

University of Alaska & University of Alaska Foundation Consolidated Endowment Fund Investment Policy

(Represents a Clean Draft as Recommended by the Investment Committee 10-30-2013)

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The greatest investment risk for the Fund is the probability of not meeting its Primary Investment Goal. Therefore, in order to minimize this risk the Committee will consider in all aspects of its investment decision-making process (1) the probability of missing the objective and (2) the asset allocation, which is the primary determinant of long-term performance. Achievement of

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emphasize returns net of fees when assessing overall performance of the Fund and recommending spending rates.

Verification of Facts: A reasonable effort shall be made to verify facts relevant to the management and investment of funds.

Volatility: The Primary Investment Goal can best be achieved by assuming acceptable risk levels commensurate with long-term market volatility; therefore, the Committee will measure and seek to limit the overall level of volatility to an acceptable level as it makes specific asset allocation decisions.

V. TARGET RATE OF RETURN

The Target Rate of Return represents the Committee's reconciliation of, or bringing together, its long-term (10 to 20-year) estimates of: the Fund's probable rate of return net of all expenses, the administrative endowment fee, the spending allowance, an inflation provision,

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new contributions, reinvestment of other cash flows, and such other means as may be approved by the Treasurer. The Treasurer shall report, or cause to be reported, to the Committee each quarter any uncorrected variances from the Target Asset Allocations (those deviations that are outside of the pre-

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Custom Benchmark 1: Baseline performance of a weighted benchmark portfolio at the target asset allocation for relevant periods (This benchmark provides a comparison)

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- d. Preparing or reviewing asset allocation analyses and recommending revisions as appropriate;
- e. Supporting the activities of the Committee and facilitating communications with and between the Committee, Fund Manager(s), advisors, investment managers, and custodians engaged directly by the Committee;
- f. Timely evaluating and reporting to the Committee on investment performance no less frequently than quarterly;
- g. Reporting annually on investment fees and costs to the Committee;
- h. Reporting to the Committee any litigation or violations of applicable laws or regulations involving the Foundation, Fund Managers, advisors, investment managers or custodians that come to the Treasurer's attention;
- i. Reconciling investment statements with the Foundation's financial records, and reporting investment activity on the Foundation's financial statements;
- j. Reviewing private placement memorandums, partnership agreements, and other documentation, and seeking legal or other advice as may be considered necessary by the Treasurer;
- k. Executing and submitting subscription agreements, contracts, and redemption requests associated with new investments, partial or complete redemptions, and manager terminations for direct investments and contracts by the Committee;
- l. Providing the current Policy and investment guidelines and mandates to the Fund Manager and investment managers engaged by the Committee;
- m. Monitoring audit standards and regulations concerning the financial and tax reporting of investments and establishing procedures required to insure compliance with external reporting requirements;
- n. Managing portfolio cash inflows and outflows and calls and distributions for funds and investments not under the management of a Fund Manager;
- o. Developing guidelines and procedures for manager selection and monitoring;

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X. PERFORMANCE EVALUATION OF THE FUND MANAGER

- a. General investment performance reviews will be conducted by the Committee quarterly;
- b. The Treasurer will report to the Committee the findings of his or her annual due diligence review of the Fund Manager; and
- c. The Committee shall evaluate the Fund Manager's general performance and service levels at least every two years based on criteria as considered applicable by the Committee, including:
 - Continuity of personnel

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XIII. COMMITTEE APPROVED ATTACHMENTS

The Investment Committee shall include, as attachments to this Policy, procedures and other documents that the Committee has adopted or determined to be relevant to implementation or interpretation of this Policy.

1. The Uniform Prudent Management of Institutional Funds Act (AS 13.70.010 – 13.79.095)
2. Investment Powers and Duties (AS 37.10.071)
3. Investment Guidelines and Philosophy Statement
4. Target Rate of Return
5. Endowment Spending Guidelines