

Draft

**Investment Policy Statement for
Wright State University Non-Endowment Fund**

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INTRODUCTION

This document establishes the Investment Policy Statement (“Investment Policy”) for the Wright State University Board of Trustees (“the Board”) to direct the prudent investment of the University's Non-Endowment Fund (“the Fund”). The Board is responsible for managing the investment process of the Fund in a prudent manner.

The Board has arrived at this Investment Policy through a careful study of the returns and risks associated with different investment strategies in relation to the current and projected liabilities of the Fund, after consulting with the outside Fiduciary Manager (defined below). This Investment Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Fund which are described in the “Statement of Objectives” section of this document.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Board, the Finance, Audit and Infrastructure Committee (“the Finance Committee”), WSU Treasury Management, and the Fiduciary Manager must act with care, skill, prudence, and diligence. All investment actions and decisions must be based solely in the interest of the Fund. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

Under the *Prudent Person Rule*, assets of the WSU Investment Fund would be invested with the following factors in mind:

- The working capital needs of Wright State University
- The need to preserve the assets and maintain liquidity within the Fund
- The amount and regularity of income from the fund

The Committee must conform to the fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and in incurring costs where reasonable and appropriate.

In addition to the Investment Policy defined herein, the management of the Fund will comply with all applicable laws, to include the following:

Compliance with State of Ohio Guidelines: The Wright State University Non-Endowment Investment Fund will be invested in accordance with the provisions outlined in O.R.C. 3345.05 and 1715.52. This includes ensuring that an amount equal to at least twenty-five percent (25%) of the average of the university's investment portfolio over the course of the previous fiscal year (July 1 – June 30) shall at all times be invested in securities of the United States government or of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

DUTIES AND RESPONSIBILITIES

The Board is responsible for managing the investment process in a prudent manner, preserving principal while providing reasonable safety and liquidity. In carrying out these duties, the Finance Committee will serve as the Investment Committee for the Board of Trustees. The Finance Committee has retained a Fiduciary Manager to assist in managing the assets of the Fund. The Fiduciary Manager's role is to provide guidance to the Board on matters pertaining to the investment of Fund assets including Investment Policy, investment selection, asset allocation, monitoring the Fund's performance and compliance with the Investment Policy. All decisions pertaining to the Investment Policy and guidelines for the Investment Policy's implementation will be made by the Board. The Fiduciary Manager, in carrying out the Investment Policy defined in this document, has authority and responsibility to recommend and invest in appropriate investments in the specific asset classes mandated by this Investment Policy,

in accordance with (and subject to) the terms of the Investment Management Agreement. Roles, Duties and responsibilities are described in detail below.

The Board of Trustees

The Board of Trustees will retain a qualified Fiduciary Manager to assist in the development and implementation of the Investment Policy and guidelines.

The Board will establish the Investment Policy of the Fund. This includes the establishment of appropriate investment pools, the allocation between Cash, Reserve, and Strategic Investment pools, and the selection of acceptable asset classes and investment performance expectations for the Cash, Reserve and Strategic Investment Pools.

Finance Committee

The Finance Committee is appointed the authority to perform the functions of the Investment Finance Committee and is responsible for adhering to the provisions of this Investment Policy Statement. Members of the Finance Committee are appointed by the Chair of the Wright State University Board of Trustees and shall consist of three WSU Board Members as well as one non-voting representative each from the following constituencies: Faculty, Unclassified Staff and Classified Staff.

The Finance Committee, on behalf of the Board, will periodically review the investment performance of the Fund including the performance of the Fiduciary Manager to assure that the Investment Policy is followed and that progress is being made toward the portfolio objectives. The Finance Committee is responsible for the establishment and oversight of appropriate investment pools; it will review the Investment Policy Statement annually.

The Finance Committee shall have discretion to depart from this Investment Policy when it concludes that it is prudent and in the interest of the Fund to do so especially during times of market distress. Decisions made to depart from this investment policy will be reported in writing by the Finance Committee Chair to the Board no later than 30 business days from the date that such actions are taken. This report should include shortfalls that required deviation from this IPS, expected future ramifications of the deviation, and a plan of action to return to accepted guidelines.

WSU Treasury Management

~~The~~ WSU's Treasury Management is responsible for administration of the Fund and will consult with the Finance Committee and Board on all material matters relating to the investment of the Fund's portfolio. The WSU Treasury Management will meet quarterly with the Fiduciary Manager to evaluate performance and asset allocation in accordance with this Investment Policy Statement. WSU Management will consist of the Wright State University Treasurer and his or her appointees.

Fiduciary Manager

The Fiduciary Manager retained by the Board will assist the Board in establishing the Investment Policy and guidelines contained in this Investment Policy.

In accordance with the terms of the Investment Management Agreement, the Fiduciary Manager will be responsible for adhering to the asset allocation guidelines described in the IPS, determining investment strategy and implementing security selection decisions through the investment sub-advisors for the mutual funds managed by the Fiduciary Manager, within the Investment Policy and as otherwise provided by the Board. The Fiduciary Manager will monitor asset allocation across and among asset classes.

The Fiduciary Manager will monitor investment performance of the Fund. Performance reports will be provided to the Board quarterly, at a minimum, but additional reports may be requested by the Board or the Finance Committee on an as-needed basis. The Fiduciary Manager will report in a timely manner any substantive developments that may affect the management of the Fund's assets. These developments will be presented to the Finance Committee during the next scheduled meeting.

The following chart summarizes the duties and responsibilities of each party in more granularity:

	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

STATEMENT OF OBJECTIVES

Wright State University Non-Endowment Fund

The Fund will seek to maximize long-term total returns consistent with prudent levels of risk. In seeking to attain the investment objectives set forth, the Finance Committee shall exercise prudence and appropriate care in all investment actions and decisions must be based solely on what is in the best interest of the Fund.

The primary objectives of Wright State University's 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 in the overall portfolio.
2. **Liquidity:** The University's investment portfolio will remain sufficiently liquid to enable the University to meet all operating requirements. Portfolio liquidity is defined as the ability to sell a security on a short notice at a reasonable price. To help retain the desired liquidity, no security shall be purchased that is likely to have few market makers or poor market bids within the Cash Pool and Reserve Pools (see next section). Additionally, liquidity shall be assured by keeping an adequate amount of short-term investments to accommodate the cash needs of the University.
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 risk.

Fund Financial Objectives

The University has established three separate categories of investments pools to provide for 1) working capital needs, 2) opportunities or contingencies, and 3) long-term financial support for a variety of educational, research, and community support activities. This Policy distinguishes the Fund's objectives, risk constraints and guidelines based on three separate Non-Endowment pools:

- 1. Cash Pool:** The objective of the Cash Pool shall be to meet the day-to-day obligations of the University. As a result, these funds should be invested in highly liquid instruments with little or no risk of principal loss. *Target Balance:* ~~15~~ 20% of the prior fiscal year's operating expenses net of depreciation. If the pool is not at the target balance, then the cash pool will receive first priority of funding until the target balance is achieved. it will be replenished over time.
- 2. Reserve Pool:** The objective of the Reserve Pool shall be to provide a liquidity backstop in the event the Cash Pool is insufficient to meet the University's cash needs. It is used to provide for opportunities or contingencies. These funds shall be invested in both fixed income and equity securities. The asset allocation shall be established based on the contingent need to use these funds for general university expenses. This pool should have high liquidity, very low volatility, while yielding better returns than one would get in money market instruments. *Target Balance:* 10% of the prior fiscal year's operating expenses net of depreciation. This pool will be built up over time to the target balance of 10% with the objective of maintaining a minimum average balance of \$2,000,000 in the Reserve Pool in recognition of prior investment commitments made to support the student-managed investment fund., and only after the Cash Pool target is reached.
- 3. Strategic Investment Pool:** The objective of the Strategic Investment Pool is to support a variety of educational, research, and community outreach activities with predictable current income and capital appreciation. ~~The Strategic Investment Pool will focus on stable growth to support an annual spending rate of 3% from the Strategic Investment Pool.~~ Funds will only be committed to the Strategic-Investment Pool when: a) the target balances for both the Cash Pool and the Reserve Pool have been met and; b) the University achieves a positive net income position for two consecutive years. The objectives of the fund shall be to provide an opportunity to earn a higher rate of return through investments in equity or equity-like investments, fixed income securities, real assets (real estate and natural resources), and diversifying strategies such as alternative investments with lock up periods no greater than under two years. The asset allocation shall be established based on the need to provide income and long-term growth to support future strategic initiatives. This fund should not be used as a source of funds to shore-up depletion of the other two more-liquid pools.

Once the Cash Pool and Reserve Pool target balances are met, up to 50% of unbudgeted investment income may be withdrawn to support future strategic initiatives.

STATEMENT OF INVESTMENT POLICY

The Office of the Bursar will manage the cash and cash equivalents held by the University on a daily basis. The target balances are designed to be stable and liquid to fund the needs of the University. The Cash Pool shall maintain a high degree of liquidity, credit quality, and appropriate duration consistent with a spending account which periodically sustains substantial withdrawals. Whenever the Cash Pool is over-funded, The University Bursar & Director of Treasury Services will notify the Fiduciary Manager that funds are available for investment.

The Reserve Pool is designed to balance short-term contingencies with long-term growth. Its primary function is to stand in reserve and if needed, to shore up deficiencies in the Cash Pool. However, it should earn a higher return within the limitations of low volatility and good liquidity. The asset allocation of the Reserve Pool is therefore listed separately (see Reserve Pool guidelines below). It will be more diversified than the Cash Pool, consistent with a longer investment horizon. The asset class assumptions are aggregated into a diversified portfolio, so that each portfolio can then be simulated through time using industry best practices. This approach enables the Fiduciary Manager to develop scenarios across a wide variety of market environments so that they can educate the Board & Finance Committee regarding the potential impact of market volatility on this fund over time. Ultimately, the value

of these assumptions is not in their accuracy as point estimates, but in their ability to capture relevant relationships and changes in those relationships as a function of economic and market influences.

The Fiduciary Manager develops forward-looking, long-term capital market assumptions for risk, return and correlations for a variety of global asset classes, interest rates and inflation. These assumptions are created using a combination of historical analysis and current market environment. This approach is less biased than using pure historical data, which is often biased by a particular time period or event.

In accordance with the terms of the Investment Management Agreement, the Fiduciary Manager will retain discretion with respect to the specific investments it uses to implement the Reserve Pool & Strategic Investment Pool strategies. Moreover, the Fiduciary Manager will retain discretion with respect to modifications required to the asset allocation, as stated in the investment policy. Whenever the Fiduciary Manager exercises this discretion, it shall notify the WSU ~~Treasury Management Board of Trustees~~ in writing within ~~30~~ five business days.

Adherence to Policy Targets and Rebalancing

Rebalancing only occurs in the funds managed by the Fiduciary Manager, provided the Cash Pool target balance is met.

Generally, rebalancing among funds should occur on a quarterly basis, if needed. For the registered investment companies (i.e., mutual funds), semi-annual rebalancing is sufficient. Alternative assets and real estate should be examined once per year to ensure that the target asset allocation specified in this Investment Policy is maintained within acceptable ranges. The Fiduciary Manager will identify the amount of assets that must be reallocated in order to bring the Reserve and Strategic Investment Pools back into compliance with this Investment Policy. The Fiduciary Manager will issue the necessary instructions for the transfer of funds. Moreover, portfolio rebalancing among the Funds will occur when the target balances of both the Cash Pool and the Reserve Pool have been met and the University has achieved a positive net position for two consecutive years.

Notwithstanding the foregoing, under certain circumstances, the Fiduciary Manager may make active investment decisions for the Reserve and Strategic Investment Pools in accordance with the terms of the targets set forth in this document; they may modify the target variance applicable to the strategy; and they may modify its standard rebalancing procedures, including the suspension of some or all of the rebalancing procedures if they find that it is in the best interests of the overall portfolio value. If the Fiduciary Manager has suspended rebalancing procedures applicable to the Fund, the Fiduciary Manager shall seek to notify the WSU Treasury Management of such a decision in writing within ~~five business~~ 30 days.

As described in the Investment Management Agreement, the Fiduciary Manager implements this Investment Policy through investments in mutual funds and other pooled asset portfolios. It is the responsibility of the Fiduciary Manager to provide a prospectus for each investment. It is the responsibility of WSU's Treasury Management to read and understand the information contained in the prospectus. The Fiduciary Manager shall report the contingent deferred sales loads, 12b-1 fees and all other expenses and fees associated with the fund in the portfolio to the Finance Committee annually.

Mutual funds may utilize shorting strategies as outlined in the prospectus. Further, certain mutual funds may participate in securities lending as determined by the prospectus. Such investments are acceptable investments provided they conform to the diversification restrictions set forth by the Investment Company Act of 1940, as amended (the "1940 Act") below.

Risk and Volatility

The Board, Finance Committee and WSU Treasury Management recognize that the Fund's portfolios are subject to various sources of risk. Risk is defined as volatility in asset values, liquidity and the impact of inflation upon purchasing power. Market or systemic risk cannot be circumvented or eliminated by portfolio diversification but some risks can be reduced through diversification at the asset class, investment manager and security level. Well-constructed portfolios can minimize risk for a given level of expected return. The Board and Finance Committee has established the asset allocation; and they have agreed to certain asset classes after consideration of the risk and the

probability of loss using portfolio modeling scenarios. The Fiduciary Manager will regularly review the portfolio's risk characteristics with the WSU Treasury Management.

Cash Pool Investment Guidelines

The current required Cash Pool balance will be determined in October once the University's audited financial statements are finalized. The target balance will be, at a minimum, ~~15.20~~% of the prior fiscal year's operating expenses net of depreciation. The calculated target balance for the Cash Pool will be compared to the actual Cash Pool balance at the end of September. Any shortfall/excess will be transferred from/to the Reserve Pool and reported to the Finance Committee. If insufficient funds exist in the Reserve Pool to restore the Cash Pool to its target balance, refer to the Wright State University ~~Board of Trustees~~ Financial Governance Policy ~~ies~~ (Section D.- Financial Performance Benchmarks) for further action. The Finance Committee has discretion to increase the reserve percentage, as needed, based on anticipated working capital needs. It also may increase the reserve percentage if they decide to provide a greater safety cushion for the fund.

The Cash Pool will consist of extremely liquid, cash equivalent securities. Capital preservation takes priority over income generation in the Cash Pool. The longest Investment Horizon shall not be greater than one year in the Cash Pool.

Cash Pool constraints:

- Maximum maturity of any issue not to exceed 12 months
- Weighted average maturity not to exceed ~~180.90~~ days.

Approved Cash Equivalent Securities:

- Obligations of the United States Treasury; obligations issued by United States agencies; and obligations guaranteed by the United States government.
- Taxable municipal notes and/or bonds rated A1 or higher
- Certificates of Deposit/Bankers' Acceptances/Repurchase Agreements issued by highly rated commercial banks having a Tier 1 Capital Ratio greater than or equal to 8% where public fund deposits are collateralized under ORC 135.
- High quality Commercial Paper issued by U.S. and foreign corporations with a minimum rating of A1/P1 by Standard and Poors' and Moody's, respectively.
- Money Market Funds: If possible, money market funds holding mostly United States Government securities should be favored.

The benchmark index for the Cash Pool will be the 91 day T-Bill Rate.

Reserve Pool Investment Guidelines

The current required Reserve Pool balance will be determined in October, once the University's audited financial statements are finalized. The target balance will be, at minimum, 10% of the prior fiscal year's operating expenses net of depreciation. It is recognized that funds in the Reserve Pool will be built up over time to reach the 10% goal. The Finance Committee has discretion to increase the reserve percentage, as needed, based on known anticipated working capital needs, or as a desire to provide a greater safety cushion to the fund.

A deficiency in the Cash Pool target balance (when calculated in October) will trigger a drawdown of the Reserve Pool in the amount of the deficiency. Transfers from Reserve to Cash Pool outside of the October determination period will be made at the discretion of the University Bursar & Director of Treasury Services and with the approval of the Vice President for ~~Finance and Operations & CBO/CFO~~ Business and Finance & CFO, with written notification to the Finance Committee Chair immediately. Cash reserves determined to be in excess of the October Cash Pool ~~October~~ calculated target balance will be transferred to the Reserve Pool. Upon reaching the targeted 10% Reserve Pool calculated balance, WSU Treasury Management, in conjunction with the Fiduciary, will make a recommendation to the Finance Committee based on a review of the long-term financial outlook of the University to either 1) maintain the excess in the Reserve Pool or 2) transfer all or part of the excess to the Strategic-Investment Pool.

The Reserve Pool is expected to outperform the weighted benchmark index over a full market cycle (generally defined as a peak-to-peak cycle, typically close to five years). The benchmark index will be comprised of each asset class index weighted by its target allocation.

Asset Class	Target	Range	Benchmark
Fixed Income securities	50%	40 – 80 60%	Barclays Aggregate Index
Domestic Equity	40%	20 30 – 50%	S&P 500 Index
Global Equity	10%	0 – 15%	MSCI All Country World ex US

~~Any change in benchmarks shall be approved by the Finance Committee~~ The Finance Committee shall approve any change in the reserve pool investment benchmarks.

Investments will be diversified within asset classes with the intent to minimize the risk of large losses to the Fund. The portfolio is comprised of mutual funds that are managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940, as amended (the “1940 Act”). Pursuant to the provisions of the 1940 Act, a mutual fund may not, with respect to 75% of its assets, (i) purchase securities of any issuer (except securities issued or guaranteed by the United States Government, its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer; or (ii) acquire more than 10% of the outstanding voting securities of any one issuer.

No mutual fund may purchase any securities which would cause more than 25% of its total assets to be invested in the securities of one or more issuers conducting their principal business activities in the same industry, provided that this limitation does not apply to investments in securities issued or guaranteed by the United States Government, its agencies or instrumentalities. For Fixed Income investments, the average debt rating of the fund(s) must match the average debt rating of the corresponding benchmark index.

Strategic Investment Pool Guidelines

Strategic Investment Pool funds are considered ~~long-term~~ long-term funds. As such, transfers to the Strategic Investment Pool are to be made after careful review of the long-term financial outlook of the University. The investment objectives require disciplined and consistent management that take into account all events which are relevant, reasonable and probable. Given, the long-term permanent nature of these investments, approval by the Board is required prior to any increased contributions or withdrawals from the fund including any earnings from the fund.

The objectives of the fund shall be to provide an opportunity to earn a higher rate of return through investments in diversified equity or equity-like investments, fixed income securities, real assets (real estate and natural resources), and diversifying strategies such as alternative investments where the lock up period does not exceed two years. The asset allocation shall be established based on the need to provide income for long-term growth and appreciation in support of future strategic initiatives, not as a liquidity source.

The Strategic Investment Pool should be maintained within the following limits:

Asset Class	Benchmark	Target	Range
US Equity/Non-US Equity	MSCI US broad market index/MSCI all country world ex-US index	60%	55 – 65%
REITs	MSCI US REIT index	5%	0 – 10%
Emerging Market Debt	JP Morgan EMBI global diversified — local currency	5%	0 — 10%

<u>Alternative/Opportunity Assets Fund*</u>	Weighted sum of underlying strategy benchmarks at monthly actual strategy weights	<u>105%</u>	0 – <u>150%</u>
Total <u>Equity/Alternative Risk</u> Assets	Weighted sum of <u>Equity/Alternative risk</u> assets component benchmarks at target asset allocation weights	75%	70 – 80%
Nominal Global Fixed Income	Barclays capital global aggregate bond index	20%	15 – 25%
<u>Emerging Market Debt US TIPS</u>	<u>JP Morgan EMBI global diversified – local currency Barclays capital US TIPS index</u>	5%	0 – 10%
Total <u>Fixed Income Safe</u> Assets	Weighted sum of <u>fixed income safe</u> assets component benchmarks at target asset allocation weights	25%	20 – 30%
Total Fund	Weighted sum of asset class benchmarks at target asset allocation weights	100%	--

*Alternative/Opportunity assets fund allows for the flexibility to opportunistically add asset classes otherwise not included in the asset mix. New Private Equity shall not be added to the Opportunity fund.

Note:- this policy acknowledges the existing Private Equity investments approved by previous Boards of Trustees fall outside the target ranges set for the Strategic Investment Pool and are therefore grandfathered in under this Investment Policy Statement due to the long-term/illiquid nature of these investments.

Any change in benchmarks shall be approved by the Board. For Fixed Income investments, the average debt rating of the fund(s) must match the average debt rating of the corresponding benchmark index. The Board shall approve any change in the Strategic Investment Pool benchmarks.

Additionally, the funds may invest in derivative instruments within a portion of their portfolios. Portfolios may purchase derivatives, generally using only a fraction of the assets that would be needed to purchase equity or fixed income securities directly. As a result, the derivatives could be backed by a wide range of asset classes including but not limited to: U.S. and foreign equities, U.S. and foreign fixed income securities of different types and maturities, mortgage-backed or other asset-backed securities, securities rated below investment grade, non-U.S. equities, limited partnerships, currencies, commodities, and repurchase or reverse repurchase agreements. The investment goal of such a strategy would be to add diversifying alpha sources within that fund, while efficiently maintaining the beta exposure to the asset class. Derivatives are not to be used for speculative purposes.

Guidelines for Portfolio Holdings

Any new asset classes considered for the Non-Endowment Fund will be vetted and subject to the Control Procedures described later in the document.

Cash Equivalent Reserves:

~~The investments selected by the Fiduciary Manager in accordance with this Investment Policy Statement may include a small portion of total assets in cash reserves when deemed appropriate.~~

~~Cash equivalent reserves will consist of money market securities such as high quality, short term debt instruments. They include: (i) bankers' acceptances, certificates of deposits, notes and time deposits of highly rated U.S. and foreign banks; (ii) U.S. Treasury obligations and obligations issued or guaranteed by the agencies and instrumentalities of the U.S. Government; (iii) high quality commercial paper issued by U.S. and foreign corporations; (iv) debt obligations with a maturity of one year or less issued by corporations with outstanding high quality commercial paper; (v) repurchase agreements involving any of the foregoing obligations entered into with highly rated banks and broker-~~

~~dealers; and (vi) foreign government obligations.~~

Proxy Statements

Proxies, tender offers and the like for any mutual funds selected by the fiduciary manager will be voted by WSU Treasury Management in accordance with the terms of the Investment Management Agreement. Proxies, tender offers and the like for individual securities will be voted by the sub-advisors within each respective mutual fund.

Execution of Security Trades

The Fund expects the purchase and sale of its securities to be made in a manner designed to receive the combination of best price and execution. The Board recognizes that mutual fund shares are purchased and sold at the net asset value next determined after receipt of the order and that accordingly, best price and execution may not be applicable to such transactions.

CONTROL PROCEDURES

Review of Investment Objectives

Investment performance will be reviewed quarterly 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.

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.

Review of Fiduciary Manager and Investments

The Fiduciary Manager will report to the WSU Treasury Management on a quarterly basis to review the investment performance of the Portfolio. The Fiduciary Manager will be charged with reviewing the Cash, Reserve and Investment Pools to ensure WSU Management they are in compliance with the Investment Policy Statement and Ohio laws.

The Fiduciary Manager will be responsible for keeping the WSU Treasury Management advised of any material change in its personnel, the investment strategy, or other pertinent information potentially affecting performance of investments under his/her direction.

On a monthly basis, the Fiduciary Manager provides WSU Management with monthly performance reports complete with market commentary and performance versus appropriate benchmarks. Additionally, WSU Treasury Management will receive a monthly Trust Report complete with financial transactions, cash flows and net asset values (NAVs) of all the strategies in the Non-Endowment Fund that is managed by the Fiduciary Manager.

Quarterly investment reviews will focus on:

- A review of recent global economic and financial markets activity.
- An update of the Fiduciary Manager's Economic Outlook and current view of asset classes including tactical over and under weightings.
- A review of the Reserve and Strategic Investment Pools' asset allocation compared with strategic targets.
- A review of the financial transactions during the quarter.
- Comparison of the Fund's investment results will be done at two levels:
 1. Level one, the individual investment vehicles will be compared individually with appropriate asset class specific benchmarks.
 2. Level two, an appropriate Blended asset class benchmark based on the current targets. The Blended benchmark is designed to follow any discretionary allocation changes so that security and manager selection can be isolated for comparative purposes (these changes will be described in the performance report). As the asset allocation changes, the Blended asset class benchmark will adjust accordingly.

- When applicable, recommendation of new asset classes to the WSU Portfolios will be discussed and vetted with the WSU Treasury Management and a sub-group of members of the Finance Committee before being added to the Investment Policy. Strategic allocations may be re-established at that time.
- Adherence to this Investment Policy and guidelines.
- An update of all investment manager changes within underlying funds
- An update of material changes at the Fiduciary Manager and the organizations of the underlying investment managers such as in investment philosophy and personnel, etc.
- Update on any interactions with the Fund's auditor's or other outside advisors.

Performance Expectations

The most important performance expectation is the achievement of long-term investment results that are consistent with the Fund's Investment Policy. Implementation of the policy will be directed toward achieving capital preservation and not toward maximizing return without regard to risk. As such, the portfolio is constructed to optimize return opportunities within shorter time periods while also providing for ~~long-term~~ long-term asset appreciation. Better than benchmark returns are not expected to occur in any given quarter or year, but are expected in a rolling three-year cycle. Failure to maintain this standard may result in a recommendation to terminate the relationship between WSU and the fiduciary manager.

<i>ADOPTION OF INVESTMENT POLICY STATEMENT</i>	
<i>The Board has reviewed, approved and adopted this Investment Policy Statement, dated MM/DD/YYYY.</i>	
_____	_____
<i>Signature</i>	<i>Date</i>