

STOCKTON UNIVERSITY



POLICY

Investment Policy

Policy Administrator: President or Designee

Authority: N.J.S.A. 18A: 3b-6.g

Effective Date: July 7, 2005, February 21, 2007, September 10, 2008, February 16, 2011,
July 6, 2011, May 8, 2013; July 6, 2016

Index Cross-References: 6410 – Investment Procedure

Policy File Number: VI-56

Approved By: Board of Trustees

Purpose

To establish general principles for investment of Stockton University (the “University”) funds not required for operations. This is an area of particular responsibility for the Board of Trustees (the “Board”) and the Investment Committee, as the Investment Committee (the “Committee”) is called upon to ensure the prudent investment of the University’s assets in accordance with the long-term objectives of the school. The University’s Statement of Investment Policies and Objectives (“the Policy”) has been established to provide a general framework for the management and investment of the University’s assets.

Investment Philosophy and Objectives

Investment Philosophy

The investment philosophy for the fund has been determined with careful consideration given to the University’s primary purpose, its investment goals and objectives, common practices in prudent investment program management, spending policies, and liquidity needs. The investment philosophy embraces the following:

- Strategic asset allocation is an important factor influencing long-term investment returns, but the school recognizes the importance of dynamically adjusting asset allocation in light of evolving market opportunities to preserve assets and potentially increase returns.
- The University’s purpose is to exist in perpetuity and, therefore, a long-term time horizon is appropriate; over the near- to medium-term, however, assets and liabilities will be matched appropriately given the uncertainty in fundraising and enrollment activities, the initiation of bond principal repayments, and the need to generate reliable cash flows in support of school objectives.

- While the University's time horizon is long, from time to time markets present opportunities of which the school will seek to take advantage.
- Market-related risks are unavoidable as the fund pursues its investment strategies. The school will, however, broadly diversify its assets across and within asset classes and pursue asset allocation strategies to manage risks appropriately.
- Active and passive investment strategies will be combined so as to maximize alpha potential relative to additional risks incurred in seeking to outperform markets.

The Board has established an investment philosophy that stresses managing the risks associated with their pursuit of the highest maximum long-term return, along with the need for short term liquidity.

Investment Objectives

As part of this philosophy, the Committee has established the following Objectives for the fund:

- The overall objective for the University's is to achieve a real (after inflation) annual return of 2.5% over long periods (approximately 15 years). A secondary objective is to increase the corpus of the Investment Fund over time in order to generate additional income for University operations.
- Each of the University's portfolios will be constructed by taking on the level of downside risk associated with the stated level of return.

Contingency Reserve

The University Fund shall maintain a Contingency Reserve of cash and cash equivalents (defined as either FDIC insured or Government Fixed Income money markets with overnight liquidity and non-floating net asset values) that can be utilized, under the direction of the President & Board, to meet capital expenditure needs of the University. There is no obligation of the University to utilize these reserves, as the University does not need to meet any distribution requirements to meet tax regulations or to maintain its tax exempt status. Advisors are expected to maintain 5% of their overall portfolio balance in cash and cash equivalents to create this Contingency Reserve.

In the event that Contingency Reserve or a portion thereof are withdrawn from an Advisor's portfolio, subsequently creating an asset allocation which does not meet the 5% guideline, Advisors will use best efforts to return their portfolios to compliance within 180 days. This time frame will also apply to any other asset class allocations which may have changed as a result of the withdrawal. The intent of the Contingency Reserve is to mitigate the potential negative implications of a cash withdrawal amidst volatile markets. In addition, the use of short term credit facilities to provide needed liquidity and mitigate the effect of undesirable liquidations is allowed, subject to the approval of the Board of Trustees.

Approval History:

	Date
President	04/01/16
Board of Trustees	07/06/16