Idaho State University Foundation

Policy V D Investments

INVESTMENT POLICIES OF THE IDAHO STATE UNIVERSITY FOUNDATION

1. Preamble

   It is the policy of the Board to treat all assets of the Idaho State University Foundation, including funds that are legally unrestricted, as if held by the Idaho State University Foundation in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

2. Investment Assets

   For purposes of these policies, investment assets are those assets of the Idaho State University Foundation that are managed under Policies of the Investment Committee.

3. Supervision and Delegation

   The Board of the Idaho State University Foundation has adopted these policies and has formed an Investment Committee (the Committee), to whom it has delegated authority to supervise the Idaho State University Foundation investments. The Committee and its counselors will act in accord with this investment policy (hereinafter “policy”), and all applicable laws and state and federal regulations that apply to nonprofit agencies including, but not limited to, the Uniform Prudent Investors Act and the Uniform Management of Institutional Funds Act. The Board reserves to itself the exclusive right to amend or revise these policies.

4. Investment Committee

   See Policy IX E for a description of the Investment Committee responsibilities.

5. Investment Consultant, Advisors, and Agents

   The committee is specifically authorized to retain one or more investment advisors (advisors), as well as any administrators, custodians, or other investment service providers required for the proper management of the Idaho State University Foundation’s funds. See Policy IX E for further details.
6. Objectives

The Idaho State University Foundation’s primary investment objective is to preserve and protect its assets by earning a total return for each category of assets (a “fund”), which is appropriate for each fund’s time horizon, distribution requirements, and risk tolerance.

7. Tax-Based Restrictions

The Idaho State University Foundation is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from federal and state income tax with the exception of income that constitutes unrelated business taxable income (UBTI). The committee is to determine if a particular strategy or investment will generate UBTI, for which it may rely on advice of counsel. Since UBTI can be generated by leveraged investments (resulting in “debt-financed income”), the Idaho State University Foundation will not utilize margin, short selling, or other leveraged investment strategies unless the Investment Committee grants a specific exception. When granting exceptions, the Committee must determine that the potential rewards outweigh the incremental risks and costs of UBTI. All such exceptions shall be made in writing and shall be communicated to the Board as part of the next regular Investment Committee report.

8. Reporting Requirements

a. Monthly — The Committee Chair will have the option to obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any of the Idaho State University Foundation investment funds. Each monthly statement should include

i. The name and quantity of each security purchased or sold, with the price and transaction date; and,

ii. A description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

In addition, if not included in the custodial reports, the consultant and/or the investment advisor(s) should provide a report for each fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash. The monthly review of custodial statements may be delegated to the Idaho State University Foundation accounting staff.

b. Quarterly — The Committee should obtain from its investment consultant and/or investment advisors, a detailed review of the Idaho State University Foundation’s investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each fund and as to the Idaho State University Foundation investment assets in the aggregate. As to each fund, the committee should establish with its investment consultant and/or
investment advisors the specific criteria for monitoring each fund’s performance including the index or blend of indices that are appropriate for the objectives of each fund and for the investment style or asset class of each portfolio within a fund. The Committee shall meet with the consultant to conduct such reviews to the extent it deems necessary.

c. **Periodically** — The Committee should meet with its investment consultant at least annually to review all aspects of the Idaho State University Foundation’s investment assets. Such a review should include

i. strategic asset allocation,

ii. manager and investment entity performance,

iii. investment management expenses,

iv. anticipated additions to or withdrawals from funds,

v. future investment strategies,

vi. any other matters of interest to the committee.

Date of Board Approval: October 2, 2009

Person responsible for the periodic review of policy and submitting proposed revisions to the Board for approval: Investment Committee Chair

Date of Last Review June 2009