objectives and guidelines included in this document serve as a basis for communication among the Trustees, Committee, Investment Managers and the Investment Advisor appointed by the Committee, who are involved in the management of the Foundations' assets.

As stated in its articles of incorporation, the Foundation is a separately incorporated 501(c)(3) organization and is responsible for assisting the Office of Institutional Advancement in identifying and nurturing relationships with potential donors and other friends of Utah Valley University, and soliciting cash, securities, real and intellectual property, and other private resources for the support of the University and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

III. MISSION

The mission of the Utah Valley University Foundation is to obtain financial support for Utah Valley University. This mission is accomplished through three objectives.

A. Serving as Ambassadors

Assist the University administration and involve members of the community in programs and activities of the University. Tell the story of the University to groups and individuals with such effectiveness that support for the institution is a natural consequence.

B. Fundraising

In cooperation with the University's Division of Institutional Advancement; plan, organize and execute advancement programs including planned giving, annual giving, campaigns, and other appropriate activities.

C. Fund Management

Invest the University's endowment with the purpose of realizing a return that is above the median performance of similarly managed university funds. Ensure that the endowment is properly accounted for and disbursed.

IV. DELEGATION OF RESPONSIBILITIES

The Board of Trustees has overall responsibility for the Foundation. The Trustees hereby assign operating and supervisory responsibility for the Foundation and the implementation of this Policy to the Committee in conjunction with the Investment Advisor. The Committee, in conjunction with the Investment Advisor, is responsible to ensure that Fund assets available for investment are managed:

A. Exclusively to support the purpose of the Foundation.

B. In a manner that reflects the long-term orientation of the Foundation.

C. Prudently and in full compliance with all policies, applicable laws and regulations.

D. Effectively, so as to increase over time the assets of the Foundation and enhance the long-term health and viability of the Foundation.

Specific responsibilities of the various groups and individuals within the Foundation and outside service professionals retained by the Foundation or Committee for the Foundation are outlined below:

A. Responsibilities of the Trustees

1. Approval of this Policy and amendments or supplements hereto.
2. Selection, appointment and removal of the Committee.
3. Oversee activities related to compliance of the Foundation's investments with this Policy.

B. Responsibilities of the Committee

1. Propose recommendations to the Trustees regarding any amendments or supplements to this Policy.
2. Selection, appointment and removal of an Investment Advisor.
3. Recommend and set long-term investment policies and objectives for the Foundation, in conjunction with the Investment Advisor, in furtherance of this Policy.
4. Monitor and evaluate the performance of all service providers by regular review of reports provided to the Committee and by meetings with the Investment Advisor in order to determine that Foundation assets are prudently and effectively managed.
5. Retain or dismiss outside professionals and service providers such as the custodian bank and the Investment Advisor.
6. Review reports from the Investment Advisor and investment managers regarding the status of Foundation funds and implementation of this Policy.
7. Meet regularly to evaluate whether this Policy, the investment activities, and the risk management controls and procedures established pursuant to this Policy continue to be consistent with meeting the Foundation's investment goals and objectives.

C. Responsibilities of the Investment Advisor

1. Oversee the day-to-day operational investment activities of the Foundation pursuant to this Policy and subject to additional policies and directives established by the Trustees and the Committee.
2. In conjunction with the Committee, establish long-term investment policies and objectives for the Foundation. This includes selecting asset classes, determining asset allocation ranges, investment manager selection and structure, and setting performance objectives for each investment manager.

3. Communicate the policies and objectives of this Policy to outside professionals such as the investment managers.
4. Work with investment managers and other outside professionals to further the overall goals and objectives of the Foundation.
5. As needed, reallocate Foundation assets among asset classes, investment styles and investment managers. Reallocated assets shall remain within allocation ranges previously approved by the Committee.
6. Review reports from outside professionals regarding the status of Foundation funds.
7. Issue regular performance reports to the Trustees and Committee and be available to review these reports with Trustees on a quarterly basis.
8. Review investment policies and objectives, and recommend appropriate changes.
9. Monitor and communicate to the Committee long-term capital market trends as well as trading activity, asset allocation targets/ranges, investment manager selection and structure, and performance objectives for each investment manager.
10. Implement all portfolio trades and changes within the guidelines of this policy.
11. Perform an annual fee review of all portfolio costs and strive to negotiate and reduce investment expenses where possible.
12. Manage the allocation of new contributions as well as periodic asset allocation rebalancing.
13. Research and select investment management firms who are appropriate to implement the Foundation's investment policies and objectives.
14. Monitor and assess investment managers, report on changes within the organizations, and implement manager changes as needed.
15. Measure, evaluate and report the investment managers' and total Fund performance results on a quarterly basis.
16. Provide other support to the Committee as requested or as appropriate in order to implement this Policy.

D. Responsibilities of the Investment Managers

The investment managers have full discretion to manage the assets of the Foundation in accordance with the investment objectives and guidelines expressed within their Investment Management Agreement and Portfolio Guidelines. For investment managers retained under a mutual fund or commingled fund agreement, however, it is expected that the strategy instead will operate under the specific guidelines outlined in its prospectus or offering memorandum. To the extent applicable to mutual funds in general, the provisions of this Policy with respect to investment managers shall apply to any mutual funds selected by the Investment Advisor.

Specific responsibilities include:

1. Communicate promptly with the Investment Advisor regarding all significant matters such as:
   a. major changes in the firm's investment outlook and strategy,
   b. shifts in portfolio construction
   c. changes in the firm's ownership, organizational structure or professional staffing, and
   d. other changes of a substantive nature.
2. Adhere to the investment policies and guidelines prescribed for the Foundation. Any specific concerns about the appropriateness of an investment should be clarified in writing, in advance of purchase.
3. Comply with all laws, legislation, and regulations that involve the Foundation as they pertain to the manager's duties, functions and responsibilities as a fiduciary.
4. For separate accounts, signify in writing its agreement to comply with all established guidelines.
5. Effect security trading on a best execution basis. Placement of orders should be based upon financial viability of the brokerage firm and the assurance of prompt and efficient execution.
6. Issue monthly and/or quarterly reports to the Investment Advisor with regards to portfolio performance.
7. Meet periodically with the Investment Advisor to report on the management of Foundation funds.
8. Fully disclose all fees and expenses on an annual basis.

E. Responsibilities of the Custodian Bank

1. Serve as custodian and act in a fiduciary capacity to the Foundation.
2. Provide safekeeping of securities entrusted to it; collect dividends and interest on these securities; make disbursements and manage cash flows as directed.
3. Arrange for timely settlement of all transactions made for the Foundation.
4. Provide complete and accurate accounting records including each transaction, income flow and cash flows by investment manager.
5. Issue, or make available via online access, monthly holding and transaction reports priced in accordance with industry standards.
6. Communicate effectively with the Investment Advisor to report on the administration of the Foundation.

V. INVESTMENT OBJECTIVES

The investment strategy of UVUF is designed to ensure the prudent investment of funds in such a manner as to provide for stable spending and liquidity to support the mission of the Foundation and to provide real growth of assets over time while protecting the value of the assets from undue volatility or risk of loss. Assets are to be invested under a total return concept of the UPMIFA, whereby net appreciation, realized and unrealized, in the fair value of the asset of the Foundation may be appropriated for expenditure. UPMIFA was adopted into state law under Utah Code 51-08 and is the governing regulation for the Foundation.

A. Risk Objectives

1. To accept an appropriate level of risk, as required to achieve UVUF's return objective as stated immediately below.
2. To use diversification to minimize exposure to company and industry specific risks in the aggregate investment portfolio.
3. To the extent possible, minimize the annual volatility of the asset base that supports the desired level of spending.

B. Return Objectives

1. As it pertains to the long-term endowment portfolio, attempt to achieve a total rate of return equal to or exceeding the Foundation's projected spending rate, plus operating

expenses, net of all investment management fees, while also attempting to meet inflationary expectations.

2. To protect the corpus of assets in real (i.e., inflation adjusted) terms while seeking growth of principal.
3. Maintain an adequate level of liquidity in order to meet the financial requirements of the Foundation.
4. Produce a reasonable risk-adjusted rate of return when compared to appropriate benchmarks or a blended index.

Investment objectives are necessary and appropriate to properly measure and evaluate the success of the investment program and the investment managers. Total investment return is defined as interest and/or dividends plus realized and unrealized capital appreciation or loss less investment-related fees and expenses. Performance will be evaluated net of investment management fees.

VI. INVESTMENT CONTRAINTS

A. Legal and Regulatory

The Trustees intend to manage the funds of the Foundation at all times in accordance with UPMIFA and the Prudent Investor Rule.

B. Time Horizon

The Foundation operates on a perpetual basis. The funds will be invested with a long-term time horizon (twenty years or more), consistent with the mission of the Foundation.

C. Liquidity

Given UVUF’s long-term time horizon, liquidity for the purpose of spending will be a moderate concern. The Committee will continuously monitor liquidity needs, spending projections, and the impact of changes in regulations or other circumstances. The Investment Committee intends to invest no more than 30% of UVUF’s total assets in illiquid vehicles[1], subject to approval of this Investment Policy Statement by the Board of Regents as consistent with state legislation.

D. Tax Considerations

UVUF is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Therefore, investments and strategies will be evaluated only on the basis of expected risks and potential returns.

[1] Illiquid vehicles are defined as those vehicles that do not allow withdrawals to occur on at least a monthly basis.

E. Prohibited Transactions

The Foundation will not directly engage in any short selling, securities lending, futures transactions, SWAP transactions, options trading, or margin utilization.

VII. RISK TOLERANCE

The following statements reflect the Trustees' understanding of capital market risk as well as measures adopted to control undue portfolio volatility:

A. The Trustees recognize that the primary fiduciary obligation regarding the Foundation is to maintain the inflation-adjusted principal value of the Foundation, within prudent risk guidelines, after meeting current and projected future spending requirements.

B. The Trustees fully recognize the likelihood of periodic market declines and are willing to accept the possibility of short-term declines in market value in order to achieve long-term investment return objectives.

C. The Investment Advisor will consider investments appropriate for the Foundation within a total portfolio context. Assets of the Foundation will be diversified to protect against large investment losses and to reduce the probability of excessive performance volatility at the total Fund level.

D. Assets will be diversified by allocating monies to various asset classes and investment styles within asset classes, and by retaining investment managers with complementary investment philosophies, styles and approaches.

E. A reasonable time horizon for evaluating total Fund investment performance shall be long-term (ten years or more). Absent special circumstances, time frames for evaluating the performance of investment managers will approximate a full market cycle.

VIII. SPENDING POLICY

UVUF’s spending policy is set based on expectations set forth in UPMIFA and is benchmarked annually against peers based on data in the NACUBO/CommonFund Endowment Study. To ensure a stable and predictable level of spending from year to year on the stated endowment purposes (e.g, scholarships, programs, chairs, etc.), UVUF intends to spend up to 4.0%, depending on market conditions, of the Foundation’s long-term endowment portfolio funds annually, based on the moving average of the Foundation’s market value for the preceding three fiscal years.

Further, UVUF intends to spend up to 2.0% of the Foundation’s long-term endowment portfolio funds annually for general and administrative (operating) expenses.

The Committee will review and approve the spending policy annually. Special situations may necessitate an amendment to the spending policy as deemed appropriate by the Committee.

IX. ASSET ALLOCATION GUIDELINES

The Investment Advisor shall determine the asset allocation strategy for the Foundation within the guidelines of the Board approved Investment Policy. The Investment Advisor will manage the asset allocation mix within the allocation ranges stated by the Policy. To implement this strategy, the Investment Advisor will select an asset allocation mix which will diversify investments among asset classes, and which is designed to meet the objectives of the Foundation.

A. Permissible Asset Classes

Because investment in any particular asset class may or may not be consistent with the objectives of the Foundation, the Trustees have specifically indicated the asset classes that may be utilized when investing the Foundation's assets in Appendix A.

B. Expected Returns, Risks, and Correlations for Permissible Asset Classes

The risk and return behavior of the Foundation will be driven primarily by the allocation of investments across asset classes. In determining the appropriate allocation, the expected return and risk behavior of each asset class and the likely interaction of various asset classes in a portfolio are to be considered. Appendix B lists the expected return and volatility for each permissible asset class, and Appendix C lists expected correlations among major asset classes.

C. Long-Term Target Allocations

Based on the investment objectives and constraints of the UVUF, and on the expected behavior of the permissible asset classes, the Investment Advisor, along with the Committee, will specify a long-term target allocation for each class of permissible assets. These targets will be expressed as a percentage of the Foundation's market value, surrounded by a band of permissible variation resulting from market forces or tactical portfolio shifts executed by the Investment Advisor.

The Foundation's target allocations for all permissible asset classes are shown in Appendix D. These long-term target allocations are intended as strategic goals, not short-term imperatives. Thus, it is permissible for the Foundation's asset allocation to deviate from the long-term targets, due to tactical asset allocation shifts, manager transitions, asset class restructurings, and other temporary changes in the Foundation's assets.

Deviations from targets that occur due to capital market changes are discussed within rebalancing procedures.

D. Rebalancing

In general, cash flows to and from the Foundation will be allocated in such a manner as to move each asset class toward the target allocation.

The Trustees recognize that, periodically, market forces may move the Foundation's allocations outside the target ranges. The Trustees also recognize that failing to rebalance the allocations could unintentionally change the Foundation structure and risk posture. However, the Trustees understand that constant rebalancing could result in a significant increase in explicit and implicit trading costs to the Foundation. Consequently, the Committee has delegated the authority to the Investment Advisor to rebalance the Fund's allocations when prudent.

On at least an annual basis, if any strategic allocation is outside the specified target range, assets will be shifted to return the strategy to the target range. The specific plan for rebalancing will identify the assets that can be shifted and potential risks and costs of executing the shifts, if the rebalancing cannot be accomplished solely by allocating contributions and withdrawals.

X. EVALUATION AND REVIEW PROCESS

The Investment Advisor and the Committee will evaluate investment performance of the Foundation regularly to include the following:

A. The Foundation's asset allocation relative to this Policy and the capital market outlook.

B. The extent to which each investment manager has managed its portfolio consistent with that investment manager's stated investment philosophy and style.

C. Each investment manager's adherence to the guidelines and investment policies contained in this Policy.

D. The risk and return profile(s) of the total Foundation and each investment manager compared to the Foundation's goals and objectives under this Policy.

The asset allocation of the Foundation will be reviewed on an on-going basis, and at least annually. When necessary, such reviews may result in a rebalancing of assets. In general, the Trustees intend for the Foundation to adhere to its long-term target allocations, staying within established target ranges, and that major changes to these targets will be made only in response to significant developments in the circumstances, objectives, or constraints of the Foundation.

The Trustees will specifically evaluate the performance of the Foundation relative to its objectives and to the returns available from the capital markets during the period under review. In general, the Trustees will utilize a combination of relative and absolute benchmarks in evaluating performance. The total performance of the Foundation will be evaluated relative to the investment objectives and constraints identified in this Investment Policy Statement. The return objective of the portfolio of all long-term endowment investments shall be to outperform peer sized endowment funds, based on data in the NACUBO/CommonFund Endowment Study, over a full market cycle.

The Committee will review the Investment Policy Statement at least annually to determine that it continues to be appropriate in view of changes within the Foundation and the capital markets. The Committee, as deemed appropriate, may consider exceptions to the Investment Policy Statement.

This Investment Policy Statement has been adopted and approved by the Trustees of the Utah Valley University Foundation.

XI. APPENDICES

Appendix A

Permissible Asset Classes

Asset Class	Broad Asset Class	Functional Category
Public Domestic Equity	Public Global Equity	Growth
Developed Market Equity	Public Global Equity	Growth
Emerging Market Equity	Public Global Equity	Growth
Private Equity	Alternative Assets	Growth
Real Estate Debt (High Yield)	Foundation Specific Assets	Credit
High Yield Bonds	Credit	Credit
Bank Loans	Credit	Credit
Emerging Markets Debt	Credit	Credit
TIPS	TIPS	Inflation Hedges/Real Assets
Real Estate	Alternative/Foundation Specific Assets	Inflation Hedges/Real Assets
Public Natural Resources	Public Global Equity	Inflation Hedges/Real Assets
Private Natural Resources	Alternative Assets	Inflation Hedges/Real Assets
Infrastructure	Alternative Assets	Inflation Hedges/Real Assets
Commodities	Alternative Assets	Inflation Hedges/Real Assets
Investment Grade Bonds	Fixed Income	Risk Mitigation
Real Estate Debt (Investment Grade)	Foundation Specific Assets	Risk Mitigation
Cash Equivalents	Cash Equivalents	Risk Mitigation
Hedge Funds	Alternative Assets	Risk Mitigation

APPENDIX B

TWENTY-YEAR, ASSET CLASS FORECAST[1]

Functional Category/Asset Class	20-Year Annualized Expected Return (%)	Standard Deviation (%)
Growth		
Global Equity	*8.6*	*17.0*
Private Equity	*10.1*	*24.0*
Credit		
Real Estate Debt (High Yield)[2]	*6.0*	*18.0*
High Yield Bonds	*6.5*	*11.0*
Bank Loans	*6.1*	*9.0*
Emerging Market Debt	*5.2*	*12.5*
Inflation Hedges/Real Assets		
TIPS	*3.6*	*7.0*
Natural Resources	*9.3*	*21.5*
Real Estate	*7.0*	*15.0*
Infrastructure	*6.5*	*14.0*
Risk Mitigation		
Investment Grade Bonds	*3.9*	*4.0*
Real Estate Debt (Investment Grade)[3]	*5.6*	*3.0*
Hedge Funds	*5.4*	*7.0*
Cash	*2.9*	*1.0*

[1] Based on Meketa Investment Group's 2019 Annual Asset Study.
[2] Foundation specific assets with customized modelling assumptions.
[3] Foundation specific assets with customized modelling assumptions.

APPENDIX C

EXPECTED CORRELATIONS AMONG MAJOR ASSET CLASSES

	Cash	IG Bonds	TIPS	High Yield Bonds	Bank Loans	EM Debt	RE Debt (Inv Grade)	Global Equity	Private Equity	Real Estate	RE Debt (High Yield)	NR	Infra	Hedge Funds
Cash Equivalents	1.00													
IG Bonds	0.05	1.00												
TIPS	0.05	0.80	1.00											
High Yield Bonds	0.00	0.20	0.30	1.00										
Bank Loans	0.05	0.00	0.20	0.80	1.00									
EM Debt	0.05	0.50	0.50	0.70	0.40	1.00								
RE Debt (Inv Grade)	0.00	0.40	0.55	0.45	0.30	0.45	1.00							
Global Equity	0.00	0.05	0.10	0.70	0.60	0.60	0.40	1.00						
Private Equity	0.10	0.00	0.05	0.70	0.65	0.45	0.35	0.80	1.00					
Real Estate	0.20	0.25	0.10	0.45	0.45	0.25	0.55	0.35	0.40	1.00				
RE Debt (High Yield)	0.10	0.20	0.15	0.65	0.55	0.40	0.60	0.45	0.50	0.80	1.00			
Natural Resources	0.05	0.10	0.10	0.45	0.40	0.50	0.20	0.60	0.60	0.50	0.45	1.00		
Infrastructure	0.20	0.30	0.30	0.60	0.50	0.50	0.40	0.65	0.45	0.65	0.55	0.60	1.00	
Hedge Funds	0.10	0.10	0.25	0.10	0.05	0.35	0.05	0.35	0.10	0.10	0.10	0.40	0.25	1.00

APPENDIX D

BROAD ASSET ALLOCATION TARGETS

Functional Category/Asset Class	Target (%)	Range (%)
Global Equity	*37*	*25-55*
Fixed Income	*33*	*15-55*
Alternative Assets	*30*	5-55

Meketa Fiduciary Management (MFM) has been hired as our Investment Advisor. The return objective of the MFM portfolio shall be to outperform the MFM Policy Benchmark over a full market cycle. The MFM Policy Benchmark is described in Appendix E.

Based upon the expected asset returns, risks, and correlations cited in Appendices B and C, this target allocation exhibits an expected annual return of 8.0% and an expected annual standard deviation of 12.4%[1].

[1] Based on Meketa Investment Group's 2019 Annual Asset Study.

APPENDIX E

MFM POLICY BENCHMARK

Functional Category	Weight (%)	Composition
Growth	65	100% MSCI ACWI IMI (65%)
Credit	5	50% BbgBarclays U.S. High Yield (2.5%) / 50% CS Leveraged Loans (2.5%)
Inflation Hedges/Real Assets	15	40% S&P Global LargeMidCap Commodity and Resources (5.25%) / 30% NCREIF ODCE Equal Weighted (Net) (5.25%)/ 30% BbgBarclays U.S. TIPS (4.5%)
Risk Mitigation	15	50% 91 Day T-Bills (7.5%) / 25% BbgBarclays U.S. Aggregate (3.75%) / 25% HFRI Macro Index (3.75%)

The MFM Policy Benchmark is designed to measure the performance of MFM in regards to both tactical asset allocation decisions and manager selection. The MFM Policy Benchmark is calculated using the target weights of each Functional Category within the MFM advised portion of the Foundation portfolio.

UTAH VALLEY UNIVERSITY FOUNDATION, INC.

INVESTMENT POLICY STATEMENT

Approved: *DATE TBD*

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UPMIFA requires those who manage and invest its funds to:

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- **G.** Develop an investment strategy appropriate for the fund and the charity.

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- **D.** Establish allocation ranges for asset classes and investment styles deemed suitable for the Foundation.
- **E.** Determine prudent diversification of assets.
- **F.** Establish performance objectives and a regular review process.

II. BACKGROUND

Utah Valley University Foundation, Inc. was organized and incorporated in 1981 under Board of Regent policy as a support organization and "component part" of Utah Valley University for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundations, and others for the benefit of the University. The endowment funds of Utah Valley University are segregated from the University's other assets and are held at and invested within the Utah Valley University Foundation. The Foundation has its own tax identification number and is a separate legal entity apart from the University.

The Foundation exists to help raise and manage private resources and to steward donors supporting the mission and priorities of the University as articulated by the Board of Trustees and the President and provide opportunities for students and a margin of institutional excellence unavailable with state funds.

The Foundation is dedicated to assisting the University in building the endowment and in addressing, through financial support, the long-term academic and other priorities of the University. The Board and its members provide advice and counsel to the University President and Vice President for Institutional Advancement concerning fundraising and externally focused programs as appropriate, and manage gift resources and institutional endowments consistent with governance policy as outlined in Regents Policy, University Policy and Utah Valley University Foundation Policy. To provide guidance and direct oversight of the investment management of the Foundation, the Board of Directors ("Trustees") have appointed the Investment Committee ("Committee") to oversee the investments of the Foundation. The Trustees have established these investment objectives and operating policies and procedures. The objectives and guidelines included in this document serve as a basis for communication among the Trustees, Committee, Investment Managers and the Investment Advisor appointed by the Committee, who are involved in the management of the Foundations' assets.

Deleted: Development and Alumni Relations

As stated in its articles of incorporation, the Foundation is a separately incorporated 501(c)(3) organization and is responsible for assisting the Office of Institutional Advancement in identifying and nurturing relationships with potential donors and other friends of Utah Valley University, and soliciting cash, securities, real and intellectual property, and other private resources for the support of the University and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.

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III. MISSION

The mission of the Utah Valley University Foundation is to obtain financial support for Utah Valley University. This mission is accomplished through three objectives.

A. Serving as Ambassadors

Assist the University administration and involve members of the community in programs and activities of the University. Tell the story of the University to groups and individuals with such effectiveness that support for the institution is a natural consequence.

B. Fundraising

In cooperation with the University's Division of Institutional Advancement; plan, organize and execute advancement programs including planned giving, annual giving, campaigns, and other appropriate activities.

Deleted: Alumni Relations and Development

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C. Fund Management

Invest the University's endowment with the purpose of realizing a return that is above the median performance of similarly managed university funds. Ensure that the endowment is properly accounted for and disbursed.

IV. DELEGATION OF RESPONSIBILITIES

The Board of Trustees has overall responsibility for the Foundation. The Trustees hereby assign operating and supervisory responsibility for the Foundation and the implementation of this Policy to the Committee in conjunction with the Investment Advisor. The Committee, in conjunction with the Investment Advisor, is responsible to ensure that Fund assets available for investment are managed:

A. Exclusively to support the purpose of the Foundation.

B. In a manner that reflects the long-term orientation of the Foundation.

C. Prudently and in full compliance with all policies, applicable laws and regulations.

D. Effectively, so as to increase over time the assets of the Foundation and enhance the long-term health and viability of the Foundation.

Specific responsibilities of the various groups and individuals within the Foundation and outside service professionals retained by the Foundation or Committee for the Foundation are outlined below:

A. Responsibilities of the Trustees

1. Approval of this Policy and amendments or supplements hereto.
2. Selection, appointment and removal of the Committee.
3. Oversee activities related to compliance of the Foundation's investments with this Policy.

B. Responsibilities of the Committee

1. Propose recommendations to the Trustees regarding any amendments or supplements to this Policy.
2. Selection, appointment and removal of an Investment Advisor.
3. Recommend and set long-term investment policies and objectives for the Foundation, in conjunction with the Investment Advisor, in furtherance of this Policy.
4. Monitor and evaluate the performance of all service providers by regular review of reports provided to the Committee and by meetings with the Investment Advisor in order to determine that Foundation assets are prudently and effectively managed.
5. Retain or dismiss outside professionals and service providers such as the custodian bank and the Investment Advisor.
6. Review reports from the Investment Advisor and investment managers regarding the status of Foundation funds and implementation of this Policy.
7. Meet regularly to evaluate whether this Policy, the investment activities, and the risk management controls and procedures established pursuant to this Policy continue to be consistent with meeting the Foundation's investment goals and objectives.

C. Responsibilities of the Investment Advisor

1. Oversee the day-to-day operational investment activities of the Foundation pursuant to this Policy and subject to additional policies and directives established by the Trustees and the Committee.
2. In conjunction with the Committee, establish long-term investment policies and objectives for the Foundation. This includes selecting asset classes, determining asset allocation ranges, investment manager selection and structure, and setting performance objectives for each investment manager.
3. Communicate the policies and objectives of this Policy to outside professionals such as the investment managers.

4. Work with investment managers and other outside professionals to further the overall goals and objectives of the Foundation.
5. As needed, reallocate Foundation assets among asset classes, investment styles and investment managers. Reallocated assets shall remain within allocation ranges previously approved by the Committee.
6. Review reports from outside professionals regarding the status of Foundation funds.
7. Issue regular performance reports to the Trustees and Committee and be available to review these reports with Trustees on a quarterly basis.
8. Review investment policies and objectives, and recommend appropriate changes.
9. Monitor and communicate to the Committee long-term capital market trends as well as trading activity, asset allocation targets/ranges, investment manager selection and structure, and performance objectives for each investment manager.
10. Implement all portfolio trades and changes within the guidelines of this policy.
11. Perform an annual fee review of all portfolio costs and strive to negotiate and reduce investment expenses where possible.
12. Manage the allocation of new contributions as well as periodic asset allocation rebalancing.
13. Research and select investment management firms who are appropriate to implement the Foundation's investment policies and objectives.
14. Monitor and assess investment managers, report on changes within the organizations, and implement manager changes as needed.
15. Measure, evaluate and report the investment managers' and total Fund performance results on a quarterly basis.
16. Provide other support to the Committee as requested or as appropriate in order to implement this Policy.

D. Responsibilities of the Investment Managers

The investment managers have full discretion to manage the assets of the Foundation in accordance with the investment objectives and guidelines expressed within their Investment Management Agreement and Portfolio Guidelines. For investment managers retained under a mutual fund or commingled fund agreement, however, it is expected that the strategy instead will operate under the specific guidelines outlined in its prospectus or offering memorandum. To the extent applicable to mutual funds in general, the provisions of this Policy with respect to investment managers shall apply to any mutual funds selected by the Investment Advisor.

Specific responsibilities include:

1. Communicate promptly with the Investment Advisor regarding all significant matters such as:
    a. major changes in the firm's investment outlook and strategy,
    b. shifts in portfolio construction
    c. changes in the firm's ownership, organizational structure or professional staffing, and
    d. other changes of a substantive nature.
2. Adhere to the investment policies and guidelines prescribed for the Foundation. Any specific concerns about the appropriateness of an investment should be clarified in writing, in advance of purchase.
3. Comply with all laws, legislation, and regulations that involve the Foundation as they pertain to the manager's duties, functions and responsibilities as a fiduciary.
4. For separate accounts, signify in writing its agreement to comply with all established guidelines.
5. Effect security trading on a best execution basis. Placement of orders should be based upon financial viability of the brokerage firm and the assurance of prompt and efficient execution.
6. Issue monthly and/or quarterly reports to the Investment Advisor with regards to portfolio performance.
7. Meet periodically with the Investment Advisor to report on the management of Foundation funds.
8. Fully disclose all fees and expenses on an annual basis.

E. Responsibilities of the Custodian Bank

1. Serve as custodian and act in a fiduciary capacity to the Foundation.
2. Provide safekeeping of securities entrusted to it; collect dividends and interest on these securities; make disbursements and manage cash flows as directed.
3. Arrange for timely settlement of all transactions made for the Foundation.
4. Provide complete and accurate accounting records including each transaction, income flow and cash flows by investment manager.
5. Issue, or make available via online access, monthly holding and transaction reports priced in accordance with industry standards.
6. Communicate effectively with the Investment Advisor to report on the administration of the Foundation.

V. INVESTMENT OBJECTIVES

The investment strategy of UVUF is designed to ensure the prudent investment of funds in such a manner as to provide for stable spending and liquidity to support the mission of the Foundation and to provide real growth of assets over time while protecting the value of the assets from undue volatility or risk of loss. Assets are to be invested under a total return concept of the UPMIFA, whereby net appreciation, realized and unrealized, in the fair value of the asset of the Foundation may be appropriated for expenditure. UPMIFA was adopted into state law under Utah Code 51-08 and is the governing regulation for the Foundation.

A. Risk Objectives

1. To accept an appropriate level of risk, as required to achieve UVUF's return objective as stated immediately below.
2. To use diversification to minimize exposure to company and industry specific risks in the aggregate investment portfolio.
3. To the extent possible, minimize the annual volatility of the asset base that supports the desired level of spending.

B. Return Objectives

1. As it pertains to the long-term endowment portfolio, attempt to achieve a total rate of return equal to or exceeding the Foundation's projected spending rate, plus operating expenses, net of all investment management fees, while also attempting to meet inflationary expectations.

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2. To protect the corpus of assets in real (i.e., inflation adjusted) terms while seeking growth of principal.
3. Maintain an adequate level of liquidity in order to meet the financial requirements of the Foundation.
4. Produce a reasonable risk-adjusted rate of return when compared to appropriate benchmarks or a blended index.

Investment objectives are necessary and appropriate to properly measure and evaluate the success of the investment program and the investment managers. Total investment return is defined as interest and/or dividends plus realized and unrealized capital appreciation or loss less investment-related fees and expenses. Performance will be evaluated net of investment management fees.

VI. INVESTMENT CONTRAINTS

A. Legal and Regulatory

The Trustees intend to manage the funds of the Foundation at all times in accordance with UPMIFA and the Prudent Investor Rule.

B. Time Horizon

The Foundation operates on a perpetual basis. The funds will be invested with a long-term time horizon (twenty years or more), consistent with the mission of the Foundation.

C. Liquidity

Given UVUF's long-term time horizon, liquidity for the purpose of spending will be a moderate concern. The Committee will continuously monitor liquidity needs, spending projections, and the impact of changes in regulations or other circumstances. The Investment Committee intends to invest no more than 30% of UVUF's total assets in illiquid vehicles[1], subject to approval of this Investment Policy Statement by the Board of Regents as consistent with state legislation.

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D. Tax Considerations

UVUF is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Therefore, investments and strategies will be evaluated only on the basis of expected risks and potential returns.

[1] Illiquid vehicles are defined as those vehicles that do not allow withdrawals to occur on at least a monthly basis.

E. Prohibited Transactions

The Foundation will not directly engage in any short selling, securities lending, futures transactions, SWAP transactions, options trading, or margin utilization.

VII. RISK TOLERANCE

The following statements reflect the Trustees' understanding of capital market risk as well as measures adopted to control undue portfolio volatility:

A. The Trustees recognize that the primary fiduciary obligation regarding the Foundation is to maintain the inflation-adjusted principal value of the Foundation, within prudent risk guidelines, after meeting current and projected future spending requirements.

B. The Trustees fully recognize the likelihood of periodic market declines and are willing to accept the possibility of short-term declines in market value in order to achieve long-term investment return objectives.

C. The Investment Advisor will consider investments appropriate for the Foundation within a total portfolio context. Assets of the Foundation will be diversified to protect against large investment losses and to reduce the probability of excessive performance volatility at the total Fund level.

D. Assets will be diversified by allocating monies to various asset classes and investment styles within asset classes, and by retaining investment managers with complementary investment philosophies, styles and approaches.

E. A reasonable time horizon for evaluating total Fund investment performance shall be long-term (ten years or more). Absent special circumstances, time frames for evaluating the performance of investment managers will approximate a full market cycle.

VIII. SPENDING POLICY

UVUF's spending policy is set based on expectations set forth in UPMIFA and is benchmarked annually against peers based on data in the NACUBO/CommonFund Endowment Study. To ensure a stable and predictable level of spending from year to year on the stated endowment purposes (e.g, scholarships, programs, chairs, etc), UVUF intends to spend up to 4.0%, depending on market conditions, of the Foundation's long-term endowment portfolio funds annually, based on the moving average of the Foundation's market value for the preceding three fiscal years.

Further, UVUF intends to spend up to 2.0% of the Foundation's long-term endowment portfolio funds annually for general and administrative (operating) expenses.

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The Committee will review and approve the spending policy annually. Special situations may necessitate an amendment to the spending policy as deemed appropriate by the Committee.

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IX. ASSET ALLOCATION GUIDELINES

The Investment Advisor shall determine the asset allocation strategy for the Foundation within the guidelines of the Board approved Investment Policy. The Investment Advisor will manage the asset allocation mix within the allocation ranges stated by the Policy. To implement this strategy, the Investment Advisor will select an asset allocation mix which will diversify investments among asset classes, and which is designed to meet the objectives of the Foundation.

A. Permissible Asset Classes

Because investment in any particular asset class may or may not be consistent with the objectives of the Foundation, the Trustees have specifically indicated the asset classes that may be utilized when investing the Foundation's assets in Appendix A.

B. Expected Returns, Risks, and Correlations for Permissible Asset Classes

The risk and return behavior of the Foundation will be driven primarily by the allocation of investments across asset classes. In determining the appropriate allocation, the expected return and risk behavior of each asset class and the likely interaction of various asset classes in a portfolio are to be considered. Appendix B lists the expected return and volatility for each permissible asset class, and Appendix C lists expected correlations among major asset classes.

C. Long-Term Target Allocations

Based on the investment objectives and constraints of the UVUF, and on the expected behavior of the permissible asset classes, the Investment Advisor, along with the Committee, will specify a long-term target allocation for each class of permissible assets. These targets will be expressed as a percentage of the Foundation's market value, surrounded by a band of permissible variation resulting from market forces or tactical portfolio shifts executed by the Investment Advisor.

The Foundation's target allocations for all permissible asset classes are shown in Appendix D. These long-term target allocations are intended as strategic goals, not short-term imperatives. Thus, it is permissible for the Foundation's asset allocation to deviate from the long-term targets, due to tactical asset allocation shifts, manager transitions, asset class restructurings, and other temporary changes in the Foundation's assets. Deviations from targets that occur due to capital market changes are discussed within rebalancing procedures.

D. Rebalancing

In general, cash flows to and from the Foundation will be allocated in such a manner as to move each asset class toward the target allocation.

The Trustees recognize that, periodically, market forces may move the Foundation's allocations outside the target ranges. The Trustees also recognize that failing to rebalance the allocations could unintentionally change the Foundation structure and risk posture. However, the Trustees understand that constant rebalancing could result in a significant increase in explicit and implicit trading costs to the Foundation. Consequently, the Committee has delegated the authority to the Investment Advisor to rebalance the Fund's allocations when prudent.

On at least an annual basis, if any strategic allocation is outside the specified target range, assets will be shifted to return the strategy to the target range. The specific plan for rebalancing will identify the assets that can be shifted and potential risks and costs of executing the shifts, if the rebalancing cannot be accomplished solely by allocating contributions and withdrawals.

X. EVALUATION AND REVIEW PROCESS

The Investment Advisor and the Committee will evaluate investment performance of the Foundation regularly to include the following:

A. The Foundation's asset allocation relative to this Policy and the capital market outlook.

B. The extent to which each investment manager has managed its portfolio consistent with that investment manager's stated investment philosophy and style.

C. Each investment manager's adherence to the guidelines and investment policies contained in this Policy.

D. The risk and return profile(s) of the total Foundation and each investment manager compared to the Foundation's goals and objectives under this Policy.

The asset allocation of the Foundation will be reviewed on an on-going basis, and at least annually. When necessary, such reviews may result in a rebalancing of assets. In general, the Trustees intend for the Foundation to adhere to its long-term target allocations, staying within established target ranges, and that major changes to these targets will be made only in response to significant developments in the circumstances, objectives, or constraints of the Foundation.

The Trustees will specifically evaluate the performance of the Foundation relative to its objectives and to the returns available from the capital markets during the period under review. In general, the Trustees will utilize a combination of relative and absolute benchmarks in evaluating performance. The total performance of the Foundation will be evaluated relative to the investment objectives and constraints identified in this Investment Policy Statement. The return objective of the portfolio of all long-term endowment investments shall be to outperform peer sized endowment funds, based on data in the NACUBO/CommonFund Endowment Study, over a full market cycle.

The Committee will review the Investment Policy Statement at least annually to determine that it continues to be appropriate in view of changes within the Foundation and the capital markets. The Committee, as deemed appropriate, may consider exceptions to the Investment Policy Statement.

This Investment Policy Statement has been adopted and approved by the Trustees of the Utah Valley University Foundation.

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