

# Investment Policy

## FT\_BO\_IS\_15

Responsible Officer  
Chris Ronk  
Responsible Office  
Finance  
Approving Body  
Board of Trustees  
Approval Date  
2018-01  
Re-evaluation Date  
2021

### Policy Statement

Carolina University (CU), by nature of its operation as an educational institution, is a 501(c)(3) tax exempt organization under the Internal Revenue Service guidelines. The University desires to establish this Investment Policy Statement as a guideline to be used by the trustees, administration and outside investment managers in the stewardship of resources entrusted to CU.

### Rationale

CU historically has made the commitment to preserve and grow the capital received from donations and bequests. Assets should have a primary focus of income to support the purposes of established endowment funds; those funds which provide scholarships for students and those which provide for the general needs of the university. CU believes that all efforts should be given to maintaining the corpus of restricted and unrestricted funds by investing the principal and spending only the income if possible. In addition, CU believes assets must be invested in a financially prudent manner. All investments will be made within the guidelines of quality, marketability and diversification mandated by CU.

### Policy Procedures

#### Risk Tolerance and Objectives

The University's risk tolerance on the following scale is Moderate:

- Conservative (little to no principal risk)
- Moderately Conservative (conservative, but willing to take some risk with equities and bonds to improve returns)
- Moderate (willing to take average risk in both equities and fixed income)
- Moderately Aggressive (willing to invest with above average risk and volatility)
- Aggressive (willing to take above average risk and accept the possibility of extreme swings in both up and down markets)

The investment objective of CU is income and growth, with a primary focus on income; and secondarily, a focus on growth of capital within the constraints specified in this investment policy.

#### Allowable/Non Allowable Investments

The investment manager may invest in the following asset classes:

- Equities- to include ETF's (exchange traded funds), open and closed end mutual funds, ADR's (American Depository Receipts), common and preferred stocks, REITS (Real Estate Investment Trusts), MLP's (Master Limited Partnerships)
- Fixed Income- Bonds to include FDIC insured CD's (Certificates of Deposit), Investment Grade Corporate Bonds, U.S Government and agency issued bonds, ETF's, and mutual funds (both open and closed end)
- Cash- short term liquid money market instruments with stable value

The investment manager may not invest funds in the following manner except in cases where an asset is received as a gift of this type to be liquidated in an efficient manner:

- Purchases on margin or secure margin loans on any holding.
- Short sales.
- Interest rate future contracts.

- Private placements.
- Options in future contracts.
- Commodity contracts.
- Precious metals.
- Real estate.
- Non-investment grade corporate bonds.

#### Spending Policy

CU recommends that spending be in the 4-5% range. That is, CU has reasonable expectation that the various funds within the investment corpus should produce income and growth of capital to support a 4-5% spending policy on an annual basis. CU is also willing to adjust the spending policy when economic conditions warrant doing so.

#### Investment Allocation Parameters

The investment manager should adhere to the following constraints when allocating assets:

##### Asset Class Parameter Target

Equities 40-70% 60%

Fixed Income 20-50% 30%

Cash 5-20% 10%

#### Portfolio Review

The investment manager should openly communicate to the authorized representatives of CU, giving an annual report during the annual meeting, or at such other times as requested by the board.

This general investment policy statement has been reviewed and affirmed by the Finance Committee and the Carolina University Board of Trustees.