



General Investment Policy

Approved by the UA Foundation Board of Trustees December 13, 2016

I. INTRODUCTION AND PURPOSE

This Investment Policy (this “Policy”) establishes an investment framework that reflects the management philosophy of the University of Alaska Foundation Board of Trustees (the “Board”), thereby providing the University of Alaska Foundation Investment Committee (the “Committee”) with a guide for managing the various investable resources of the University of Alaska Foundation (the “Foundation”).

II. SCOPE OF THIS POLICY

This Policy governs the investment activities of all assets owned or managed by the Foundation. It is intended to be interpreted liberally so that the investment strategies employed can be accomplished effectively and efficiently. The funds consist of restricted and unrestricted funds held by the Foundation for the benefit of the University of Alaska (the “University”).

III. DUTY OF LOYALTY AND STANDARD OF CARE

The Board, the Committee, the Treasurer, and others serving in a fiduciary capacity for these funds shall conduct their duties in compliance with AS 13.65.010 – 13.65.095, AS 37.10.071, and donor intent as may be expressed in a gift agreement or other record. As such, the prudent investor (expert) standard applies for all fiduciary activities and each fiduciary shall exercise his or her fiduciary duties in the sole financial best interests of the specific fund and treat all beneficiaries with impartiality. For all other matters related to the Foundation, the prudent person standard shall apply to the Board, Committee, Treasurer and Foundation or University staff.

IV. PRINCIPLES AND CONSIDERATIONS FOR FUND MANAGEMENT AND INVESTMENT

1. General

Principles and considerations for fund management and investment as stated in the Consolidated Endowment Fund Investment Policy, to the extent applicable, shall apply to all funds.



2. Investment Earnings

Investment earnings or losses (net of fees and costs) shall be credited to unrestricted revenues of the Foundation except for earnings which are restricted as to use by agreement or designated for a specific purpose by the donor or the Board. Net earnings or losses of all pooled investment funds shall be allocated proportionately to each participating fund or eligible account. All separately invested funds shall be credited with the net earnings or losses attributable to the assets and operations of the respective fund.

3. Redirection:

If it becomes necessary or desirable to modify the terms or purpose of a gift or endowment, such redirection shall be accomplished in accordance with this subsection:

- A. Any restriction contained in a gift instrument may be changed with the consent of the donor to the extent the change is consistent with the purposes of the institution.
- B. The court can modify the restriction, upon application of the institution and notice to the Attorney General, subject to the revision being consistent with the probable intent of the donor.
- C. If the Committee determines that a particular purpose or restriction on the use of a fund has become unlawful, impracticable, impossible to achieve, or wasteful, the court can modify the purpose or restriction upon application of the institution and notice to the Attorney General, subject to the funds being used, as nearly as is practicable, in a manner consistent with the original charitable purposes expressed in the gift instrument.
- D. If the Committee determines that a particular purpose or restriction on a fund has become unlawful, impracticable, impossible to achieve, or wasteful, the Treasurer may modify the restriction upon 90 days' notice to the Attorney General, subject to the modification being consistent, as nearly as is practicable, with the original charitable purposes expressed in the gift instrument, and the following criteria being met:
 - i. The fund has a total value of less than \$50,000 and more than 20 years have elapsed since the fund was established; or
 - ii. The fund has a total value not to exceed \$30,000, regardless of the time that has elapsed since the fund was established.



V. RESPONSIBILITIES

Responsibilities of the Board, Committee, Treasurer, advisors, managers and custodians shall be the same as those stated in the Consolidated Endowment Fund Investment Policy to the extent applicable.

VI. CLASSES OF AUTHORIZED INVESTMENTS

1. Traditional and Alternative Investments

The authorized classes of traditional and alternative investments and the related asset allocations or investment parameters shall be established by the Committee based on the purposes and objectives of the respective funds.

2. Donated Marketable Securities

Upon acceptance, donated marketable securities shall be sold as soon as practicable and the proceeds reinvested in accordance with directives of the Treasurer.

3. Other Donated Real or Personal Property

Other donated real or personal property received by the Foundation shall be evaluated in accordance with the Foundation's Gift and Acceptance Policy and a determination made regarding its use or disposition within a reasonable period of time.

VII. FOUNDATION FUNDS

1. Operating Funds

Operating funds consist of cash balances and investable resources of general restricted and unrestricted funds. Such funds shall be productively invested to the extent practical. The investment objectives for the operating funds are to provide (1) for the liquidity necessary to meet operational needs, (2) for the preservation of the principal necessary to meet program commitments, and (3) current earnings for operation of the Foundation. Any amounts in excess of current liquidity requirements, as determined by the Treasurer, shall be invested in accordance with guidelines and performance criteria approved by the Committee.

2. Endowment Funds

The Pooled Endowment Fund consists of general endowments, quasi-endowments established by the Board of Trustees, and other resources that have the common goal of preserving intergenerational equity or the purchasing power of the corpus as well as providing a stable stream of support for the respective beneficiaries. To the extent practicable, quasi-endowment funds shall be treated in the same manner as other endowments. The Pooled Endowment Fund



will be invested in accordance with the Consolidated Endowment Fund Investment Policy.

The Investment Committee shall establish endowment distribution (spending allowance) guidelines structured to meet the Foundation's fiduciary duties and facilitate implementation of this policy. Annual spending allowance distributions from a participating fund in any fiscal year shall be limited to no more than 4.0% (2% for underwater endowments) of the 5-year average of the market values of the endowment at December 31 for the immediately preceding five years, unless otherwise provided by this Policy or the donor in a gift instrument. No spending allowance will be provided for endowments that have a negative Viability Ratio (Accumulated Earnings ÷ Total Endowment Value) as of the preceding December 31 lower than -20%. The Executive Committee of the Board of Trustees may approve exceptions to this Policy regarding spending allowances in special circumstances.

3. Separately Invested Endowments and Other Funds

These funds consist of endowments, charitable trusts, and other resources which are required by the donor or other agreement to be separately invested or are segregated for separate investment because of the nature of the investable assets, investment objectives of the fund, or other reasons. These funds shall be invested in accordance with separate guidelines and performance criteria approved by the Committee.

VIII. PRECEDENCE OF DONOR INTENT

Provisions of a donor agreement or gift instrument shall take precedence over provisions of this Policy.

IX. PERIODIC REVIEW

This Policy and related guidelines and performance criteria shall be reviewed periodically by the Committee for adequacy and appropriateness.

X. APPENDICES AND COMMITTEE APPROVED ATTACHMENTS

The Investment Committee shall include as attachments to this Policy, procedures and other documents that the Committee has approved or determined to be relevant to implementation or interpretation of this Policy.

- Operating Fund Guidelines
- Spending Allowance Guidelines