

Viterbo University
Investment Policy
May 18, 2015

Investment Goals

The overall goals of the endowment and other long-term investments are to increase the real purchasing power of the assets under management as well as fund current income needs. These goals should be accomplished through flexible asset allocation of money market, fixed income and equity securities or funds that utilize those products. The total return objective of the Fund over each market cycle, or significant number of calendar years, should be achieved with the following factors taken into consideration.

1. Annual portfolio returns should be comparable with market indices selected for the particular asset classes being utilized in the fund, including the Standard and Poor's 500 index for stocks and the appropriate Bank of America Merrill Lynch or Barclay's bond indices (short, medium, or long).
2. Sufficient cash reserve should be maintained to satisfy expected payouts.
3. The investment manager should strive for consistent returns within reasonable levels of risk. The volatility of each of the fund's investment sectors shall be comparable to the volatility of the applicable market index.
4. The asset manager should satisfy appropriate standards of prudence, diversification and fiduciary responsibility in adherence with the Uniform Prudent Investor Act.

Investment Strategy

The funds should be managed to appropriately balance the growth, income and safety considerations as outlined under the investment goals. Investments held by each investment manager shall be made in accordance with the following asset parameters:

1. The allocation of the investments shall be subject to the following thresholds:
 - a. No more than 70% of the investment portfolio shall be invested in domestic common or preferred stock, or stock equivalents.
 - b. No more than 20% of the investment portfolio shall be invested in international securities.

For example, the policy establishing maximum thresholds for equity securities may result in portfolios with this composition:

	Equity Securities		<u>Fixed Income Securities</u>	<u>Total</u>
	<u>Domestic</u>	<u>International</u>		
1)	50%	20%	30%	100%
2)	70%	0%	30%	100%

2. Equity Investments
 - a. The portfolio manager shall implement a well-diversified investment strategy, which consists of large, mid-size, and small company stocks. The manager should utilize both value and growth style equities, as well as international equity exposure.

- b. No single corporation's securities should account for more than 3% of the account's total assets.
 - c. Permissible Holdings
 - i. Common or preferred stocks listed on a major U.S. exchange
 - ii. No-load mutual funds
 - iii. Closed-end funds
 - iv. Exchange Traded Funds (ETFs)
 - v. Covered call options may be sold, but only in quantities equal to or below the shares owned within the portfolio
3. Fixed Income Investments
- a. No single corporation's issued securities should account for more than 3% of the account's total assets
 - b. The minimum rating for any individual bond issue shall be "A", with no individual bond below investment grade (defined as BBB by Standard and Poor's or BAA by Moody's). No more than 15% of the fixed income portfolio assets shall be below investment grade or non-rated if utilizing mutual funds or exchange traded funds (ETFs).
 - c. Investments in U.S. Treasuries and U.S. Federal Agency Securities shall be unlimited
 - d. Permissible Holdings
 - i. Debt securities issued or guaranteed by the United States, its agencies or instrumentalities (including U.S. Government Agency mortgage-backed securities)
 - ii. Certificates of deposit
 - iii. Corporate bonds
 - iv. Taxable municipal bonds
 - v. Securities convertible to common stocks
 - vi. No-load mutual funds
 - vii. Closed-end funds
 - viii. Exchange Traded Funds (ETFs)
 - ix. Covered call options may be sold, but only in quantities equal to or below the shares owned within the portfolio
4. Cash and Equivalents
- a. Any money market fund should be a FDIC insured money market, U.S. Government, Government Agency, or AAA-rated fund only. Commercial paper shall be rated at least "A2/P2". Bankers acceptances issued by banks with outstanding commercial paper with a rating of a minimum of A2/P2 are permissible.
 - b. No security will have more than two years to maturity at the time of purchase. The maximum average of the fund will be one year.

Spending Policy

The annual spending rate for endowed scholarship funds will be consistent with scholarship protocols established by the benefactor and/or the Viterbo University Administration. All other endowment spending will be limited to 5% of endowment balance, or if in excess of 5%, occur only by Board of Trustee resolution.