



INVESTMENT OBJECTIVES AND GUIDELINES  
FOR  
WEST LIBERTY UNIVERSITY FOUNDATION, INC.  
INVESTMENT MANAGEMENT ACCOUNT

GUIDELINES

It is the objective of the Foundation to maximize the return on assets while minimizing risk and safeguarding the assets. In order to accomplish these objectives, the investment manager will employ prudent and diligent investment management to properly diversify the assets among various categories including equities, fixed income securities, cash equivalents, and other appropriate instruments.

A qualified investment manager must be a registered investment advisor in good standing under the Investment Advisor's Act of 1940, or a bank, mutual fund, or insurance company.

The Foundation recognizes that risk, volatility, and the possibility of purchasing power loss due to inflation are present to some degree in all investment vehicles. While excessive risk in the form of highly volatile, low-quality securities is to be avoided, some risk is warranted in order for the Foundation to achieve its investment objectives. The purpose of these Investment Guidelines is to exercise proper fiduciary oversight while pursuing satisfactory long-term results.

The endowment and quasi-endowment assets have a long-term, indefinite time horizon that runs concurrent with the endurance of the institution, in perpetuity. As such, these funds can assume a time horizon that extends well beyond a normal market cycle and can assume an above-average level of risk as measured by the standard deviation of annual returns. It is expected, however, that both professional management and sufficient portfolio diversification will smooth volatility and help insure a reasonable consistency of returns.

OBJECTIVES

I. GENERAL

It is the intention of these guidelines to be flexible. They will be reviewed annually and modifications may be discussed whenever appropriate.

The managers may invest the assets of the Foundation up to the following maximum (based on market value of the assets) in the following classes:

Asset Class	Range	Target
Equities	30 – 70%	60%

Fixed Income	15 – 40%	<b>30%</b>
Alternative Investments	0 – 5%	<b>0%</b>
Cash Equivalents	0 – 25%	<b>10%</b>

## II. EQUITIES

The investment manager is expected to construct a diversified portfolio of high quality marketable common stocks.

Not more than 5% (at market) of the total portfolio may be in any single company, nor more than 10% (at market) in any one industry.

No more than 25% of the equity portfolio may consist of small capitalization stocks (those with total market capitalization of less than \$1 billion).

No more than 40% of the equity portfolio may consist of international stocks.

No more than 25% of the equity portfolio may consist of stocks in emerging markets.

In general, it is the policy of the Foundation to sell all donated securities immediately upon receipt, with proceeds reinvested as consistent with investment objectives and guidelines.

## III. FIXED INCOME SECURITIES

No more than 10% of the total portfolio may be invested in any one company, nor more than 10% in any one industry.

No more than 25% of the total portfolio may be invested in international bonds.

No more than 25% of the total portfolio may be invested in high yield bonds.

U.S. Government obligations may be purchased without limitations.

The maximum maturity on fixed income obligations is not to exceed ten (10) years.

Fixed Income mutual funds and exchange traded funds may be utilized to achieve the proper fixed income exposure and diversification.

Preferred stocks will be considered fixed income securities

## IV. ALTERNATIVE INVESTMENTS

Alternative investment strategies shall be used to provide risk management and further diversification in conjunction with the use of traditional portfolio investments and asset classes.

The investment manager may utilize alternative strategies where applicable and whereby evidence of the use of alternative strategies is shown to reduce the overall volatility of the portfolio.

Liquidity needs of the portfolio must be reviewed before investing in any alternative strategy.

Alternative strategies include, but are not limited to, the use of hedged managers and managed futures managers.

Alternative managers shall be evaluated on performance against the most relevant benchmark to their respective strategy.

All investments in alternative strategy managers must utilize a prudent due diligence process. The underlying alternative manager shall also disclose their investment process and philosophy at the request of the client and investment consultant.

An investment in any one alternative strategy manager shall not exceed more than 5% of the total market value of the total portfolio.

#### V. CASH EQUIVALENTS

Short-term investments may be placed in:

Money market funds  
Rated commercial paper  
U.S. Treasury Bills  
Bank Certificates of Deposit

#### VI. PERFORMANCE MEASUREMENT

Performance measurement shall be reported quarterly on a total return basis.

Results will be evaluated versus the appropriate benchmarks for each asset class.

The time frame is at least three (3) years, with consideration as to whether a market cycle has occurred.

#### VII. COMMUNICATION

It is extremely important the Investment Committee of the Foundation have a clear understanding of the investment of the Foundation's assets.

1. A quarterly statement of transactions and statement of assets will be furnished.
2. The investment manager will be available to discuss any matters of concern with the Investment Committee on a quarterly basis.
3. Any expenditure from the Foundation related to investments shall be approved by

the Investment Committee and communicated to the investment manager.

4. The investment manager will review the investment portfolio quarterly to determine how closely the asset allocation percentages are aligned to the target percentages, as well as assessing the level of risk to which the portfolio is exposed (including identifying the allocation of value vs. growth within equities portion of the portfolio). The manager will make a full report to the Investment Committee by April of each year regarding these matters. a

Updated and Approved 05/04/2023 by the WLU Foundation Investment Committee