

UNIVERSITY OF CENTRAL MISSOURI FOUNDATION

INVESTMENT POLICY FOR EXPENDABLE FUNDS

I. PURPOSE

This Policy statement includes both objectives and guidelines intended to apply to the non-operating cash and short- to intermediate-term assets (“Investments”) in the University of Central Missouri Foundation (“Foundation”). In all cases, the purpose is to establish sound cash management practices to ensure efficient utilization of cash in a manner consistent with the overall strategic goals of the Foundation. Unless otherwise outlined, this policy will follow all guidelines in the investment policy statement for funds functioning as endowments.

This policy is designed to:

- A. Establish appropriate risk and return objectives in light of the risk tolerance and the time horizon for the Investments.
- B. Describe roles and responsibilities of parties overseeing the Investments.
- C. Establish asset allocation guidelines and suitable investments for the Investments, consistent with the risk and return objectives of the policy.

II. INVESTMENT OBJECTIVES

The primary investment objectives for the management of the Investments are:

- A. The preservation of capital while attempting to keep up with inflation.
- B. The maximization of returns with modest to moderate levels of risk.
- C. The management of liquidity requirements.

III. ASSET CLASS GUIDELINES

The assets may be invested in short-to-intermediate maturity fixed income investments in line with the target allocation. No more than 50 percent of the total portfolio may be allocated to global equities, with a broad diversified approach in line with the target allocation. The permissible asset allocation ranges and the targets for each category, along with additional specifics, are stated later in Appendix A. Global equity allocations should be limited to U.S. and non-U.S. publicly-traded common stocks, exchange traded funds (ETF’s) and mutual funds. An allocation, up to ten (10) percent of the total portfolio can be invested in alternative assets restricted to liquid and diversified vehicles.

IV. ASSET ALLOCATION

The asset allocation parameters for the Investments are determined by the Committee and further described in Appendix A to facilitate the achievement of the investment objectives within the established risk parameters. The actual asset allocation and the benchmark indexes will be reviewed by the Committee and reported to the Board at least quarterly.

The Investments shall be divided into the following general asset classes: cash and cash equivalents; global equities; global fixed income; and alternatives. The asset allocation parameters are listed in Appendix A and appropriate benchmarks are listed in Appendix B. Within the above guidelines and restrictions, the managers shall have complete discretion over the selection, purchase and sale of securities subject to the standards of fiduciary responsibility.

V. SPENDING POLICY

The spending of expendable funds will be governed by the intent of donors. Cash flow projections will be used to determine the amount of cash needed to meet the spending needs of expendable fund managers.

According to the Financial Accounting Standards Board Statement of Financial Accounting Standard No. 116, unconditional promises to give are recognized as gift revenue in the period that the promise is received. As a result, the Foundation does have receivables on its statements of financial position that represent the fair market value of these promises to give.

In order to protect the assets of the UCM Foundation and to prevent the expenditure of gifts not yet received, no portion of gift receivables shall be spent or transferred to the University unless there is prior approval by the Foundation Board of Directors.

Adopted 10/22/12

Revised 10/25/13

Revised 5/2/14

Revised 4/29/22

APPENDIX A – Allocations Allocation Parameters

	<u>Minimum</u>	<u>Maximum</u>
Global Equities	15%	50%
U.S. Large Cap	15%	50%
U.S. Mid Cap	0%	15%
U.S. Small Cap	0%	15%
Developed Ex-U.S.	0%	20%
Emerging Market	0%	15%
Global Fixed Income	40%	85%
U.S. Fixed Income	40%	85%
Non-Investment Grade	0%	20%
Ex-U.S. Fixed Income	0%	20%
Emerging Market Fixed Income	0%	20%
Alternatives	0%	10%
Marketable Strategies	0%	10%
Energy and Natural Resources	0%	10%
Real Estate	0%	10%
Cash and Cash Equivalents	0%	5%

APPENDIX B – Policy Portfolio

<u>Broad Asset Class</u>	<u>Policy Portfolio</u>	<u>Benchmark</u>
U.S. Fixed Income	40%	Barclays Aggregate Bond Index
U.S. Fixed Income	25%	Barclays 1-5 year Gov/Credit Index
U.S. Equities	15%	Russell 3000 Index
Global Equities	15%	MSCI All Country World Index
Alternatives	5%	HFRI Hedge Fund of Funds Diversified Index