

Statement of Investment Principles

The Ball State University Foundation fulfills its greatest social good by providing financial resources for the university's efforts toward transforming entrepreneurial learners into impactful leaders committed to improving quality of life. The investment objective of the Foundation is, therefore, to earn the highest return available with a prudent level of risk. To achieve this investment objective the foundation seeks investment opportunities across the entire spectrum of legal activities within the investment universe.

There are two situations where the return/risk objective may be modified for the advancement of the mission:

- When an investment opportunity advances a specific mission program of the university, or
- When that modification supports increased philanthropy from friends and alumni of Ball State University.

The foundation recognizes that investments are exposed to many forms of risk and that new risks arise from time to time, from sources that include changes in public policy and regulation, changes in geopolitical relationships, and changes in financial and technological innovation. The foundation will seek to identify and monitor its exposure to these various risks and to mitigate those risks as they increase in significance.

In that light the foundation supports the emergence of Environmental, Social, and Governance (ESG) factors in the analysis of investment opportunities, and it believes that incorporating these factors should produce higher investment returns over a long-term horizon. However, the application of these factors varies greatly across industry segments and over time, and evolving ESG investment strategies have a relatively short history over which to evaluate performance. Therefore, while the foundation supports and encourages the consideration of these factors among its investment advisors and managers, it is not yet ready to implement mandatory criteria on portfolio holdings in the main investment portfolio. Instead, the Foundation will make a seed investment into an alternative ESG-focused investment portfolio. This ESG portfolio option will be available to endowment donors who may choose to designate that their endowment fund be managed under ESG principles. Since the investment return of the ESG portfolio will differ from the return of the main portfolio, endowment funds invested in this portfolio will receive the investment return earned by the ESG portfolio.

Further, the foundation supports the diversity of views among the community of Ball State students, alumni and friends. When prudent and practical, the foundation will consider leadership endowment gifts from donors who request that their fund be managed in a separate portfolio under an alternative investment policy statement. The Investment Committee will set minimum criteria for such alternative portfolios and have fiduciary oversight of portfolio management, but will seek to incorporate donor preferences with respect to ESG or other objectives or restrictions. The endowment created by the donor will receive the investment return earned by the associated portfolio.