

The University of Iowa Foundation

Investment Policy Statement

February 2008

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The University of Iowa Foundation Investment Policy Statement

DEFINITIONS

A. Purpose

The purpose of this Investment Policy Statement is to establish the investment objectives and philosophy for The University of Iowa Foundation Long-Term Pool (hereinafter, “Fund”). This document will describe the standards utilized by the Investment Committee (hereinafter, “Committee”) as well as serve as a guideline for any investment manager retained.

B. Investment Objective

The investment objective of the Fund is to seek maximum total return consistent with the preservation of principal, diversification, and avoidance of excessive risk. The Committee will exercise reasonable care, skill, and caution with regard to the Foundation’s investment of funds in the context of the entire portfolio which incorporates risk and return objectives reasonably suitable to the purposes of the Foundation. The assets are to be managed in a manner that seeks to meet these investment objectives, while at the same time attempting to reduce volatility in year-to-year spending.

C. Fiduciary Duty

In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). UPMIFA requires members of the governing board to “manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In so doing, they shall consider general economic conditions; the possible effect of inflation or deflation; the expected tax consequences, if any, of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the fund; the expected total return from income and the appreciation of investments; other resources of the institution; the needs of the institution and the fund to make distributions and to preserve capital; an asset’s special relationship or special value, if any, to the charitable purposes of the institution.”

D. Description of Roles

1. Board of Directors and Investment Committee

The Board of Directors adopts the provisions of this Investment Policy. The Committee, subject to approval of the Board of Directors, is responsible for approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Fund on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Fund and its managers to be reasonably assured of their compliance with the Investment Policy Statement. The Board of Directors is responsible for approval of target asset allocation.

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2. CFO and Treasurer

The CFO and Treasurer or his/her designee has daily responsibility for administration of the Fund and will consult with the Committee and the investment consultant on matters relating to the investment of the Fund. The CFO and Treasurer or his/her designee will serve as primary contact for the Fund's investment managers, investment consultant, and custodian.

3. Investment Consultant

The investment consultant is responsible for assisting the Committee and CFO and Treasurer in all aspects of managing and overseeing the investment portfolio. The consultant is a source of investment education and investment manager information. On an ongoing basis the consultant will:

- a. Provide proactive recommendations pertaining to asset managers, allocation of assets and general economic conditions
- b. Supply the Committee with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested
- c. Monitor the activities of each investment manager or investment fund
- d. Provide the Committee with quarterly performance reports
- e. Review this Investment Policy Statement with the Committee from time to time

E. Spending Policy

The spending policy is set by the Board of Directors based on a recommendation by the Investment Committee and is reviewed annually.

II. INVESTMENT PHILOSOPHY

A. Strategy

The Committee understands the long-term nature of the Fund and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets may be invested in equity or equity like securities. Fixed income strategies may be used to lower short-term volatility and provide stability.

B. Asset Allocation

Asset allocation will likely be a determinant of the Fund's returns over the long-term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. A globally diversified portfolio should reduce the variability of returns across time.