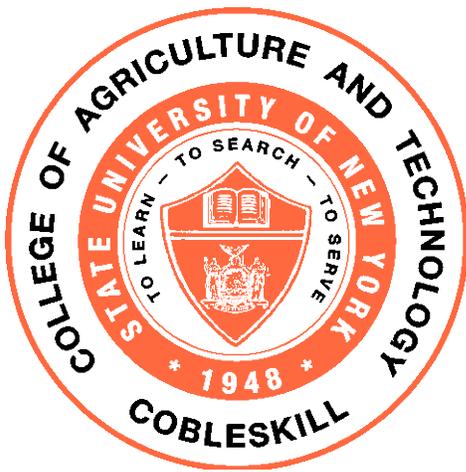


March 2014 to comply with NYPMIFA updates

Alumni Association of the State University of
New York College of Agriculture and
Technology at Cobleskill, Inc.



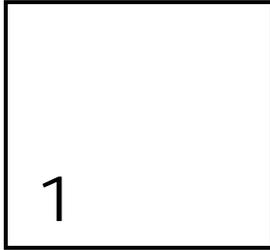
Statement of Investment
Objectives and Guidelines

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The SUNY Cobleskill

Statement of Investment Objectives and Guidelines



Background

The Investment Committee of the Alumni Association of the State University of New York College of Agriculture and Technology at Cobleskill, Inc. (the “Alumni Association”) has been entrusted by its Board with the responsibility of determining the investment policies and practices, subject to the general supervision of the Board. The Alumni Association of the State University of New York College of Agriculture and Technology at Cobleskill, Inc. Statement of Investment Objectives and Guidelines provide:

- Better fiduciary control
- Enhanced flexibility
- Clear accountability, for Investment Consultants and Managers
- Well-defined and standardized performance benchmarks
- Better aligned risk control guidelines

The Statement of Investment Objectives and Guidelines (the “Guidelines”) contained herein apply to the pooled investments of the Alumni Association held in its own names and held in agency accounts for others comprised primarily of funds which have been donated over the years, and the accumulated earnings on these sums, and such other funds that each organization has authority to invest, manage, and oversee.

Purpose of Investment Policy

The Guidelines represent the formal document governing the investment of assets of the Alumni Association which is communicated to the Investment Advisor(s) and Investment Manager(s) for their use in developing an appropriate investment program, and to the Board and Committees of these two organizations for their use in exercising fiduciary responsibility in overseeing the pooled investment portfolio (PIP). This document will also be used as the basis for future investment performance measurement and evaluation. The objectives are formulated in response to the following:

- the anticipated short-term and long-term financial needs of the SUNY Cobleskill College of Agriculture and Technology at Cobleskill (SUNY Cobleskill), its present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions;
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines, and standards to the Investment Advisor(s) and Investment Manager(s).

PIP Portfolio Objectives

The primary investment objective of the PIP is to preserve the real (inflation-adjusted) purchasing power of fund assets while providing a relatively predictable, stable, and constant (in real terms) stream of earnings in line with spending needs.

Financial objectives for the PIP are established to provide for sufficient income to meet the income requirements of the beneficial interests of the PIP, as well as to provide for continued capital appreciation of the PIP. While there cannot be complete assurance that the defined objectives will be realized, the parameters that have been established are reasonable and attainable.

The PIP is expected to generate a return of the Consumer Price Index (CPI) plus 5% over a 7 to 10 year horizon to preserve the spending power of the PIP. Relative performance of the total portfolio will be measured on an overall basis by the Alumni Association over rolling 3 and 5 year periods relative to the rank in the upper half of the NACUBO Universe Rank.

The PIP shall be diversified both by asset class (e.g., equities and bonds) and within asset classes (e.g., within equities by investment style, economic sector, industry, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total PIP.

Responsible Parties and Fiduciary Duties

Board Authorization

The Alumni Association retains the services of Investment Advisor(s) and Investment Manager(s), where necessary, to provide services in relation to the investment management of the PIP. Services of a consultant may also be retained to provide advice on specifically defined projects, and to perform periodic evaluative reviews in connection with the portfolio. Pursuant to contracts entered into with the Investment Advisors, Investment Manager(s), Investment Consultants, and Brokers/Custodians are to be rendered for stated periods of up to five years, after which the Investment Committee will solicit proposals for such services through a competitive process (where applicable) in accordance with procurement policies and procedures of the Alumni Association. Such contracts may be terminated upon 30 days written notice by either the Alumni Association or the other party.

Investment Committee

The Investment Committee has been entrusted by the Board of the Alumni Association with the responsibility of determining an investment policy that pertains to both organizations in the management of the PIP, subject to the general supervision of the Board. Specifically, the Investment Committee's responsibilities encompass the following:

- establishing overall objectives, subject to Board approval;
- selecting appropriate investment options and ranges, subject to Board approval;
- selecting qualified service providers such as Investment Advisors, Investment Managers, Brokerage Accounts (custodians), and an Investment Consultant, when necessary, subject to Board approval;
- reviewing the asset allocation mix on a regular basis to ascertain not only that the existing portfolio conforms to the desired targets and ranges, but also that the targets and ranges remain suitable and represent the optimal asset allocation mix for the PIP;
- review the portfolio structure on a regular basis to assure optimal capital market exposures for the long-term;
- monitoring performance on a quarterly basis to determine whether or not the rate of return objectives are being met and that guidelines are being followed; any other material events affecting the Investment Advisor(s) and each Investment Manager engaged by the Investment Advisor, and each Investment Manager not supervised by the Investment Advisor(s) such as significant changes in a their respective organizations including investment philosophy, personnel changes, the acquisitions or losses of major accounts, etc., and taking appropriate action if investment objectives are not met or if guidelines are not followed.

Spending and Distribution Policy

All spending requirements are subject to a formula approved by the Alumni Association Board or by approved budgets. The current formula for endowment fund spending is as follows:

1. Spending is guided by several factors; most important is the value of the portfolio. Generally, the Board will approve a spending policy limiting annual expenditures for grants and operating expenses to 5% of the value of Fund assets based on the trailing twenty (20) quarters' rolling average Market values.

2. The policy will be reviewed annually as part of the budgeting process. Investment managers should be given ample notice of the required withdrawal schedule. Appropriate liquidity should be maintained to fund these withdrawals without impairing the investment process.

3. The Endowment will also follow the New York Prudent Management of Institutional Fund Act (NYPMIFA) which calls for an institution to be prudent in determining its spending amount and to consider the following factors to the extent relevant to a particular determination:
 - The duration and preservation of the endowment fund;
 - The purpose of the institution and its endowment fund;
 - General economic conditions;
 - The possible effect of inflation and deflation;
 - The expected total return from income and the net appreciation in the value of investments;
 - The other resources of the SUNY Cobleskill College Alumni Association
 - Alternatives to expenditure of the endowment fund, giving due consideration to the effect of that such alternatives may have on the SUNY Cobleskill College Alumni Association; and
 - This investment policy statement.

4. At no time will the annual payout exceed 7% of the trailing twenty (20) quarters' rolling average market values.

5. These spending policies shall apply to the unrestricted portion of the Endowment funds. Additionally, the SUNY Cobleskill Alumni Association has several pools of funds whereby distributions are restricted by various donor requirements. Over time, the SUNY Cobleskill Alumni Association will seek relief from these donor distribution requirements and seek to invest these funds in accordance with the spending policy for unrestricted funds.

6. The Committee and SUNY Cobleskill Alumni Association Executive Director shall be cognizant of the overall impact of NYPMIFA which establishes at least three (3) categories of endowment funds, each with its own special characterization and rules. The following chart will be referenced to assist in complying with the legal requirements associated with most categories of endowment funds.

Type of Endowment	Treatment under NYPMIFA
An endowment fund governed by a gift instrument executed by the donor before 9/17/2010, where the donor is not "available," or an endowment fund received before that date as a part of a general solicitation (so long as the donor did not restrict the gift)	The Endowment Fund may appropriate a prudent portion of the assets, without any adverse presumption if the annual appropriation exceeds 7% of fair market value and without regard to whether the appropriation consumes income appreciation, or the original dollar value of the gift.
An endowment fund governed by a gift instrument executed by the donor before 9/17/2010 where the donor is "available"	The Endowment Fund must follow the "opt in, opt out" notice described in NYPMIFA before an appropriation under NYPMIFA can be made, or the Endowment Fund must specifically negotiate mutually agreeable new terms with the donor.
An endowment fund governed by a gift instrument executed by the donor on or after 9/17/2010	The Endowment Fund may make appropriations under NYPMIFA, without regard to traditional distinctions concerning income, appreciation and original dollar value, but with a presumption of imprudence if the annual appropriation exceeds 7%

	fair market value. The Endowment Fund must also provide the endowment fund disclosure statement now required under the charitable solicitations law.
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Contemporaneous Records

The SUNY Cobleskill Alumni Association shall make a contemporaneous record of the consideration given to each of the factors set forth in the “Spending and Distribution Policy” portion of this policy in deciding to appropriate (spend) from the endowment fund(s). If the SUNY Cobleskill Alumni Association determines to accumulate rather than to spend from an endowment fund, a contemporaneous record will be made of such determination as well.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis by the Investment Committee. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the investment strategy for achieving the objectives. It is not expected that the investment strategy will change frequently; in particular, short-term changes in the financial markets should not require an adjustment in the investment strategy.

Oversight of PIP

The Board of the Alumni Association shall jointly designate an individual to assist in the daily oversight of the PIP’s investments and related activities, including the following duties:

- administering the PIP consistent with the policies, objectives, procedures and guidelines approved by the Board and all applicable federal and state laws;
- providing input to the Board and the Investment Committee on PIP-related issues to facilitate their decision-making;
- managing the PIP’s relationships with external service providers including conducting at least annual meetings with each PIP Investment Advisor and Investment Manager unsupervised by and Investment Advisor; and
- working with an Investment Consultant, if applicable, to conduct assigned special projects (e.g., manager searches, asset allocation studies, etc.).

Currently, the Board has assigned this responsibility to the Executive Director of the Alumni Association.

Investment Advisor(s)/Investment Manager(s)

Each appointed Investment Advisor and Investment Manager (unsupervised by an Investment Advisor) will:

- have discretion and authority for determining investment strategy and Investment Manager selection (in the case of an Investment Advisor) and timing consistent with the PIP Guidelines;
- comply with all federal and state laws and regulations that involve the PIP as it pertains to the Investment Manager's duties, functions, and responsibilities as a fiduciary;
- vote the proxies on the securities in the PIP's portfolio in accordance with the Investment Manager's own guidelines, and in the best interests of PIP. On or after June 30 of each year, each investment manager shall provide the Investment Advisor and Executive Director of the Alumni Association with a report detailing the results of the proxy voting;
- meet with the Investment Committee at least quarterly, and upon request, to report on current portfolio status, performance, current investment policy, and future prospects;
- provide the Foundation and Alumni Association with such reports at such frequencies as may be required; and
- meet or exceed performance standards as established by the Investment Committee.

Each Investment Advisor and Investment Manager (unsupervised by an Investment Advisor) will advise the Investment Committee promptly of any event that is likely to adversely impact, to a significant degree, the management, professionalism, integrity, or financial position of the funds under management, including events such as:

- a loss of one or more key investment personnel;
- a significant change in investment philosophy;
- the appointment of a new portfolio manager(s) to the managed account; or
- a change in ownership or control (whether through acquisition, disposition, spin-off, merger, consolidation, or otherwise) of the Investment Manager.



Asset Allocation

The Alumni Association believes that the best measure of performance can be achieved on a total return basis by investment discipline. This means that the investment portfolio will be broken down into clearly identified, separate investment strategies that include nine distinct roles for publicly-traded securities in either an active or passive strategy: equity US – large cap growth, equity US – large cap value, small cap growth and value, non-style specific (alpha non-core); international equity – growth and value; fixed income – core and opportunistic blend (high yield). The purpose of this structure is to maintain a diverse range of asset classes in the total PIP portfolio, especially with respect to the equity style and market capitalization spectrum.

The asset class strategies will be assigned to an Investment Manager or Managers with the requisite expertise, and a specific dollar amount will be allocated to these Investment Managers for this purpose in conformance with the target percentages on Chart A below. Each specific investment strategy will be measured against an appropriate performance benchmark.

At times, the portfolio may not have an investment manager dedicated to each asset class strategy. In these periods, the underlying holdings of all of the managers will be reviewed in aggregate to ensure that the overall investment portfolio maintains broad diversification across the market capitalization spectrum (i.e., large to small cap), industry sectors, and styles (i.e., value, growth).

Equity Strategy

Strategy	Target % Aggregate Fund	% Asset Class Target Range	Benchmark Index
Large Cap Growth	20	55-75	Russell 1000 Growth
Large Cap Value	20		Russell 1000 Value
Small/SMID Cap Growth	3		Russell 2000 Growth
Small/SMID Cap Value	3		Russell 2000 Value
Non-style Specific	10		Russell 3000
International – Growth	4		MSCI EAFE Growth
International – Value	5		MSCI EAFE Value

Fixed Income Strategy

Strategy	Target % Aggregate Fund	% Asset Class Target Range	Benchmark Index
Fixed Income Core/Opportunistic (Blended)	35	25-45	ML US Broad Market Index

Cash Holdings

Investment Managers may hold idle cash balances arising from investment income and to satisfy transactional needs in the normal course of purchasing and selling securities. In all other respects, the Investment Managers must strive to be fully invested. Idle cash balances shall be invested by the brokerage firms in money market mutual funds.

Exchange-Traded Funds

Exchange-traded funds, which are passively managed funds traded on leading stock exchanges, may be used to maintain asset class exposure during periods of manager transition or investment strategy implementation. In general, the use of exchange-traded funds will not be recommended if the transaction costs (brokerage commissions) would outweigh the potential benefits. Exchange-traded funds will be executed through the brokerage services of PIP's brokers.

Rebalancing

The equity and fixed income portions of the PIP should normally represent approximately 65% (56% US,

9% international), 35% respectively, of total PIP assets at market value. Although the actual percentage may fluctuate with market conditions, fluctuations in excess of plus or minus 5% of the target percent for the sub-asset classes (e.g., large cap equity, small cap equity), and plus or minus 10% for the broad asset classes (equity and fixed income) (see Chart A above) will be reallocated by the Executive Director in consultation with the Investment Advisor(s)/Investment Manager(s) among the affected investment strategies to reestablish an appropriate balance. This should be accomplished first by distributing future additions and withdrawals necessary to bring the allocation within tactical ranges but not necessarily back to the strategic target. If the tactical ranges can not be accomplished through the distribution of additions and withdrawals, shifting of assets across portfolios may be required. In general, rebalancing will not be recommended if the imbalance is expected to be short-lived or the transaction costs would outweigh the benefits. These asset allocation ranges and strategies as detailed in Chart A above are subject to change by the Alumni Association Board based on recommendations from the Investment Committee; however, it is anticipated that changes will generally be infrequent.

Review

The Investment Committee shall review the asset allocation mix of the PIP portfolio on a periodic basis and will ascertain that the PIP not only conforms to the desired target and ranges, but also that the target and ranges remain suitable and represent the optimal asset allocation mix for the PIP going forward.



Specific Investment Guidelines

Each Investment Manager shall invest PIP assets in accordance with its stated investment philosophy/strategy and in accordance with the guidelines stated in this section. As listed on Chart A each investment strategy is expected to meet or exceed the performance standards and benchmarks as recommended by the Investment Committee and established by the Alumni Association Board.

Investment vehicles that may be considered for each mandate include separately managed accounts, commingled pooled funds, mutual funds, and exchange-traded funds.

If a strategy is invested in a mutual fund, exchange-traded fund, or commingled pooled vehicle, it is understood that the investment guidelines stated within the mutual fund's prospectus, the exchange-traded fund's prospectus or commingled fund's investment guidelines, respectively, will supercede the specific guidelines in this section.

U.S. Equities

Permissible Investments

Permissible investments shall be defined as the following:

- A. Common or preferred shares of U.S. corporations listed and traded on nationally recognized exchanges or over-the-counter markets, including securities of U.S.-based companies that are incorporated outside of the U.S.
- B. Convertible bonds, debentures, or preferred shares which are convertible into corporate stock.
- C. Futures, covered options, or any other derivative investments may be used for hedging or defensive purposes only. Use of these investments to leverage the portfolio is prohibited.
- D. Publicly-traded Real Estate Investment Trusts (REITs).

Derivatives

Derivatives may be used for the following purposes:

- Hedging purposes
- Equitize cash
- Effect asset allocation changes
- Enhance return
- Reduce volatility
- Reduce transaction costs
- Reduce or eliminate exchange rate risk

Derivatives may not be used for the following purposes:

- Provide leverage
- Gain exposure to interest rates
- Increase volatility

Prohibited Investments

Securities specifically prohibited from purchase are:

- A. Stock in non-public corporations, private placement, or any other non-marketable issues.
- B. Letter or restricted stock.
- C. Short sales of any type.
- D. Share purchases involving the use of margin.
- E. Securities of foreign issuers unless specifically authorized by contract to do so.

Other Investment Guidelines

- A. Concentration per equity issuer can not exceed 7.5% of the portfolio market value, with the exception of cash, cash-equivalent, and U.S. Treasury or Agency securities.
- B. All securities must be U.S.-dollar denominated. No foreign currency denominated instruments are allowed.
- C. No more than 10% of the portfolio may be held in publicly-traded Real Estate Investment Trusts (REITs).

- D. No individual holding shall comprise more than 2% of the outstanding voting stock or more than 2% of all outstanding shares of all classes of stocks, of the issuer (assuming all conversions have been made).
- E. Investments at the time of purchase must have a market capitalization within the range of companies in benchmark index on Chart A for the relevant investment strategy.
- F. The portfolio should be well diversified and contain a minimum of twenty different securities.

International Equities

Permissible Investments

Permissible investments shall be defined as the following:

- A. Common or preferred shares of foreign corporations listed and traded on nationally recognized exchanges or over-the-counter markets, including American Depository Receipts or ADRs.
- B. Convertible bonds, debentures, or preferred shares which are convertible into corporate stock.
- C. Futures, covered options or any other derivative investments may be used for hedging or defensive purposes only. Use of these investments to leverage the portfolio is prohibited.

Derivatives

Derivatives may be used for the following purposes:

- Hedging purposes
- Equitize cash
- Effect asset allocation changes
- Enhance return
- Reduce volatility
- Reduce transaction costs
- Reduce or eliminate exchange rate risk

Derivatives may not be used for the following purposes:

- Provide leverage
- Gain exposure to interest rates
- Increase volatility

Prohibited Investments

Securities specifically prohibited from purchase are:

- A. Stock in non-public corporations, private placement or any other non-marketable issues.
- B. Letter or restricted stock.
- C. Short sales of any type.
- D. Share purchases involving the use of margin.

Other Investment Guidelines

- A. Concentration per equity issuer cannot exceed 7.5% of the portfolio market value, with the exception of cash, cash-equivalent, and U.S. Treasury or Agency securities.
- B. Currency hedging for defensive purposes is permitted. Total currency hedging may not exceed 50% of the total value of the portfolio and no more than 100% of any individual currency exposure.
- C. The portfolio will not contain more than 10% of its assets in securities which are not readily marketable.
- D. No more than 5% of the portfolio may be held in listed ADRs
- E. Forward contracts may be used to defensively hedge currency risk of existing exposure.

- F. No individual holding shall comprise more than 2% of the outstanding voting stock or more than 2% of all outstanding shares of all classes of stock of the issuer (assuming all conversions have been made).
- G. At least 80% of assets, valued at market, should be invested in the equity securities of companies in developed countries other than the U.S. Investment in emerging market countries is limited to 20% of the total market value of the portfolio. The portfolio should be broadly diversified by country. Investment in a single country or geographic region is not permitted.
- H. The portfolio should be well diversified in according to the asset allocation parameters outlined within this investment policy statement (pages 7-9).

Fixed Income Core/Opportunistic

Permissible Investments

Permissible investments shall be defined as the following:

- A. Cash equivalent securities include but are not limited to interest bearing or discount instruments such as money market funds; U.S. Treasury bills; corporate-issued commercial paper; bank-issued certificates of deposits; bankers' acceptances; and repurchase agreements fully collateralized by U.S. Treasury or Agency securities.
- B. U.S. Treasury notes, bonds, and STRIPs (e.g., zero-coupon bonds), TIPS
- C. Government agencies and instruments (discount notes, debentures, mortgage-backed securities*).
- D. Corporate bonds, notes, debentures, asset-backed securities, and "144A" bonds.
- E. Yankee and Eurodollar bonds, notes, and "144A" bonds.
- F. U.S. Non-Agency mortgage-backed securities*.
- G. U.S. dollar denominated sovereign or supra-national fixed income securities.
- H. Non-U.S. dollar denominated fixed income securities.

All of the above can be either fixed, variable, or floating rate.

***Mortgage-Backed Securities**

- A. Pass-through certificates either issued or guaranteed by GNMA, FNMA, or FHLMC.
- B. Pass-through certificates issued by non-agency or commercial mortgage issuers.
- C. CMOs/REMICs that pass the Federal Financial Institutions Examination Council (FFIEC) test.

Prohibited Investments

Securities specifically prohibited from purchase are:

- A. CMO residuals and support tranches.
- B. Stripped mortgage-related securities (interest-only strips- "IOs", principal-only strips- "POs") both generic and prepayment protected.
- C. Leveraged floaters and inverse floaters, including money market obligations.
- D. Tiered-index bonds range notes and all other forms of structured notes whose return characteristics are tied to changes in prepayments on mortgages or changes in a specified interest rate index or market rate.
- E. The Investment Manager's own securities or securities of any of its affiliates.

Other Investment Guidelines

- A. Up to 20% of the portfolio may be invested in securities classified as non-investment grade, i.e., rated BB+ or lower by S&P, BB+ or lower by Fitch or Ba1 or lower by Moody's, by two of the three rating agencies. If a security is rated by only two of the agencies, the lowest rating will apply. Securities rated below B- by S&P, B- by Fitch or B3 by Moody's are prohibited.
- B. Securities denominated in foreign currencies are limited to 20% of the core opportunistic fixed income portfolio.

- C. Concentration per fixed income issuer cannot exceed 7.5% of the portfolio market value, with the exception of cash, cash-equivalent, U.S. Treasury or Agency securities (discount notes, debentures, and pass-throughs). Furthermore, Investment Managers may not hold more than 5% of the outstanding debt of any single issuer within this portfolio with the exception of U.S. Treasuries or Agencies (discount notes, debentures, and pass-throughs).
- D. "144A" debt and other private placement issues are limited to a maximum of 5% of the fixed income portfolio market value.
- E. No options or futures will be purchased or sold on debt instruments.
- G. Rated cash and cash-equivalent securities must be rated in the highest short-term rating category by a majority of the NRSROs assigning a rating to that issue, such as "A1" by S&P, "F1" by Fitch or "P1" by Moody's. In the case of two ratings, the lowest rating applies and must be in the highest short-term category.
- H. All holdings should be of sufficient size and held in issues, which are traded with sufficient frequency to facilitate transactions at minimum cost and accurate market valuation.

Social Investing

The Board of the Alumni Association may, from time to time, restrict the investment (both direct and indirect) in companies that manage operations in a line of business or conduct business in geographic regions of the world that present social concerns to the Board (e.g., human rights, environmental issues, unfair business or labor practices, etc.).



Selection, Evaluation, and Review

Review of Overall Program

The Investment Committee, with the assistance of the Executive Director of the Alumni Association, will review the overall investment program on an ongoing basis. Key issues reviewed will include:

- current trends and developments in the capital markets and manager community;
- changes in the PIP's financial goals;
- the ongoing appropriateness of the objectives and guidelines included herein; and
- performance of Investment Managers.

The Executive Director of the Alumni Association and the Investment Committee will also review the performance of the Investment Managers with whom the Investment Advisor has a relationship with and any separate Investment Managers unsupervised by the Investment Advisor to determine whether they have performed in accordance with their stated investment approaches and responsibilities.

Reporting Requirements – Investment Advisor(s)/Manager(s)

On a quarterly basis, each Investment Manager will be expected to provide:

- a written review of their investment performance and portfolio structure;
- a synopsis of their key investment decisions, their underlying rationale and expected future implications;
- an organizational update, including a report on any significant changes in organizational structure, staffing, investment processes and strategies, and asset base;
- report on the compliance with PIP guidelines; and
- spreadsheets of asset holdings.

Investment Advisor(s)/Manager(s) will be required to meet with the Investment Committee and the Executive Directors of the Alumni Association, as requested. Additionally, Investment Advisor(s)/Manager(s) need to report on any activity which would cause an inability to comply with these Guidelines.

Guidelines for the Selection, Review, and Termination of Investment Managers, Custodian, and Investment Consultant

Selection Process

In selecting Investment Advisors, Investment Managers, Brokers/Custodians, and Investment Consultants to meet the needs of the PIP, a specific process of selection and evaluation of candidate firms is followed. In this process, the Alumni Association will follow the appropriate procurement policies, rules and practices. This includes a competitive process through the issuance of a request for proposal (RFP) to secure these services. Candidate organizations for a given role are identified according to criteria established by the Investment Committee and the Executive Director. Evaluation of organizations includes an analysis of organizational structure, professional personnel, investment philosophy and process, portfolio characteristics, fees, and performance, as well as the ability to adequately serve the Alumni Association's specific investment needs.

The selection of an Investment Manager also considers the correlation with other existing Investment Managers in the program, and with the defining market index for the role. Consideration is given to the benefits of diversification within a role by investment style or focus.

Candidate organizations as identified, including those meeting minimum qualifications through the open bidding process, must pass through a due diligence and qualification process. Once qualified, scoring worksheets will be prepared by the Executive Director of the Alumni Association for each candidate firm. A score will be developed for each firm based upon the specific factors as outlined in the RFP. The Executive Director of the Alumni Association will nominate the highest scoring and most appropriate firm(s) for final consideration by the Investment Committee, and generally after a formal presentation (if applicable) by one or more candidate organizations. The Investment Committee will then recommend a firm or firms to the full Board of the Alumni Association for appointment.

Review and Termination Process – Investment Managers

Investment Managers may be placed on “watch” status, replaced or terminated whenever the Investment Committee loses confidence in the management of the strategy, when the characteristics of the portfolio no longer satisfy the desired or expected elements of the mandate, or the current style is no longer deemed appropriate by the Investment Committee. The following are some examples of reasons that may cause the Investment Committee to lose confidence in an Investment Manager:

- *Change in organizational structure or personnel*
A significant change in culture through a merger or acquisition that is likely to distort incentives and promote turnover; or if the investment team leaves the firm;
- *Changes in strategy*
If the Investment Manager departs from the strategy and/or style that they were originally hired to implement; such as a switch from a quantitative process to a fundamental one; and
- *Performance*
Continued performance shortfalls versus a peer group of managers with similar style and/or a market index.

The Executive Director of the Alumni Association (in consultant with the Investment Advisor (where applicable) will provide recommendations relative to Investment Managers which may fall into any one of the following three categories:

- *Retain*
The Executive Director has confidence in the Investment Manager's ability to add value in the future. The Investment Manager's investment performance is satisfactory and there are no organizational and strategy issues of significant concern.
- *Place on Watch*
The Investment Manager's investment performance is not satisfactory and/or issues relating to the organization or strategy are of concern.
- *Terminate*
The Executive Director does not have confidence in the Investment Manager's ability to add value over a benchmark in the future.

An Investment Manager may be placed on watch after consideration is given to the following factors:

- an Investment Manager or strategy may no longer fit the desired portfolio structure. This may reflect a revision of the desired portfolio structure due to other factors such as changes in asset allocation and/or risk profile;
- an Investment Manager that underperforms both the median in the peer universe and market index over the most recent three-year period may be considered for placement on watch status;
- the Investment Manager may also be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy;
- any gross negligence, willful misconduct, investment policy violation or breach of federal and state securities laws; and
- The Executive Director concludes that for any other reason a heightened review of the Investment Manager is warranted.

The Investment Committee will review the Executive Director's recommendation to either place an Investment Manager on watch or terminate a relationship. Investment Managers will generally be placed on watch status for a period of time before a decision to terminate the relationship is made. There may be, however, circumstances under which the Investment Committee may determine to terminate an Investment Manager without placing them on watch first.