

The University of Alaska and University of Alaska Foundation Consolidated Endowment Fund (the “Fund”) was established effective July 1, 1997 in order to enhance the management of the University of Alaska’s Land Grant Endowment Trust Fund held by the Board of Regents and the Pooled Endowment Funds held by the University of Alaska Foundation (the “Foundation”). The Fund is maintained and operated ~~by the Foundation~~ pursuant to the Consolidated Endowment Fund Agreement, by and between the University of Alaska Board of Regents (the “BOR”), the University of Alaska (the “University”) and the University of Alaska Foundation Board of Trustees (the “BOT). This Investment Policy (this “Policy”) establishes an investment framework that reflects the investment management philosophy of both the BOR and BOT (collectively the “Boards”), thereby providing the ~~University of Alaska Foundation~~ Investment Committee (the “Committee”) with a guide for investment of the Fund. The Fund consists of the investable resources of the University Land Grant Endowment Trust Fund, its related Inflation-Proofing Fund, the Foundation’s Pooled Endowment Fund, and such other funds as the University’s Chief Finance Officer or Foundation’s Treasurer (the “Treasurer”) invests in the Fund.

II. SCOPE OF THIS POLICY

This Policy governs the investment activities of all assets owned or managed within the Fund. It is intended to be interpreted liberally so that the investment strategies employed can be accomplished effectively and efficiently.

III. DUTY OF LOYALTY AND ~~STANDARDS~~ STANDARD OF CARE

The Boards, the Committee, the Treasurer, and others serving in a fiduciary capacity for the Fund are subject to compliance with AS 13.~~7065~~.010 – 13.~~7065~~.095 and AS 37.10.071. As such, the prudent investor (expert) standard applies to all fiduciary activities and each fiduciary shall exercise his or her fiduciary duties in the sole financial best interests of the Fund and treat all beneficiaries with impartiality. For all other matters related to the Fund, the prudent person standard shall apply to the Boards, Committee, Treasurer and University and Foundation staff.

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IV. PRINCIPLES AND CONSIDERATIONS FOR FUND MANAGEMENT AND INVESTMENT

The Primary Investment Goal of the Fund is to provide a real rate of return ~~(total return minus, net of investment expenses, fees, and inflation)~~ sufficient to cover the endowment administrative fees and inflation ~~sufficient to the annual spending allowances in~~ support of the purposes of the various endowments that make up the Fund, in perpetuity.

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 the Primary Investment Goal and management of funds will be driven by the core principles and considerations listed below.

Charitable Purpose: Endowment management and investment decisions shall be made with consideration to the purposes of the institution ~~and~~, the participating fund(s), and the documented donor intent.

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objectives within a framework of commonly accepted risk factors and this ~~policy~~Policy. The Committee shall periodically ~~review~~consider capital market conditions, the universe of investment options, the current asset allocation, and ~~recommen~~approve revisions to the Target Asset Allocation as it considers necessary.

~~The Treasurer shall conduct an~~ Investment Guidelines and Philosophy Statement, which includes the asset allocation ~~analysis for review~~adopted by the Committee ~~at least annually, as it may be amended from time to time to determine if modifications are appropriate.~~ time, shall be incorporated into this Policy by reference. (See the Attachments to this Policy ~~for the most recent target asset allocation.~~)

VII. ASSET ALLOCATION REBALANCING

The asset allocation shall be rebalanced regularly to minimize extraordinary deviations. ~~The asset allocation~~ To the extent practicable, the rebalancing shall be

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IX. DELEGATION AND ASSIGNMENT OF D

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~~4. *Advisor Responsibilities:*~~

- ~~a. Recommending changes in investment strategy, asset allocation, and engagement of managers;~~
- ~~b. Recommending revisions to investment policies, objectives, and guidelines;~~
- ~~c. Providing background information on managers (including searches and due diligence reviews), asset classes, investment products and funds;~~
- ~~d. Performing due diligence reviews periodically according to the advisor's standard practices;~~
- e.

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- x Communications with the Committee;
- x ~~Perceived adherence~~Adherence to the philosophy and standards, which were articulated when retained;
- x ~~Perceived performance of~~Performance of investment manager due diligence and monitoring ~~functions of the managers, including timeliness of reports and presentation style;~~of investment activities,
- x ~~Perceived helpfulness~~Quality of the Fund Manager's investment performance reporting,
- x Helpfulness of the advice and other input to the Committee's decision making process; and
- x Assistance provided to staff in accomplishing their activities.

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Fund Manager: A manager of investment managers that has full or nearly full discretion in management of all or a major segment of the endowment portfolio and functions as an extension of the in-house investment staff.

Investment Committee or Committee: The Investment Committee as described in Section 5 of the Consolidated Endowment Fund Agreement.

Investment Earnings: Investment earnings and losses (net of investment fees and costs) shall be allocated proportionately to each participating fund based on their relative interests in the Fund during the respective period.

Permanently Restricted Net Assets: The fair value of the original and subsequent gifts to a permanent endowment ~~and accumulations to that endowment accumulated in accordance with the applicable gift instrument.~~

Quasi-Endowment Fund: A fund that functions similar to an endowment, but is established or designated by authority of the Board of Trustees rather than a donor or other independent party.

Related Party Transaction: The Fund will not loan funds or securities to the University, the Foundation or related parties, including their officers, members of the Committee or Boards, employees, donors or affiliated entities either current or prospective. *a*

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discussion or consideration. The Committee member may recuse himself or herself from the decision making process or the Committee Chair may require such persons to remove themselves from the process. All such disclosure shall be recorded in the minutes of the respective meeting.

Any member of the Committee or individual responsible for making or providing advice to the Committee on investment matters shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably be perceived to influence them in the discharge of their duties, unless disclosed in writing to the Committee Chair. Failure to disclose any material benefit may be grounds for disciplinary action including removal

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