



Investment Policy Statement

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WRIGHT STATE
UNIVERSITY

Thank You!

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Investment Policy Statement & Financial Governance Policy

IPS directly supports and complements the Wright State University Board of Trustees Financial Governance Policy

- “Ensuring Wright State University maintains sufficient and flexible resources for supporting its mission including its obligations to students, faculty, staff, and other stakeholders.”

Goal

Develop a long term Investment Policy Statement that is designed to support the Wright State University Financial Governance Policy in providing operating capital and reserves through sound investment principles.

IPS Objectives

The primary objectives of the Wright State University Non-Endowment Fund, in priority order, shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the University shall be undertaken in a manner that ensures, over time, the preservation of capital.
2. **Liquidity:** The University's investment portfolio will remain sufficiently liquid to enable the University to meet all its operating obligations.
3. **Return on Investment:** The University's Investment Fund shall be structured with the objective of attaining the highest possible total return for the investment portfolio while adhering to a prudent level of safety and security.

Investment Pools

1. **Cash Pool:** provide for working capital needs
2. **Reserve Pool:** provide for contingencies and opportunities
3. **Strategic Investment Pool:** support a variety of educational, research, and community outreach activities with predictable current income and capital appreciation. This pool will also provide income and long-term growth to support future strategic initiatives.

Duties and Responsibilities

Board of Trustees:

- Maintains the ultimate fiduciary responsibility
- Sets and approves investment policy
- Approves All Asset allocation
- Hire and Evaluate Fiduciary Manager
- Review IPS yearly and revise as needed
- Approve Strategic Investment Pool Portfolio Strategy, Holdings, and Rebalancing (**Note:** Cash Pool and Reserve Pool strategy, holdings & rebalancing are Delegated)

Duties and Responsibilities

Board of Trustees Finance Committee:

- Approves Cash Pool and Reserve Pool Investment Strategy
- Review and Recommend Asset Allocations and Investment Policy
- Recommends Fiduciary Manager
- Review IPS yearly and Recommend Revisions as Needed
- Approve Strategic Investment Pool Portfolio Strategy, holdings, and rebalancing

Duties and Responsibilities

WSU Treasury Management:

- Implement Cash Pool Investment Strategy, Portfolio Holdings, Strategy, and Rebalancing
- Evaluate and Recommend Fiduciary Manager
- Monitor Ongoing Activities and Report Performance of All Pools
- Make Recommendations for IPS at Yearly Review

Duties and Responsibilities

Fiduciary Manager:

- Assists with the Development of Investment Policy
- Implement Reserve Pool and Strategic Investment Pool Investment Strategy, Portfolio Rebalancing, and Portfolio Holdings
- Make Recommendation for IPS at Yearly Review

Duties and Responsibilities

	Wright State University Board of Trustees	Finance Committee	WSU Treasury Management Team	Discretionary Fiduciary Manager
Set/approve investment policy- all pools	Approves	Reviews/ Recommends	Co-developer / Reviews	Primary Developer
Asset allocation- all pools	Approves	Reviews / Recommends	Monitors	Implements
Investment Strategy				
Cash Pool	Delegates	Approves	Implements	Monitors
Reserve Pool	Delegates	Approves	Monitors	Implements
Strategic Investment Pool	Approves	Recommends	Monitors	Implements
Evaluate/select investment managers				
Cash Pool	Delegates	Delegates	Implements	Monitors
Reserve Pool	Delegates	Delegates	Monitors	Implements
Strategic Investment Pool	Approves	Recommends	Monitors	Implements
Portfolio rebalancing				
Cash Pool	Delegates	May Set Ranges	Implements	Monitors
Reserve Pool	Delegates	May Set Ranges	Monitors	Implements
Strategic Investment Pool	Approves	Recommends- May Set Ranges	Monitors	Implements
Monitor ongoing activities and reports performance- all pools	Delegates	Monitors / Reviews	Monitors / Provides	Oversees / Provides
Portfolio holdings				
Cash Pool	Delegates	Reviews / Monitors	Implements	Monitors
Reserve Pool	Delegates	Reviews / Approves	Monitors	Implements
Strategic Investment Pool	Approves	Reviews / Recommends	Monitors	Implements
Hiring / Evaluating Discretionary Fiduciary Manager	Approves	Reviews / Recommends	Analyzes / Recommends	Not Applicable
Annual Investment Policy Statement (IPS) Review	Approves Changes (if applicable)	Reviews / Recommends	Reviews / Recommends	Co-reviews / Recommends
Departure from Investment Policy State	Acknowledges Policy Deviation	Approves & Reports to WSU Board of Trustees	Analyzes / Recommends	Co-analyzes / Implements
Committee Education / Asset Allocation Studies	Receives / Reviews	Receives / Reviews	Receives / Reviews	Provides
Fiduciary responsibility	Yes (ultimate)	Yes	Yes	Yes

Cash Pool Targets and Guidelines

- **Target Balance:**
 - 20% of the Previous Fiscal Year's Operating Expenses
- **Guidelines:**
 - Maximum Maturity of Any Instrument Not to Exceed 12 Months
 - Weighted Average Maturity of the Pool Not to Exceed 90 Days
 - Only Approved US Government Secured Obligations, Municipal Bonds/Notes, Certificate of Deposit, Money Market Funds, and Repurchase Agreements

Reserve Pool Targets and Guidelines

- **Target Balance:**
 - 10% of the Previous Fiscal Year's Operating Expenses.
This pool will be built up over time, and only after the cash pool target is reached.
- **Guidelines:**
 - Asset allocation shall be based on the contingent need to use these funds for general university expenses.
 - Should be high liquidity, low volatility, while yielding better returns than money market instruments.
 - Finance committee has the discretion to increase the reserve percentage as needed.

Strategic Investment Pool Targets and Guidelines

- **Target Balance:**
 - Maximize Value to Ensure Long Term Operations; Built Over Time After Cash Pool and Reserve Pool Requirements Have Been Met
- **Guidelines:**
 - Balance Requirements and Transfers Determined in October Review
 - Expected to Meet or Exceed Benchmarks in Any Three Year Rolling Period
 - No Private Equity
 - No Investment May Incur More Than a Two Year Lock-Up
 - Derivatives only for Hedging Purposes

Control Procedures

- Fiduciary Manager will meet with WSU Treasury Management Quarterly
 - Global Market Activity and Economic Conditions
 - Portfolio Performance
 - Compliance with IPS and State Laws
 - Material Changes That May Affect Management of Fund Assets
- Fiduciary Manager Will Provide monthly reports to WSU Treasury Management
 - Market Commentary
 - Performance vs. Benchmarks
 - Trust Report with Transactions Completed, Cash Flows and NAVs of securities

Control Procedures

- Notification to WSU is Required Within Five Days of Significant Deviation from Approved IPS
- Reserve and Strategic Investment Pools Are Expected to Meet or Exceed Benchmarks for Any Rolling Three Year Period; Failure to Meet This Target Result in Review and Possible Termination of Relationship With Fiduciary Manager

Summary – Top 5 Takeaways

1. Redefined the Investment Pools to align with the Strategic Investment Goal and Financial Governance Policy
2. More Oversight by the Board
3. Better Definitions of Duties and Responsibilities
4. Tighter Controls and Reporting Requirements
5. More Liquidity Protection with Less Volatility

Again, Thank You!

This has been an excellent hands on learning experience and a chance to make a positive contribution to our University.