



INVESTMENT POLICY

Policy Approved by	Board of Directors – Investment Committee
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INTRODUCTION

The UND Alumni Association & Foundation supports University of North Dakota students, faculty, alumni and the greater community by providing resources for growth and development.

Purpose

This policy provides a framework for the management of the assets of the UND Alumni Association and Foundation (the “Organization” as well as assets held on behalf of the University and its affiliates. Its purpose is to assist the Board of Directors in effectively supervising and monitoring the investments of the Organization. A subcommittee of the Board of Directors, or Investment Committee, (“Committee”) has been established to focus on implementing and monitoring the Organization assets (the “Fund”) in accordance with the guidelines outlined in this policy.

The Committee has arrived at this Investment Policy through careful study of the returns and risks associated with various investment strategies, the current and projected financial obligations of the Pool and growth goals. The Committee has consulted with an outside OCIO (as defined below) as it deemed appropriate. This Investment Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Pool, which are described in the “Statement of Objectives” section of this document; however, the Committee shall be free to deviate from this Investment Policy when it concludes that it is prudent and in the interest of the Pool to do so, and may amend the Investment Policy at any time. The Committee is entitled to deference in its interpretation of this Investment Policy.

The Committee has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

It is not expected that the Investment Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the Investment Policy.

Fiduciary Duty

The assets of the Pool will be invested in accordance with all applicable laws. The Committee will perform its duties in a manner consistent with fiduciary standards. Specifically:

- Duty of care
- Duty of loyalty
- Duty of obedience
- Duty to diversify investments

Conflict of Interest

If any member of the Committee, Custodian and/or the OCIO has, or appears to have, a conflict of interest that impairs or appears to impair the respective individual’s ability to exercise independent and unbiased judgment in the good faith discharge of his or her duties, he or she shall disclose such conflicts.

DUTIES AND RESPONSIBILITIES

The Investment Committee is responsible for managing the investment process in a prudent manner with regard to preserving principal while providing reasonable returns. In carrying out these duties, the Committee has retained an OCIO as further discussed below to assist in managing the assets of the Pool as set forth in the Investment Management Agreement (the “IMA”). The OCIO’s role is set forth in the IMA and may provide guidance to the Committee on matters pertaining to the investment of Pool assets including the creation of the Investment Policy, investment selection, monitoring of performance and compliance with the Investment Policy. The OCIO has authority and responsibility to select appropriate investments in the specific asset classes mandated by this Investment Policy, in accordance with (and subject to) the terms of IMA.

Board of Directors

The Board has the ultimate fiduciary responsibility for the prudent and effective investment of the assets of the Pool. It has delegated responsibility for the investment management process to the Committee with the requirement that the Committee update the Board annually on investment activities and performance. The Board set the annual spending policy after reviewing the recommendation of the Committee.

Investment Committee

The Committee will retain a qualified OCIO to assist in the development and implementation of the Investment Policy. The Committee will establish the Investment Policy of the Pools. This includes, but is not limited to; allocation between growth, risk reduction and inflation hedged assets, selection of acceptable asset classes and investment performance expectations. The Committee periodically will review the Investment Policy.

The Committee will regularly review the spending policy and propose any recommended changes to the Board for consideration.

The Committee will regularly review the investment performance of the Pools and will monitor the performance of the OCIO to assure the Investment Policy is being followed and progress is being made toward achieving the objectives. The committee is responsible for assets not set forth in the investment management agreement with the OCIO.

The Committee understands that the most important performance expectation is the achievement of long-term investment results that are consistent with this Investment Policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk. The Committee recognizes that this real return objective may not be meaningful during some time periods. In order to ensure that investment opportunities available over a specific time period are fairly evaluated, comparative performance statistics (including benchmark indices) will be used to evaluate investment results.

Outsourced Chief Investment Officer (“OCIO”)

The OCIO retained by the Committee will assist the Committee in establishing the Investment Policy and guidelines contained in the Investment Policy.

In accordance with the terms of the Investment Management Agreement, the OCIO will be responsible for managing the asset allocation, determining investment strategy, and implementing through permissible investment vehicles. The OCIO will monitor asset allocation across and among asset classes and provide timely reporting to the Committee.

Custodian

The Custodian(s) has possession of securities for safekeeping, for settlement of trades, and for the collection of income. In addition, the Custodian(s) will process all cashflows and provide comprehensive monthly statements.

STATEMENT OF OBJECTIVES

Spending Policy

The spending policy is set by the Committee to:

- Provide a reasonable, stable, and sustainable level of income for the University
- Balance the needs of current spending and asset growth
- Protect and grow assets over the long term

It is the policy of the Pool to annually distribute a percentage of the average market value of the Investments as defined in the Endowment Spending Policy. It shall be the responsibility of the Committee

and the OCIO to periodically review the spending policy against actual returns in order to make adjustments necessary.

Primary Investment Objective

The primary objective of the Pool is to preserve and augment purchasing power while providing a continuing and stable funding source to support the current and future mission of the Pool. This objective has been established in conjunction with a comprehensive review of the current and projected spending and budget requirements.

There can be no assurance that these objectives will be met. The Committee also realizes and agrees that historical performance is no guarantee of future performance.

STATEMENT OF INVESTMENT POLICY

Asset Allocation Targets

The asset allocation will likely be the key determinant of the Pool's returns over the long-term. Therefore, the Pool will be diversified across multiple markets that are not similarly affected by economic, political or social developments. A globally diversified portfolio with uncorrelated returns from various assets should reduce the variability of returns across time.

Because of the importance of asset allocation in meeting the Pool's long-term return objectives, it will be reviewed at least annually by the Committee.

It will be the policy of the Pool to invest assets with an allocation as shown below:

	<u>Minimum %</u>	<u>Maximum %</u>
Growth Strategies	60	85
Risk Reduction Strategies	10	30
Inflation Protection Strategies	5	15

Strategy Descriptions

Growth Strategies: Investments that seek to provide equity-like, long-term capital appreciation while potentially recognizing substantial fluctuations in year-to-year performance. Examples include equities, higher yielding fixed income instruments, private equity, long biased hedge funds and opportunistic strategies.

Risk Reduction Strategies: Investments that seek to provide stability and reduce volatility. Examples include fixed income and non-directional hedge funds.

Inflation Protection Strategies: Investments that seek to provide a diversified inflation hedge and yield. Examples include public and private real asset and real estate strategies as well as Treasury Inflation-Protected Securities ("TIPS").

Cash Equivalent Reserves: The Pool may temporarily hold cash in anticipation of upcoming transaction activity.

In accordance with the terms of the Investment Management Agreement, the OCIO will retain discretion with respect to the investments utilized by the OCIO to implement the Pool's strategy.

Adherence to Policy Targets and Rebalancing

The asset allocation established by this Investment Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. These divergences should be of a short-term nature.

Rebalancing among investment products will occur with the intent that the target asset allocation is maintained within acceptable ranges. The OCIO will identify the amount of assets that should be reallocated in order to bring the Pool back into compliance with the asset allocation within the Investment Management Agreement and, to the extent set forth in the Investment Management Agreement, will issue the instructions to the Custodian for the transfer of funds.

Investment Securities, Strategies and Diversification

As described in the Investment Management Agreement, the OCIO implements through pooled investment vehicles, including mutual fund products, separately managed accounts, and/or other alternative fund products. The principal investment objectives and strategies of the investment products can be found in the prospectus, offering documents, and related governing documents, which govern and control any investment product's objective, strategy and permitted investments.

It is the responsibility of the Committee to read and understand the information contained in the governing documents.

Volatility

Consistent with the desire for adequate diversification, the Investment Policy is based on the assumption that the volatility of the Pool will be similar to that of the market opportunity available to institutional investors with similar risk profiles.

CONTROL PROCEDURES

Review of Assumptions

All major assumptions regarding spending policy, budget projections and capital market returns will be subject to an annual review by the Committee. This review will focus on the Pool's ongoing ability to tolerate downturns in asset values, changes to liquidity, income or rate or return objectives and any changes in the Pool's priorities or spending policy.

Review of OCIO and Investments

Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy for achieving these objectives. In addition, the validity of the stated objective will be reviewed annually.

The OCIO will report on a quarterly basis to review the Pool's investment performance.

Performance reviews will focus on:

- Investment adherence to this Investment Policy and guidelines
- Material changes in the investment organizations, such as in investment philosophy and personnel, etc.
- Appropriateness of asset allocation and progress toward goals
- Comparison of long-term investment results to appropriate benchmarks, as well as market index returns