



INVESTMENT POLICY & OBJECTIVES

I. Introduction

- A. The Finance Committee, under the direction of the Foundation Board, is responsible for overseeing the management of the Umpqua Community College Foundation investments in a prudent manner and has fiduciary responsibilities for investment of the Foundation's assets. These responsibilities include: defining the investment policy, the selection and monitoring of the Investment Adviser, and the allocation of assets.
- B. The Finance Committee, with input from the Investment Adviser, will approve all decisions regarding the Statement of Investment Policy and Objectives. These guidelines will periodically be reviewed and may be amended from time to time. All changes to the Investment Policy and Objectives will be approved by The Finance Committee and reported to the Foundation Board.

II. Purpose

This Investment Policy and Objectives is set forth in writing to:

- A. Provide the Board and the Investment Adviser with a clear understanding of the investment policy and objectives, guidelines and limitations.
- B. Establish an appropriate investment strategy, including investment time horizon, risk tolerances, asset allocation, diversification requirements and liquidity needs.
- C. Establish reporting requirements to ensure the policy is adhered to and to determine if performance objectives are met.
- D. Comply with the fiduciary, prudence and due diligence requirement for The Foundation.

III. Portfolio Objectives

- A. The portfolio objective is to generate returns in excess of the appropriate benchmark(s). Benchmarks are established for each asset class and noted in the *Investment Guidelines and Benchmarks* section of this document. While performance will be regularly monitored, it will be reported to The Board no less than quarterly. The fund objectives are based on a five to ten year investment horizon, to allow a complete market cycle and to keep interim volatility in the appropriate perspective.
- B. The order of portfolio priorities are:
 - Priority One: Growth of Capital
 - Priority Two: Preservation of Principal
 - Priority Three: Generation of Income

IV. Asset Allocation

- A. To achieve its long-term goal, The Foundation has adopted an asset allocation plan that includes a distribution of assets among major asset classes. The allocation acknowledges that over long investment horizons, the allocation among various asset classes will outweigh security selection.
- B. The Finance Committee will approve the asset allocation targets for each Investment Advisor. The targets will be listed as Exhibit A .
- C. The allocation of assets in the portfolio may deviate from the normal allocation within the permitted range, when the market conditions warrant. The deviations are designed to allow the Investment Advisor to enhance returns or reduce risk in the portfolio over the long-term investment horizon.
- D. Equity will be used in the portfolio to provide long-term capital appreciation in order to facilitate growth of the portfolio. It is recognized that equity investments will have a greater volatility than fixed income or cash instruments.
- E. The primary purpose of the fixed income instruments is to provide a source of current income and stability to the portfolio.
- F. Cash is used to meet the liquidity demands of the Foundation.
- G. From time to time, market conditions may cause the investments to vary from the established allocation. To remain consistent with these guidelines, the portfolio will be periodically reviewed and rebalanced back to the permitted range.

V. Portfolio Diversification Requirements

The portfolio will be invested so all assets will be well diversified, with the intent of minimizing the risk of large loss. The total portfolio will be constructed and maintained to meet the ERISA's prudent expert rule, including providing for reasonable diversification with regard to the concentration of holdings in individual issues, corporations or industries.

VI. Review Procedure

- A. The Investment Adviser will periodically review this policy with the Finance Committee to determine if the policy continues to best serve the Foundation's needs and objectives.
- B. The Investment Adviser will report to the Finance Committee on a quarterly basis to provide updated investment performance information for the portfolio and results relative to the stated benchmarks.