Investment Policy

I. Introduction. The University of Wyoming (University) has appointed the University of Wyoming Foundation (Foundation) to hold, as custodian, and manage all its institutional funds as that term is defined by Wyoming law. Wyoming Statutes 17-7- 301 through 17-7-307, commonly known as the Uniform Prudent Management of Institutional Funds Act (UPMIFA), establishes the standard of conduct required in managing and investing institutional funds. The three guiding principles in the standard of conduct are (1) compliance with the intent of the donor, (2) compliance with the duty of loyalty imposed by law other than UPMIFA, if any, and (3) good faith conduct with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

UPMIFA defines “institutional fund” as a fund held by an institution exclusively for charitable purposes. “Endowment fund” is defined as an institutional fund that is not wholly expendable on a current basis. There are two kinds of endowments-those that are permanently donor restricted and those that are temporarily donor restricted. UPMIFA makes the Foundation responsible for interpreting donor intent, for determining how much of an endowment fund should be made available for appropriation and how much should be accumulated, subject to the intent of the donor as expressed in the gift instrument and other criteria set forth in the Act. The Foundation, in consultation with the University, has established a Payout Policy (attached hereto as Exhibit A) which is converted into a mathematical calculation that determines how much of an endowment fund is available for appropriation each year. Historically, funds available for appropriation have been called expendable funds.

UPMIFA states that, subject to the terms in the gift instrument, the assets in an endowment remain donor restricted until they are “appropriated for expenditure”. Assets are appropriated for expenditure when they are transferred from the Foundation to the University for expenditure. Until the transfer of assets to the University, the Foundation has a fiduciary duty to manage those assets as required by UPMIFA.

The Investment Committee of the Foundation Board of Directors establishes investment policies, investment objectives, asset allocation, financial advisor and investment manager selection and manages all the institutional funds subject to and in accordance with Wyoming law and the approval of the Foundation Board of Directors.

II. Investment Objective. Based upon the Foundation Board's payout policy, the Board's assumed long term inflation rate, and the Foundation's management fee, the Investment Committee's annual return objective on the endowment pool (exclusive of assets available for appropriation) is currently 7%.

The investment objective will be determined by the Investment Committee, with approval of the Board of Directors, from time to time based upon medium and long term modeling and asset class assumptions (with significant input from the Committee's investment consultant), payout policy, inflation rates, fees and expenses and such other considerations as the Committee deems advisable.

III. Asset Allocation. Asset allocation is the most important element of a successful investment program. A long-term asset allocation strategy, consistent with an appropriate level of portfolio risk, has been established by the Investment Committee and approved by the Board, and will be reviewed annually by the Committee. Portfolio rebalancing will take place, as appropriate, to insure that, within a reasonable time period, portfolio investments are consistent with the asset allocation strategy.

IV. Investment of Assets. To achieve its investment objectives, the University of Wyoming Foundation may utilize a broad range of investment vehicles for portfolio investment purposes, including, but not limited to, separate accounts, commingled funds, open and closed end mutual funds, partnerships, and primarily in the case of real assets, direct ownership. The Foundation's assets may be invested in the following asset classes:

1. Publicly traded equities – both U.S. and foreign, including emerging markets. Managers will be evaluated versus a benchmark comparable to their investment objective. The purpose of the equity portfolio is to provide, in aggregate, both capital appreciation and income.
2. Fixed income – both U.S. and foreign, including emerging markets. Specific securities may include government, agency, corporate of various ratings, and other issuers, including bank loans and mortgage-backed securities. Managers will be evaluated versus a benchmark comparable to their investment objective. The purpose of the fixed income investments is to provide a hedge against deflation, reduce portfolio volatility, and generate current income.
3. Hedge funds - these investments are typically structured as limited partnerships that may own a broad range of securities, both long and short, including direct investments and other possibilities such as derivatives, options, and futures. They may be relatively illiquid and utilize leverage. Managers will be evaluated versus a benchmark comparable to their investment objective. Their purpose is primarily to provide capital appreciation during times of poor equity performance and to reduce portfolio volatility.

4. Cash – its purpose is to provide liquidity and reduce portfolio volatility. An appropriate level of liquidity is required to pay distributions, permit necessary portfolio rebalancing, and among other items, meet anticipated capital calls from various investment managers.
5. Private equity, venture capital and real assets – these investments are typically structured as limited partnerships and would typically include direct investments in individual companies, real estate or oil and gas, among other assets. They are highly illiquid and may utilize leverage. Managers and performance will be evaluated versus a benchmark comparable to their investment objective. Their purpose is usually to provide both current income and capital appreciation.

V. Asset Valuation. For the purpose of portfolio review and payout calculations, mark to market is a method of measuring the fair market value of an asset that fluctuates over time and for which there is no public market. In most cases investments will be marked to market by the Foundation's investment managers. For direct investments and/or for investments for which a manager does not provide a mark to market valuation, valuations and valuation adjustments will be recommended by the Chief Investment Officer and approved by the Investment Committee.

VI. Real Assets. Real assets, including, but not limited to, real estate, oil and gas and tangible personal property will be managed in accordance with the Foundation's By-Laws.

VII. Funds Available for Appropriation (Expendable Funds). Funds available for appropriation will be invested in short term assets including, but not limited to, U.S Treasury or Agency debt instruments, equity securities collateralized by U.S. Treasury debt instruments with put features into Treasury debt instruments, investment grade corporate bonds, fully insured certificates of deposit and money market funds.

With few, limited exceptions, funds available for appropriation come from two sources; (1) funds donated for acquisition or construction of long-lived assets such as buildings which are institutional funds but not endowment funds and will be appropriated for expenditure by the University in a relatively short period of time- usually not more than 3 years, (2) funds made available for appropriation from endowment funds for endowment purposes in accordance with the Foundation's annual payout policy. Institutional funds will be managed as funds available for appropriation until they are appropriated for expenditure by the University or until the University requests such funds to be managed by the Foundation like an endowment as hereinafter set forth.

To allow the Foundation to meet its fiduciary duty regarding the management of donor restricted funds consistent with donor intent and in accordance with UPMIFA, the

University and the Foundation have agreed to work together regarding accumulations of funds available for appropriation from endowment funds as follows:

1. Not later than February 15 of each year, the Foundation will prepare and distribute a report via email to all responsible parties including the President, Provost, vice-presidents, deans, department heads and directors which will list all endowment fund accounts with funds available for appropriation in excess of 2 years of the average annual amount of funds made available for appropriation, as of December 31 of the previous year.
2. Not later than March 15 of each year, the appropriate deans, department heads or directors who have responsibility for the endowment fund accounts listed in the report and who wish to have the accumulated funds available for appropriation retained as available for appropriation, will submit a written appeal to the Provost (or, in the case of endowments for non-academic purposes, the appropriate vice president) outlining the reasons for which the funds should be retained as funds available for appropriation and accumulated for future use including how and when they will be expended.
3. Not later than April 15 of each year, the Provost (or appropriate vice president) will approve or disapprove the appeal and provide the Foundation and Financial Affairs with copies of the approved appeals, including the approved use of the funds and a request that the related accumulated funds available for appropriation, or a portion thereof, be retained as funds available for appropriation. Copies of the approved appeals will be maintained on file in the Office of Financial Affairs.
4. Not later than May 15 of each year, all accumulated endowment funds available for appropriation that are identified on the report and not requested by the Provost (or appropriate vice president) to be retained as funds available for appropriation, will be permanently returned to the corpus of the appropriate endowment account.
5. Not later than August 15 of each year the Foundation will prepare and distribute the report described in sub-section 1 hereof as of June 30 of the current year. This report is for information only and does not require any action.
6. Not later than August 15 of each year the University will provide the Foundation with a report for each endowment fund for which an appeal was approved the previous year, stating if the funds available for appropriation, or any portion thereof, approved for accumulation by the Provost (or appropriate vice president) have been expended for the approved purpose.
7. To enable the Foundation to meet its fiduciary duty under UPMIFA in connection with prudent management of endowment funds, endowment funds available for appropriation in excess of 4 years of the average annual amount of funds made available for appropriation, as of December 31 of the previous year, may not be accumulated and all funds available for appropriation will be permanently returned to the corpus of the appropriate endowment fund.

8. The University may, in its sole discretion, transfer endowment funds that have been appropriated (previously transferred from the Foundation to the University) to the Foundation to be returned to the corpus of the endowment from which it was appropriated.
9. If any of the dates set forth herein are a weekend or holiday, the deadline shall be the next business day.

VIII. University Funds Managed Like an Endowment. From time to time, the University may transfer funds to the Foundation that are (1) institutional funds as defined by UPMIFA, that may have restrictions about how the funds are to be used but no time restrictions, and/or (2) funds that are neither institutional funds nor endowment funds, as defined by UPMIFA; with a request that such funds be managed by the Foundation like an endowment.

The Foundation will establish an endowment account or accounts for such funds, which will be made part of the endowment pool and will be managed in all respects the same as all funds in the endowment pool. Funds available for appropriation from such endowment accounts will be appropriated or added to the corpus of the endowment account at the direction of the University for purposes determined in the sole discretion of the University, subject only to donor intent, if any, in the case of institutional funds.

Because such funds are either University funds not subject to donor intent or institutional funds not subject to donor-imposed time restrictions, the provisions of the section of this policy statement related to funds available for appropriation will not apply.

IX. University Withdrawal of Funds Managed Like an Endowment and Temporarily Restricted Endowments. The University may withdraw funds managed like an endowment and/or temporarily restricted endowments (if/when the temporary restriction is satisfied) at its discretion. Upon request, the Foundation will return funds managed like an endowment and/or temporarily restricted endowments, or any part thereof, to the University as soon as reasonably possible after receipt of the University's request. Depending upon the amount requested and the cash flows available from the endowment pool, it may take as long as 12 months to fully transfer the requested funds.

X. Investment Restrictions.

1. Investment in any one manager, at the time of investment, should not exceed 15% of the assets in the particular investment under consideration. Any exception must be documented in writing and reported to the Executive Committee of the Board prior to the investment being made.
2. Not more than 5% of the endowment pool can be invested with any one manager in the alternative space who has greater than annual liquidity. Any exception

must be documented in writing and reported to the Executive Committee of the Board prior to the investment being made.

3. No purchase of securities of an investment manager's organization or of any firm with a controlling interest in said organization are to be made by an investment manager hired by the Committee.
4. Self-custody by any investment manager hired by the Committee is not permissible.

XI. Distributions. Distributions will be made according to the payout policy determined by the Board. The calculation of distributions can be determined by, interest income, dividends, long or short-term capital gains, realized or unrealized, or principal, as allowed by statute or donor request.

XII. Investment Manager and Performance Oversight. The Committee is responsible for the prudent oversight of investment managers employed. In exercising this responsibility, the Committee may rely heavily on the input and analysis from staff, external investment consultants, and other investment professionals. The Committee may, in its discretion, delegate responsibilities to Foundation employees and/or hire investment consultants to assist it in establishing and implementing this Statement of Investment Policy and Objectives, including asset allocation, manager selection, performance monitoring, portfolio reporting, and other duties related to the investment management of the Foundation's assets. The investment consultants will provide the Committee with quarterly reports to include, as practicable, the following:

1. Performance reviews - it is recognized that certain asset classes, such as real estate or private equity, may not lend themselves to meaningful quarterly analysis. The Committee will use its best judgment in determining appropriate review schedules. Reviews will consist of current portfolio, asset class, and manager performance on both an absolute and relative basis. Relative performance will compare to selected benchmarks. Risk adjusted performance will be provided where appropriate and obtainable.
2. An analysis of individual manager performance, as appropriate, with special emphasis on identifying those managers whose lagging performance may require remedial action by the Committee.
3. Portfolio holdings.
4. Custodial statements, if available, but in any event at least annually.
5. Any other data the Committee deems important.

Additional manager oversight will include:

1. Immediate reports to the Committee on any turnover among senior management personnel, including the reasons therefore and plans for replacement.

2. Any material changes in investment philosophy.
3. Periodic meetings with all managers on a schedule to be determined by the Committee. It is recognized that, as the Foundation's portfolio grows, the number of investment managers utilized will increase. Since there is a practical limit to the number of managers that may be reviewed at a meeting, the Committee may utilize significant discretion in scheduling decisions. It is expected that individual manager performance will be an important factor in the timing and frequency of manager appearances. It is also expected that the Committee may utilize staff or outside consultants to conduct these meetings.

XIII. Conflict of Interest. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

The committee members must decline to accept certain gifts, consideration or remuneration from individuals, companies or their competitors that seek to do business with the Foundation.

1. "Responsible Person" is any person serving as an officer, employee or a member of the board of directors of the Foundation.
2. "Family Member is a spouse or domestic partner, parent, grandparent, great grandparent, child, grandchild, great-grandchild, brother, sister, aunt, uncle, niece, nephew, or cousin; or brother, sister, parent or child of spouse or domestic partner of a Responsible Person; or any individual the Responsible Person is legally obligated to support.
3. "Contract" or "Transaction" is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to the Foundation is not a "contract" or "transaction."
4. Except as approved by the Chairman of the Board or his/her designee, or for gifts of a value less than $50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, gratuities, entertainment or other favors from any person or entity which:
    a. Does or seeks to do business with the Foundation, or
    b. Does or seeks to compete with the Foundation or,
    c. Has received, is receiving, or is seeking to receive a Contract or Transaction with the Foundation.