

Appendix A – Funds Investment Strategies

This provides framework for the investment program currently being developed for the University. The investment strategies that will fit into this initial framework will be developed in conjunction with the detailed cash flow analysis for the various funds and the development of the spending policy for the endowed accounts. The initial investment strategies in this document will be subject to ongoing review and modification by the University.

The University’s funds will be subject to additional investment guidelines and invested according to identified strategies, to include the following: a) identify each Fund and/or fund component; b) provide a description of the purposes of each Fund; c) detail the primary investment needs of each Fund; d) identify a performance benchmark that aligns with each Fund’s primary investment needs; and e) display the investment portfolio in which the Fund’s balances will be concentrated unless the Fund needs to be invested separately.

Funds may be invested separately or concentrated in the Liquidity Portfolio, the Core Portfolio or the Endowment Portfolio. Investment portfolios will be managed in accordance with the parameters specified within this policy and Appendices B and C. Investment performance benchmarks will be adopted for the individual funds, if invested separately, and for the various investment portfolios. All benchmarks will reflect the use and objectives of the individual funds invested. Each portfolio’s performance will be compared to its relevant benchmark on a regular basis.

Liquidity Portfolio

The Liquidity Portfolio is primarily designed to concentrate monies from different funds for the purposes of achieving economies of scale in the investment process. This portfolio is designed to provide for a high level of liquidity. The Liquidity Portfolio guidelines are listed in table below.

Security Sector	Sector Concentration Limit	Issuer Concentration Limit	Maturity Limit ⁽¹⁾
US Treasury	100%	100%	2 Years
US Agency/GSE	100%	25%	2 Years or 1-Year Duration for Mortgaged Backed Securities
Supranational	25%	25%	2 Years
Municipals	10%	5%	2 Years
Commercial Paper	35%	5%	1 Year
Bankers’ Acceptance	35%	5%	180 Days
Negotiable CD’s	35%	5%	2 Years
Corporate Notes	25%	5%	2 Years
Asset Backed Securities	15%	5%	2 Year Duration
Bank Demand Deposits	100%	100%	N/A
Non-Negotiable CD’	15%	5%	1 Year
Money Market Mutual Funds	100%	50% 10% of Fund Balance	N/A
LGIP’s	100%	100% 10% of LGIP’s Balance	1 Year Portfolio Duration
Repurchase Agreements	50%	50%	Overnight

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⁽¹⁾ Maturity limits apply from the settlement date of a security purchase.

Core Portfolio

The Core Portfolio is primarily designed to concentrate monies from different Funds for the purpose of enhancing investment earnings in the investment process. Fund balances that do not need to be spent for at least one year may be invested in the Core Portfolio subject to guidelines as listed below.

Security Sector	Sector Concentration Limit	Issuer Concentration Limit	Maturity Limit ¹
US Treasury	100%	100%	None
US Agency/GSE	100	25%	5 Years or 5-Year Duration for Mortgaged Backed Securities
Supranational	25%	25%	5 Years
Municipals	20%	5%	5 Years
Commercial Paper	35%	5%	1 Year
Bankers' Acceptance	35%	5%	180 Days
Negotiable CD's	35%	5%	5 Years
Corporate Notes	25%	5%	5 Years
Asset Backed Securities	15%	5%	5-Year Duration
Bank Demand Deposits	100%	100%	N/A
Non-Negotiable CD'	15%	5%	2 Years
Money Market Mutual Funds	100%	50%	N/A
		10% of LGIP's Balance	
Mutual Funds	25%	25%	4 Year Portfolio Duration
		10% of Fund's Balance	
LGIP's	100%	100%	4 Year Portfolio Duration
		10% of LGIP's Balance	
Repurchase Agreements	50%	50%	Overnight

⁽¹⁾ Maturity limits apply from the settlement date of a security purchase.

Restricted Endowment Portfolio

The Restricted Endowment Portfolio is primarily designed to achieve the investment objectives that balance between risk and return for optimal diversification. This portfolio will include: a) identification of the major asset classes and sub asset classes that will be used to invest assets; b) establishment of asset class and sub-asset class ranges within which tactical asset allocation can be implemented; c) memorializing the strategic asset allocation which is constructed to target a long term return and is used to establish a blended performance benchmark; and d) evaluation of internal or external investment advisor's/manager's strategies in relation to the University's investment objective. The assets will be invested in accordance with the targets for each asset class to achieve the target return as identified in the University's spending policy and a rebalancing philosophy will be followed.