

**INVESTMENT POLICY STATEMENT**  
*Western Oregon University Foundation Endowment*  
*Socially Responsible Portfolio*  
*Adopted – February 2016*

**PURPOSE OF THE INVESTMENT PORTFOLIO**

The primary purpose of the investment portfolio is to maintain the purchasing power of the Western Oregon University Foundation (WOUF) assets over the long term, while supporting scholarships and other University programs. A dual mandate of the investment portfolio is to promote a healthy lifestyle for future generations and the environment in which we thrive.

This investment policy statement relates only to assets outside of the WOUF “Gift with Confidence Program” (GCP). Assets of the GCP are donor directed investments during the first 12 months, after which time these assets will be invested in the investment portfolio as per this policy statement.

**ORGANIZATION FIDUCIARY**

**WOUF Board of Trustees** will be referred to as “The Board” throughout this Investment Policy Statement. The Board will engage an investment management consultant to manage the day-to-day investment decisions on the investment portfolio.

**INVESTMENT OBJECTIVE**

WOUF desires that its endowment portfolio will grow, over time, at a rate exceeding the consumer price index and will achieve that growth at a steady rate over time at increments less volatile than the stock market indices. WOUF believes that a diversified equity and fixed income portfolio has the best chance to achieve this objective. Because of the long-term nature of the expected uses of this fund, the majority of the assets should be invested in equities. However, the portfolio will not sacrifice growth of the foundation with potential hazard to the environment. Investments prohibited are defined at the conclusion of the policy.

The single portfolio is made up of investable funds of the WOUF which come from different sources and which were made available to the WOUF for different long-term purposes. WOUF pools these assets into one fund for its convenience and undertakes to maintain records of these assets by individual account, internally.

**INVESTMENT TIME HORIZON**

The expected investment horizon for this Plan is perpetuity.

**TARGETED RATE OF RETURN**

Over a full market cycle (5-10 years), it is the goal of the Aggregate Plan Assets to achieve a return, net of fees, of:

**7.0%**

The investment goals above are the objectives of the Aggregate Plan, and are not meant to be imposed on each individual investment account.

## STRATEGIC ASSET ALLOCATION

<u>Asset Class</u>	<u>Minimum</u>	<u>TARGET</u>	<u>Maximum</u>
Cash & Equivalents	0%	5%	25%
Fixed Income	15%	35%	55%
US Equities	25%	35%	75%
International Equities – Developed	5%	15%	30%
Emerging Markets	0%	5%	10%
*Alternative Investments	0%	5%	15%

<b>Equities: 55%</b>	<b>Fixed Income: 35%</b>	<b>Alternatives: 5%</b>	<b>Cash: 5%</b>
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\*Alternative investments would include REIT's (Real Estate Investment Trusts), Commodities, Private Equity, Foreign Currency, Structured Products, and any other non-traditional asset class that the committee deems appropriate.

## PROHIBITED ASSETS

The Board will not allow more than **10%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below "A" (or equivalent). The board will not allow more than **5%** of the total portfolio value to be invested in fixed income securities with a Standard and Poor's credit rating below "BBB" (or equivalent).

In accordance with socially responsible investing, the portfolio will refrain from investing directly in fossil fuels.

The WOU campus is tobacco free. As such, the Socially Responsible Portfolio will abstain from investing directly in tobacco companies.

## PORTFOLIO REBALANCING

The Portfolio will be reviewed at least semi-annually by the Investment Management Consultant to rebalance the portfolio back to the Board's preferred asset allocation. The Board will review this policy annually or more often as needed to ensure its continued appropriateness.

## INVESTMENT MANAGER PERFORMANCE REVIEW & EVALUATION

Performance reports generated by the Investment Management Consultant shall be reviewed at least quarterly. 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 Board intends to evaluate the portfolio(s) over a 3-5 year period, but reserves the right to terminate an investment manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding Performance, Personnel, Strategy, Research Capabilities, Organizational and Business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

## **ROLES & RESPONSIBILITIES**

### **ROLE OF THE BOARD**

- Review the performance of the Investment Consultant to insure the assets are invested within the guidelines of this policy.
- Review this Investment Policy Statement for accuracy and completeness.
- Provide accurate, complete financial information to your Investment Management Consultant, and alert your Investment Management Consultant to any significant changes to this information, including changes to the Board's financial objectives.
- Contact your Investment Management Consultant with any questions or concerns the Board may have about its investments.
- Participate in periodic portfolio reviews with your Investment Management Consultant.

### **ROLE OF THE INVESTMENT MANAGEMENT CONSULTANT**

- Prudently invest the portfolio assets within the guidelines of this policy.
- Develop portfolio guidelines based on WOUF's financial status, investment objectives, liquidity needs, tolerance for risk and investment time horizon.
- Provide the Board with portfolio reporting upon request.
- Recommend changes in asset allocation guidelines for this portfolio.
- Respond promptly to the Board's concerns and inquiries.