



Investment Policy

Approved October 4, 2024

(This policy replaces the Endowed, Restricted, and Unrestricted
Investment Policies amended on July 10, 2021.)

**Investment Policy for Managing Funds
of the Eastern New Mexico University Foundation**

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I. Purpose

1. Written statement documenting the Committee's attitude's, expectations, objectives, and guidelines for the investment of all the portfolio's assets.
2. Encouraging effective communication between the Committee and all parties involved with the investment management decisions.
3. Establishing formal criteria to select, monitor, evaluate, and compare the performance results achieved by each investment option on a regular basis.
4. Complying with all applicable fiduciary, prudential, and due diligence requirements that experienced investment professionals would utilize; and with all applicable laws, rules, and regulations from various local, state, federal and international entities that may apply to the Portfolio.

II. Duties and Responsibilities

Investment Committee

As fiduciaries under the portfolio, the primary responsibilities of the Committee are to:

1. Prepare and maintain this investment policy statement.
2. Prudently select investment options and portfolio assets to meet an agreed upon risk/return portfolio.
3. Control and account for all investment, record keeping, and administrative expenses associated with the portfolio.
4. Monitor and supervise all service vendors and investment options.
5. Avoid prohibited transactions and conflict of interest.

Investment Advisor and/or Custodian

The Investment Advisor serves as an objective, third-party professional retained to assist the Committee in managing the overall investment process. The Advisor is responsible for guiding the Committee through a disciplined and rigorous investment process to enable the Committee to meet the fiduciary responsibilities outlined above.

As a matter of practice, every five calendar years, a request for proposal will be required from several financial firms to update Eastern New Mexico University Foundation investment policies and optimizing investment criteria.

Custodians provide monthly reports that detail transactions, cash flows, securities held and their current value, and changes to the value of each security and the overall portfolio since the previous report. The specific duties and responsibilities of the custodian are to

value the holdings, collect all income and dividends owed to the portfolio, settle all transactions (buy-sell orders).

III. Investment Philosophy

The Managed Funds of the Foundation exist to provide long-term support. It is the intent of the Foundation to accommodate styles and strategies considered reasonable and prudent. Management of the endowment funds is a long-term responsibility; therefore, long-term objectives are the standard to be observed.

The Managed Funds of the Foundation will be considered a total return fund with appropriate recognition given to both current income and capital appreciation. Emphasis will be placed upon the preservation and enhancement of the purchasing power of the principal amount of assets in the fund.

The Committee believes long-term investment performance is primarily a function of asset class mix. While interest-generating investments, such as bonds, have the advantage of relative stability of principal value, they provide little opportunity for significant long-term capital growth due to their susceptibility to inflation.

On the other hand, equity investments, such as common stocks, have higher return expectations, but have the disadvantage of greater volatility of return. From an investment decision-making point of view, volatility may be an acceptable tradeoff for greater return potential given the portfolio's long-term horizon. Broad asset classes include: a) Cash, b) High Quality Fixed Income, c) Equities, and d) Mutual Funds that have a mix of both Fixed Income and Equities.

IV. Investment Objectives

1. Time Horizon

The investment guidelines are based upon an investment time horizon of greater than five years. The Portfolio's strategic asset allocation is also based on this long-term perspective. Occasionally, short-term liquidity requirements may be required to support the Eastern New Mexico University Foundation mission and objectives.

2. Risk Tolerance

The Committee recognizes that some risk must be assumed to achieve the investment objectives of the portfolio. In establishing the risk tolerances, the ability to withstand short and intermediate term variability was considered.

3. Performance Expectations

The desired investment objective for the Endowed, Unrestricted, and Gift Annuity is a long-term rate of return (as defined as 10 years annualized) on assets that is at least 7.0%. The target rate of return for the Portfolio has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class. The Committee realizes market performance varies and a 7.0% rate of return may not be meaningful during some periods.

V. Target Allocation of Assets

The percentage allocation may vary depending upon market conditions. To achieve the asset allocation, the portfolio may use individual securities, as well as mutual funds, exchanged traded funds, and separately managed accounts.

Please reference the allocation table below for the targets as well as lower and upper limits for each portfolio:

See Appendix A for Endowed, Unrestricted, & Gift Annuity Asset Allocations:

See Appendix B for Restricted & Spendable Portfolio Asset Allocations

Eligible Investments: Should market movements create asset exposure outside of the above ranges, a rebalancing of the portfolio should be effected in an orderly manner.

VI Standards of Performance

Monitoring – Performance Objectives

The Committee acknowledges that returns from the securities markets fluctuate, particularly over short time periods. Recognizing that short-term fluctuations may not be indicative of long-term trends, the Committee intends to evaluate investment performance from a long-term perspective.

The Committee is aware that the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis.

Monitoring – Benchmarks

The Committee has determined that performance benchmarks be established for each investment option. Manager performance will be evaluated relative to an appropriate market index (e.g., the S&P 500 stock index for large-cap domestic equity manager), the relevant peer group (e.g., the large-cap growth mutual fund universe for a large-cap growth mutual fund), and monitored by independent review agencies like MorningStar.

See Appendix A for Endowed, Unrestricted, & Gift Annuity Benchmarks

See Appendix B for Restricted & Spendable Portfolios Benchmarks

Monitoring – Watch List Criteria

The decision to retain or terminate any specific investments cannot be made strictly by a formula. Also extraordinary events do occur, which may interfere with the investment option's ability to prudently manage investment assets. It is the Committee's confidence in the investment option's ability to perform in the future that ultimately determines if an investment option will be retained. It is expected that there will be ongoing quantitative and qualitative analysis conducted to evaluate and monitor the investments in the portfolio as well as potential new investments for implementation.

Monitoring – Measuring Costs

The Committee will review at least annually all cost associated with the management of the portfolio, including:

1. Expense ratios of each investment relative to the appropriate peer group.
2. Administrative fees: cost to administer the plan, including record keeping, custody, and trust services.
3. Advisor fees.

VII. Information Feed Back

The consultants and investment manager(s) are responsible for frequent and open communication with the Committee and staff of the Foundation, on all significant matters pertaining to investment policies and the management of the fund assets. Some of the key reporting responsibilities may include:

1. Inform the Committee of major changes in the investment managers' investment outlook, investment strategy and portfolio structure.
2. Advise the Committee of any significant changes in ownership, organizational structure, financial condition or senior personnel staffing of each investment manager. Provide the Committee with monthly statements and quarterly transaction, valuation and performance reports to coincide with the fiscal quarters of the Foundation.
3. Ensure that all documents, exhibits and written materials that will be used during any conferences be submitted to and received by the Committee at least three business days in advance of these conferences.
4. Provide the Committee with proof of Errors & Omission insurance coverage and their ADV Form Part II upon engagement and each anniversary thereafter, as requested.
5. Acknowledge in writing an ability and agreement to invest within the guidelines set forth in this Investment Policy. Recommended changes to the Investment Policy should be provided at least annually in writing.
6. Advise the Committee and its consultants of any change in the portfolio manager assigned to the account.
7. Be willing to meet with the Committee or their designees monthly in person or via Zoom, and quarterly in person.

Acknowledgement

This Investment Policy Statement is acknowledged and adopted as of the date below:
October 4, 2024

Appendix A: Endowed, Unrestricted, & Gift Annuity Asset Allocation:

Asset Class	Minimum	Target	Maximum
Cash	0.00%	1.00%	20.00%
Equity	10.00%	64.00%	84.00%
US Large Cap	0.00%	27.00%	84.00%
US Mid Cap	0.00%	14.00%	24.00%
US Small Cap	0.00%	5.00%	15.00%
International Developed	0.00%	12.00%	22.00%
Emerging Markets	0.00%	6.00%	16.00%
Fixed Income	15.00%	35.00%	90.00%
US Investment Grade	9.00%	24.00%	90.00%
International Developed	0.00%	9.00%	19.00%
Global High Yield	0.00%	2.00%	12.00%

Endowed, Unrestricted, & Gift Annuity Benchmarks

1)

27% Russell Top 200 Index TR
14% Russell Midcap Index TR
5% Russell 2000 TR
12% MSCI Daily TR Net World Ex USA USD
6% MSCI Emerging Net Total Return
24% BBG BARC US Aggregate Bond Index
9% ICE BofA Global Broad Market TR Ex. USD (Hedged)
2% BBG BARC Global High Yield Index TR
1% ICE BofA US 3-Month Treasury Bill Index TR

2)

100% CPI +4%

Appendix B: Restricted & Spendable Portfolio Asset Allocations:

Asset Class	Minimum	Target	Maximum
Cash	0.00%	50.00%	100.00%
Fixed Income	0.00%	50.00%	100.00%
US Investment Grade	0.00%	50.00%	100.00%

Restricted & Spendable Portfolios Benchmarks

- 1) 100% ICE BofA US 3-Month Treasury Bill Index TR