

UNIVERSITY OF WYOMING ALUMNI ASSOCIATION INVESTMENT POLICY

Revision Effective 9/29/17

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Statement of Investment Objectives

The investment objectives of the Association have been established in conjunction with a review of the current and projected financial requirements. The investment objectives are:

- To preserve the purchasing power of the capital through prudent management of the portfolio.
- To grow the capital base of the portfolio.
- To maximize returns to the portfolio within reasonable and prudent levels of risk.

Guidelines and Investment Policy

Administration of Investment Policy

The Investment Committee shall monitor adherence to the Investment Policy, monitor investment performance and make recommendations for action regarding implementation of the policy to the Executive Committee and the full Board for approval.

Time Horizon

The investment guidelines are based upon a long-term investment horizon, therefore interim fluctuations will be viewed with appropriate perspective. Similarly, the Association's strategic asset allocation is based on this long-term perspective.

Risk Tolerances

The Investment Committee recognizes that some risk must be assumed to achieve the Association's long-term return objectives. The Association can tolerate some interim fluctuations in market value and rates of return in order to achieve the long-term return objectives. The Committee expects that loss exposure will be limited to an amount not greater than two percent (2%) per annum when compared to relative indices. Should the portfolio performance result in a loss in excess of 2% per annum compared to relative indices, the Committee will re-examine the asset allocation model, investment strategy being employed, and/or the portfolio management and take any appropriate action as the Committee may decide.

Performance Expectations

The desired investment objective is a long-term rate of return on assets after fees that meets or exceeds that of the indices chosen for comparison to each component of the investment portfolio.

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Asset Allocation

The Committee believes that the Association's risk and return are a function of the asset allocation of its investment portfolio. In choosing an acceptable asset allocation, the Committee will focus on the long-term performance characteristics of various asset classes. Five major asset classes have been selected:

- Cash and Cash Equivalents
- Fixed Income
- Domestic Equities
- International Equities
- Alternative Investments

Based upon the Association's time horizon, risk tolerance, performance expectations and asset class constraints, an acceptable allocation to each class is as follows:

| | |
|---------------------------------|-----------|
| Cash Equivalents: | 0% to 10% |
| Fixed Income: | 0% to 60% |
| Domestic Equities: | |
| Domestic Large- cap Equities | 0% to 60% |
| Domestic Small/Mid-cap Equities | 0% to 30% |
| International Equities: | 0% to 40% |
| Emerging Markets | 0% to 10% |
| Alternative Investments: | 0% to 25% |

The following investments are not authorized: restricted stocks, very new unknown issues commonly found on pink sheet lists that are very speculative in nature.

Because the Association depends on income generated, specifically in the Life Membership Endowment account and the General account for its operations, earnings and growth are especially important to the investment portfolio.

Sector Allocations

Concentrations of sector allocations are to be monitored regularly to insure that the Life Endowment and General accounts maintain an appropriate distribution of assets into various sectors. A maximum allocation to any sector shall be fifteen (15 %) percent of total assets including all equity and fixed income investments without executive committee approval. If any sector exceeds the maximum allocation, the investment committee shall take appropriate steps to rebalance the asset sector allocation to bring the sector back into policy guidelines as soon as the non-compliance is recognized. The sectors are: **Cash; Basic Materials; Consumer Discretionary; Consumer Staples; Energy-including pipeline; Financial Services; REIT; Health Care; Industrial- including Transportation; Technology; Telecommunications; Utility.**

Securities Guidelines

Fixed Income: Fixed income securities are expected to adhere to the following guidelines:

- All fixed income securities held in the portfolio shall be of investment grade, BBB- or above by at least one of the major rating agencies. Non-rated securities of the U.S. Treasury and U. S. government agencies are qualified for inclusion in the portfolio. Downgrades of ratings below investment grade shall cause the security to be sold as soon as the downgrade is known unless the investment committee unanimously approves retainage of the security.
- The exposure to any one company, other than securities of the U. S. government, shall not exceed 5% of the market value of the portfolio.
- Investments in convertible bonds are considered part of the fixed income allocation.
- Holdings of individual securities shall be large enough to minimize transaction costs and allow easy liquidation.

Domestic Equities: Domestic stock investments are expected to adhere to the following guidelines:

- Equity holdings in any one company shall not exceed 5% of the market value of the account's portfolio. No more than 15% of the market value of the portfolio shall be invested in any one sector.
- Equity holdings shall be readily marketable securities of corporations that are actively traded on major U. S. markets.

International Equities: International investments are expected to adhere to the following guidelines:

- Equity holdings in any one company shall not exceed 5% of the market value of the account's portfolio. No more than 15% of the portfolio shall be invested in any one sector.
- International investments may include foreign exchange contracts on currency provided:
 - (a) Such contracts mature in one year or less, and
 - (b) Use of such contracts is limited solely and exclusively to hedging currency exposure. There shall be no direct foreign currency speculation or any related investment activity.

Alternative Investments: Alternative investments are expected to adhere to the following guidelines:

- Alternative investments may include hedge funds.

Cash and Cash Equivalents: Cash and cash equivalents are expected to adhere to the following guidelines:

- Cash and cash positions will consist of money market instruments having a quality rating of A-2, P-2, or higher or be in an account insured by FDIC or similar insurance. Eurodollar certificates of deposit, time certificates of deposit and/or repurchase agreements are also acceptable types of investment.
- All cash not invested in other securities will be invested in a money market fund.

Income withdrawals from the Life Membership Endowment Account

- * Income generated from the Life Membership Endowment Account is used to support the operation of the Alumni Association and is comprised of actual income received from investments and growth of the investments through unrealized gains in the market value of the portfolio. This is referred to as a total return concept. The Life Membership Endowment operates under this concept and utilizes a prior three year quarterly moving average balance to determine a base portfolio balance to compute quarterly distributions to the alumni association for operations. The maximum withdrawal rate is 4.25% per annum by this policy without board approval.

Control Procedures

When investing the Association's assets, the Investment Consultant will utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities.

Duties and Responsibilities of the Investment Consultant

The duties of an Investment Consultant shall include but not be limited to the following:

- Developing and employing investment strategies to achieve the Association's investment objectives.
- Reporting transactions conducted and market values of the investments in the Association's portfolios with monthly Investment Performance Statements.
- Reporting to the Investment Committee at least quarterly on investment performance and compliance with the Association's policy. These quarterly reports will also include economic and financial market review and discussion.
- Promptly informing the Investment Committee, in writing, regarding all significant and/or material matters and changes pertaining to the investment of Association assets, including, but not limited to:
 - * Changes in investment strategy, portfolio structure, tactical approaches and significant changes in assets under management.
 - * Changes in the ownership, organizational structure, financial condition, and/or professional staff of the Investment Consultant's firm and/or that of investment management agents being used for the Association's portfolios within thirty days of said change.
 - * All material legal, SEC and other regulatory agency proceedings affecting the Investment Consultant's firm and/or that of investment management agents being used for the Association's portfolios.
 - * Recommending appropriate indices as a performance standard for each asset class.

Conduct of Business

The officers of the Association, or their designees, are authorized to act on behalf of the Association on all matters of business with the Investment Consultant, including the Executive Director.

Standard of Selection of Investment Consultant

The standard for selection shall include but not be limited to the following:

- * The Investment Consultant shall be selected through a Request of Proposal (RFP) process conducted by the Investment Committee and/or the Executive Committee or their designees. The consultant selected will be recommended by the Investment Committee to the full board for approval.
- * The Investment Consultant shall acknowledge the responsibility of investing and adhering to the Association's Investment Policy in writing.

Retention and Evaluation

A formal process will be conducted by the Investment Committee in the spring every three years commencing in 2019 to evaluate and consider retention of the Investment Consultant. The Investment Committee may evaluate and make recommendations to the Association Board for changes in the Investment Consultant at any time including termination of any investment management contract.

Review of Investment Policy

The Association's Executive Committee or designee shall review the Investment Policy bi-annually to determine its continued viability for achieving the Association's investment objectives.

Investment Committee Composition and Leadership

The Investment Committee shall be comprised of the Board President, Board Treasurer, two board members with an investment/finance background, Association Executive Director, and the Investment consultant. The treasurer shall serve as chairman of the committee. The investment consultant and the association's Executive Director shall serve as ex-officio members of the committee. A majority of the members shall constitute a quorum.

Duties of the Investment Committee

The committee shall meet at least twice a year; prior to the fall and spring board meetings and other times as deemed necessary by the chairman.

The Investment Committee may authorize occasional purchases and sales of securities by the Treasurer and Investment Consultant under the following conditions:

Investments for the alumni association accounts may be made by the Treasurer and Investment Consultant jointly provided the investment decisions follow the guidelines and terms of the investment policy including keeping within quality standards, risk tolerances, asset allocations, sector allocations, securities guidelines, equities and fixed income guidelines. Recommendations by the investment consultant shall be documented via a written model portfolio when appropriate or a written analysis of singular transactions documenting ratios, quality, income expectations, and growth potential to meet stated objectives and goals of the association. Analysis and documentation shall be retained for review by the full Investment Committee.

The investment committee shall be authorized to purchase or retain unrated issues in the portfolio's fixed income/bond and preferred stock equity accounts upon detailed financial analysis by a qualified financial advisor regarding the financial stability, history, future projections of the entity and the advisor's recommendation.

The treasurer shall report to the Association Board of Directors a summary of the various portfolio accounts at each regularly scheduled board meeting.