

**Northland College
Endowment Fund**

Investment Policy Statement

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I. GENERAL INFORMATION

Name of sponsors: Northland College (“College”) is a private, nonprofit, nongovernmental organization

Fund name: Northland College Endowment (“Endowment”)

Fund's mission:

The Endowment exists exclusively to provide benefit to the College through the development and acceptance of private gifts to the College that will benefit future students. The Endowment consists of various Board or donor designated unrestricted and restricted investments accumulated primarily from outside contributions. These funds are set aside for but not limited to new programs, scholarships, services, or designated charitable purposes or to future expansion or replacement of property and equipment.

II. SCOPE OF STATEMENT

This Investment Policy Statement (“IPS”) reflects the investment policies, objectives, and constraints of the entire Endowment.

To assure continued relevance of the guidelines, objectives, and financial status as established in this IPS, **the Board of Trustees is required to review IPS at least annually.**

III. PURPOSE OF STATEMENT

The Board of Trustees of Northland College sets this IPS forth in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Endowment assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Endowment assets.
4. Establish a basis for evaluating investment results.
5. Manage Endowment assets according to prudent standards as established in common trust law, including the Uniform Prudent Management of Institutional Fund’s Act as codified in Wisconsin statutes (“UPMIFA”).
6. Establish the relevant investment horizon for which the Endowment assets will be managed.

In general, the purpose of the IPS is to outline a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

IV. UPMIFA:

THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

It is the intent of the Board of Trustees of Northland College to follow the provisions and apply the investment standards of UPMIFA (www.upmifa.org) in the management of the Endowment's investment assets. In managing and investing an institutional fund, all of the following factors, if relevant, must be considered:

1. General economic conditions.
2. The possible effect of inflation or deflation.
3. The expected tax consequences, if any, of investment decisions or strategies.
4. The role that each investment or course of action plays within the overall investment portfolio of the Endowment.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Endowment.
7. An asset's special relationship or special value, if any, to the charitable purposes of the institution.
8. The needs of the College and the Endowment to make distributions and to preserve capital.
9. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the Endowments portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Endowment and to the institution.
10. Except as otherwise provided by law other than UPMIFA, the institution may invest in any kind of property or type of investment consistent with this IPS.
11. The institution shall diversify the investments of the Endowment unless it reasonably determines that, because of special circumstances, the purposes of the Endowment are better served without diversification.
12. Within a reasonable time after receiving property, the Endowment shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the Endowment into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this section of the IPS.
13. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

V. DELEGATION OF AUTHORITY

Board of Trustees of Northland College

The governing body of the Endowment is the Board of Trustees (“Board”), who have overall responsibility for investment policies. As such, the Board is authorized to delegate certain responsibilities to others. The Board has delegated responsibility for the investment of the Endowment’s assets to the Investment Committee who has delegated certain responsibilities to appropriate experts.

Responsibility of the Board of Trustees

- 1. Approve the IPS.*
- 2. Ensure that the costs are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution.*
- 3. Make reasonable effort to verify facts relevant to the management and investment of the Endowment assets.*

Investment Committee

The Board has established an Investment Committee (“Committee”). The Committee is responsible for directing and monitoring the investment management of Endowment assets. While the Board bears ultimate responsibility for the Endowment, the Committee shall report to the Board the general policy for the Endowment. Northland College staff shall be responsible for day-to day guidance, monitoring, and oversight.

Responsibility of the Investment Committee

- 1. Adhere to the guidelines as defined in UPMIFA and all other applicable regulations.*
- 2. Develop, review, and present a IPS to the Board.*
- 3. Develop, review, and recommend the overall asset allocation for the Endowment, as well as funding level for each manager / fund.*
- 4. Approve the diversification of the investment assets, both strategic and potential tactical asset allocation changes.*
- 5. Periodically review and make recommendations to the Board regarding the spending policy of the Endowment.*
- 6. Review the performance in light of the Endowment’s investment objectives.*
- 7. Appoint, evaluate, and remove investment managers for the assets of the Endowment.*
- 8. Appoint, evaluate, and remove other service providers, such as investment management consultant(s) and custodian(s), that it deems necessary for the Endowment.*
- 9. Negotiate compensation arrangements with service providers.*
- 10. Receive and review the reports of the Investment Management Consultant, and the custodian and other reports on the financial condition of the Endowment.*
- 11. Manage and monitor risks in the portfolio with assistance of the Investment Management*

Consultant.

12. Designate an individual Northland College staff person with the day-to-day administrative responsibility of the Endowment.

13. Report recommendations and conclusions to the Board.

As such, the Committee is also authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

Management (Northland College staff)

Northland College staff shall be responsible for the day-to-day administration of certain non-investment and non-policy responsibilities established by the Committee for administration of the Endowment. The management staff shall also be the primary liaison between all outside professionals.

Responsibility of Management (Northland College staff)

- 1. Oversee the day-to-day operational activities of the endowment subject to policies established by the Board of Trustees and Committee.*
- 2. Contract with the service providers: investment consultants, investment managers, banks, and/or trust companies. Control and account for investment expenses.*
- 3. Receive and retain the reports of the Investment Management Consultant, and the custodian and other reports on the financial condition of the Endowment.*

Investment Management Consultant(s)

The Investment Management Consultant's role is that of a non-discretionary advisor to the Committee of the Endowment. Investment advice concerning the investment management of Endowment assets will be offered by the Investment Management Consultant, and will be consistent with the investment objectives, policies, guidelines, and constraints as established in this statement.

Responsibility of the Investment Management Consultant(s)

- 1. Manage the Endowment's assets in compliance with the standards according to UPMIFA.*
- 2. Assist in the development and periodic review of investment policies and objectives.*
- 3. Assist in the development and periodic review of asset allocation strategy. Recommend and implement strategic and tactical asset allocation changes within the guidelines of the IPS.*
- 4. Review the capital markets in light of the Endowment's investment objectives.*
- 5. Assist in the management and tracking of risks in the portfolio.*
- 6. Implement portfolio rebalancing upon direction of the Committee within the guidelines of the IPS.*
- 7. Assist in compensation negotiations with investment managers, custodians and other*

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- service providers. Assist the Committee and/or Management in the determination, understanding, negotiation, and accountability of all Endowment investment costs.*
8. *Conduct investment manager searches, make recommendations, provide “due diligence” or research on Investment Managers.*
 9. *Provide the performance of the total Endowment and Investment Manager(s) to assist the Committee with the ability to determine the progress toward the investment objectives.*
 10. *Communicate matters of policy, manager research, and manager performance to the Committee.*
 11. *Communicate matters of policy and investment direction to the investment managers when necessary.*
 12. *Review Endowment investment history, historical capital markets performance and the contents of this IPS with any newly appointed members of the Committee.*
 13. *The Investment Management Consultant must operate without any undisclosed conflict of interest.*
 14. *The Investment Management Consultant may not recommend any investment product proprietary to their firm or any affiliated entity including but not limited to separately managed accounts, mutual funds, exchange traded funds (ETF’s), structured investments, or alternative investments such as private equity, real estate, hedge funds, or hedge fund of funds.*

Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction and within guidelines of their stated investment methodology.

Responsibility of the Investment Manager(s)

1. *Investment managers are required to maintain prudent diversification and manage the risk of their portfolios.*
2. *Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines of their stated methodology.*
3. *Report, on a timely basis, quarterly investment performance results.*
4. *Communicate any major changes to economic outlook, investment strategy, or any other factors that affect implementation of investment process, or the investment objective progress of the Endowment’s investment management.*
5. *Inform the Investment Management Consultant regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.*
6. *Meet with the Investment Management Consultant and/or Committee as needed.*
7. *The Investment Manager must operate without any undisclosed conflicts of interest.*

Custodian(s)

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

Other Professional Experts

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

VI. GENERAL INVESTMENT PRINCIPLES

1. The Endowment shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of an Endowment of like character and with like aims.
2. The Endowment will comply with applicable laws and regulations and apply the standards of UPMIFA in managing the Endowment.
3. The Board of Trustees and Committee understand that risk is present in all types of securities and investment styles and recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Endowment's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
4. Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

VII. INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Endowment is to emphasize total return--that is, the aggregate return from capital appreciation and dividend and interest income. The Endowment has a perpetual investment horizon. The primary objective in the investment management for Endowment assets shall be:

- Preservation of Purchasing Power - To achieve returns in excess of the rate of inflation, spending and expenses over the investment horizon in order to preserve purchasing power of Endowment assets. Risk control is an important element in the investment of Endowment assets. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

VIII. SPECIFIC INVESTMENT GOALS

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Over the investment horizon (typically 5-7 years), it is the goal of the aggregate Endowment assets to exceed:

1. The sum of the Spending Rate, inflation, and investment expenses.
2. The return of a Balanced Market Index comprised of 65% MSCI AC World Equity Index / 35% Barclays Global Aggregate Index.
3. The return of a composite market index comprised of passive market indices combined in the same percentage as Endowment assets.

The investment goals above are the objectives of the aggregate Endowment, and are not meant to be imposed on each investment account (if more than one account is used). The goal of each Investment Manager, over the investment horizon (typically 5-7 years), shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to the style of investment management
2. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above.
3. To measure risk for the management of the investment portfolio, a variety of risk measurements will be considered and evaluated. These risk measurements will be included in the quarterly performance reports. For the basis of comparison, a global portfolio is used as the benchmark.

IX. INVESTMENT POLICIES AND PROCEDURES

Risk

The Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Endowment assets understands how it defines risk so that the assets are managed in a manner consistent with the Endowment's objectives and investment strategy as designed in this IPS. The Committee defines risk as:

- The probability of not meeting the Endowment's spending or cash flow requirements.

To measure risk for the management of the investment portfolio, a variety of risk measurements will be considered and evaluated. These risk measurements will be included in the quarterly performance reports.

Northland College Borrowing from the Endowment (Inter-fund Financing)

The Endowment may loan the College no more than 30% of the total value of the Endowment as of the prior calendar quarter end under the following terms and conditions:

1. All lending to Northland College by the Endowment requires approval of the Committee and two-thirds (2/3) approval of the full Board of Trustees.
2. Charitable Purpose - Any loan must contribute to the College's charitable purpose of becoming the nation's leading environmental liberal arts college.
3. Donor Restrictions - Any funds distributed to the College in the form of a loan may not violate any donor-imposed restrictions.
4. One Outstanding Inter-fund Loan - Only one loan will be allowed at any given time.
5. All of the above will be documented in a Loan Note between the Endowment and the College.

Endowment as Collateral

Within Northland College's responsibilities of managing and investing the Endowment, supporting by the standard of prudence established by UPMIFA, the College may pledge the Endowment as collateral to secure short- or long-term financing. Any pledge of Endowment assets requires approval of the Committee and two-thirds (2/3) approval of the full Board of Trustees.

Asset Allocation

The Committee shall invest the Endowment using asset allocation that is designed to meet the Endowment's long-term goals. The allocation will be based on the objectives of the Endowment set forth in this IPS.

Recognition of this IPS will be applied to all investments after the date of signing of this IPS. Legacy investments will be transitioned as soon as reasonably possible in order to comply with the terms and expectations of this IPS.

The asset allocation shall be implemented as set forth below, with target allocations and parameters for each macro asset class. Due to the need for diversification and the longer funding periods for certain investment strategies, the Committee recognizes that an extended period may be required to fully implement the asset allocation plan. It is expected that market value fluctuations will cause deviations from the target allocations to occur.

The strategic asset allocation targets and asset class limits are provided below and subject to modification and change based on recommendations from the Investment Management Consultant and approval of the Committee.

Strategic Asset Allocation Targets

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Cash & Equivalents	5%	0%	10%
Fixed Income	15%	0%	35%
Domestic Equity	44%	40%	90%
International Equity	21%		
<i>Total Equity</i>	65%		
Alternative Investments	15%	0%	30%

Any Inter-fund Financing balances are excluded from the asset allocation targets above for purposes of the overall investment portfolio.

Environmental, Social and Governance Investing

Following input from the student body the College and Endowment recognize that in making investment decisions the College and Endowment should consider the promotion of sustainable and socially responsible investing when possible and practical without compromising the overall strategy to generate returns as detailed in this IPS. When possible and practical the Committee and Investment Management Consultant, when recommending and selecting Investment Managers, should take into consideration Environmental, Social, and Governance (ESG) investing.

Environmental, Social, and Governance (ESG) investing tries to identify companies whose approach to environmental, social or governance issues create value differentiation.

Rebalancing

From time to time, market conditions may cause the Endowment's investment in various asset classes to vary from the approved allocation. The portfolio will be rebalanced periodically as follows:

The Committee will consider rebalancing the asset allocation quarterly or when any asset class is outside the maximum IPS allocation. Rebalancing the portfolio will distribute funds toward the target allocations such that no asset class is above its maximum allocation. Cash flows into or out of the Endowment will be utilized to rebalance the portfolio as close to the strategic asset allocation as possible or toward a tactical allocation provided by the Investment Management Consultant. Tactical allocations must be within the maximum allocation limits provided. Rebalance activity incurred from deposits or withdrawals will be reported to the Committee at the next quarterly meeting.

Spending Rate

IPS spending rate: The IPS spending rate for the Endowment shall be 7%. The IPS spending rate shall not exceed 7%. The Board and Committee acknowledge that the

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Spending Rate should be reduced from 7% to 5% or less for the Endowment to be sustainable.

Spending formula: By January 31 of each year the amount determined available for appropriation (i.e., draw) during the next fiscal year shall be calculated by applying the spending rate to the previous three year moving average of the December 31 (including the most recent year end) market value of the Endowment. The amount determined shall be available to draw in amounts and times as the Board determines appropriate beginning after the start of the next fiscal year.

Liquidity

Liquidity is the time it takes to convert a security to cash at little or no loss; maximums are put on each liquidity category based on the overall cash needs of the Endowment. Certain investment strategies have different liquidity characteristics. To better define the liquidity of various investment strategies, the follow definitions will apply:

Liquid – Marketable securities with daily liquidity or up to one-week, depending on capital market conditions.

Semi-liquid – Liquidity greater than one week or up to one-year depending on capital market conditions. Generally, this is quarterly liquidity and includes alternative investments with securities in limited partnership structures such as Hedge Funds, Managed Futures and other program structures.

Illiquid - Liquidity greater than one-year. Includes investments in Private Equity, Private Real Estate, Infrastructure and other investments that require a schedule of capital call funding and distributions over a longer than one-year time period.

Considering the various liquidity definitions, the table below will outline the liquidity restrictions for the portfolio:

<u>Maximum % of Portfolio</u>	
Liquid:	100%
Semi-Liquid:	30%
Illiquid:	10%

Operating Account:

The operating account will hold the capital reserves waiting for distribution and will be set aside from the investment portfolio in a separate account invested in short-term money-market or other liquid short-term instruments. These funds will be considered outside the strategic asset allocation of Endowment investment assets. The amount of funds held in the operating account should be for relatively immediate distribution and not considered funds within the asset allocation management of cash. The Committee will notify the Investment Management Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves to meet any net outflow.

X. SELECTION OF INVESTMENT MANAGERS

The Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. The Manager selection process should include both quantitative and qualitative characteristics. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940 ("Act"), or an entity that qualifies for an exemption under the Act. The Committee will use the services of a qualified Investment Management Consultant to assist in the Manager Selection and evaluation process.

Investment Manager Risk:

Investment managers are required to maintain prudent diversification and manage the risk of their portfolios. The Investment Management Consultant will maintain responsibility for the evaluation of the diversification and risk management of the investment managers and their continued due-diligence to assure the investment managers are operating according to the stated investment methodology approved by the Investment Management Consultant and Committee. In the evaluation of investment managers, the following risk factors and exposures will be considered but not be limited to the following:

Equity Managers

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- Diversification in economic & geographic sectors
- Diversification in market capitalization

Fixed Income Managers

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- The overall duration and yield of the portfolio in relation to various specific benchmarks
- Diversification in economic sectors
- Diversification in the type of fixed-income securities
- The quality of the Securities
- The allocation of foreign security investing

Alternative Investments

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- Gross & Net exposure to sub asset classes
- Diversification across investment strategy
- Diversification in economic & geographic sectors
- Leverage utilized
- Liquidity profile

XI. INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Committee for review. 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 Committee intends to evaluate the portfolio(s) over longer-term periods, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this IPS, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. Significant style drift from stated discipline.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may affect their ability to achieve the desired investment results. The Committee intends to evaluate the portfolio(s) based upon the following criteria over a market cycle of at least three years:

1. Benchmark Correlation
 - Three-, five-, and seven-year R^2 should be greater than or equal to 0.85
2. Annualized Performance
 - Three-, five-, and seven-year annualized return should surpass benchmark
3. Risk-Adjusted Performance
 - Three-, five-, and seven-year Sharpe Ratio (excess return divided by standard deviation of returns) should be above benchmark
4. Down Market Performance
 - Three-, five-, and seven-year down capture ratio should be less than 1.0
5. Peer Universe
 - Percentile ranking of portfolio's three-, five-, and seven-year annualized return against peer group should be above median (50%)
6. Investment Management Organization Changes

- Turnover of portfolio manager or other personnel significant to the firm's management process
- Ownership change
- Involvement in relevant regulatory investigation or litigation
- Significant increase in fees

7. Deviation from Investment Methods basic to Historical Records

- Aggregate assets in product are insufficient to ensure broad diversification, efficient trading, and economies of scale
- Assets in product grow too large to continue to be managed in a manner similar to methods that built historical performance
- Portfolio characteristics do not match stylistic expectations

In the event that an investment manager is under watch by the Committee or circumstances have arisen that require an immediate review, the Committee will evaluate the manager in question and determine what, if any, action should be taken. Generally, the Committee may make one of three decisions:

- ◆ Satisfied with Explanation – The Committee is satisfied with the results of the investment manager review and will continue with the normal quarterly investment reviews.
- ◆ Place Manager on Watch List – The Committee is concerned with the manager's ability in the future to meet the performance objectives and accordingly, the investment manager is put on watch and will be subject to a more detailed review at each quarterly performance review. At the end of one year if the Committee has not taken any action, the Committee will reevaluate the manager's overall investment performance for the year and make a determination as to whether to continue with the manager, terminate the manager, or continue it on watch.
- ◆ Review Alternatives and Replace Manager – Review alternatives and replace the manager as an investment component of the Endowment as soon as possible.

XII. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this IPS, the Committee plans to review the IPS at least annually.

This IPS is adopted on **January 27, 2017** by the Board of Trustees of Northland College.

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XIII. BASIC ASSET CLASS DESCRIPTIONS

"Large cap" stocks are from larger companies, whose market capitalization is over \$5 billion

"Mid cap" stocks are from the middle range of companies, whose capitalization is between \$500 million and \$5 billion.

"Small cap" stocks are from smaller companies whose market capitalization is less than \$500 million.

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories.

Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios.

Value stocks are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign domiciled corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets."

The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets" and can be sub-divided in growth, value, large, mid, and small classifications.

Alternative investments generally refer to a diverse range of investment strategies that fall outside the traditional, long-only purchase and sale of stocks and bonds. Alternative Investments generally include Hedge Funds, Private Equity, Master Limited Partnerships (MLP's), Private Real Estate, Commodities, and other investment instruments. The appeal of alternative investments lies in their potential to provide attractive risk-adjusted performance, lower volatility, and additional diversification relative to traditional asset classes. Diversification does not ensure against loss.

Bonds (Fixed Income) in their most basic description are loans. A bond is a debt instrument with period of greater than one year. The purpose is to raise capital. All bonds require the repayment of the principal (issued amount) at a specified date. Most bonds, but not all, require the payment of interest. Unlike equities, the bond does not confer ownership rights from the issuer to holder (investor). Interest rate sensitivity and credit risk influence the pricing and performance of bonds and bond funds. If interest rates increase the value of a bond decreases, if interest rates decrease the value of a bond increases. Different types and maturities of bonds have varying degrees of risk associated with them. Globally there are many types of bonds: Treasury, Agency, Municipal, Corporate, High yield, and others.

EXAMPLE

Endowment

Addendum to IPS, Objectives, and Guidelines

Investment Guidelines for ABC Investment Management

ABC Investment Management has been retained by Endowment to manage a large-cap value equity portfolio. The investment objectives and guidelines for the assets managed by ABC Investment Management for Endowment are defined in this document and the IPS, Objectives, and Guidelines. The policy items included in the IPS are applicable for the entire Endowment, but may not apply to each individual manager. If a policy item in this document is in disagreement with a policy item in the IPS, the item in this document shall apply. The manager is instructed to incorporate these guidelines into the IPS.

Specific Investment Goals

Over the investment horizon established in the IPS, it is the goal of the assets managed by ABC Investment Management to meet or exceed:

The return of the Russell 1000 Value Index.

Volatility (Risk)

ABC Investment Management is expected to meet its objectives with a level of risk that is consistent with the risk associated with the index stated above.

Asset Allocation Guidelines

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	80%	100%	95-100%
Cash and Equivalents	0%	20%	0-5%