



THE  
CAMPANILE  
FOUNDATION

*Supporting San Diego State University*

# **INVESTMENT POLICY STATEMENT**

## **Treasury Management**

**Effective January 1, 2023**

## **1. Statement of Purpose**

The purpose of this Policy Statement is to set forth in writing: (1) an appropriate set of objectives and goals to be attained through the investment of the Program Fund assets; (2) the position of the Board of Directors with respect to the Program Fund risk/return posture, including allocation of assets, and establishment of investment guidelines; and (3) an overall system of investment policies and practices whereby the continuing financial obligation of the Program will be satisfied.

## **2. Statement of Responsibilities**

The following parties associated with the Program Funds shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows: (1) in the sole interest of the Program Fund Recipients (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and (3) by diversifying the investments so as to minimize the risk of losses.

- a. **Board of Directors:** The members of the Board of Directors are the fiduciaries of The Campanile Foundation (hereafter referred to as the Foundation) and are ultimately responsible for the investments of the Foundation. The Board of Directors reserves the right to amend the Investment Policy Statement at any time they deem such amendment to be necessary, or to comply with changes in state and federal laws as these changes affect the investment of the Foundation's assets.
- b. **Finance and Investment Committee:** The role and authority of the Finance and Investment Committee is defined in the committee charter and approved by the Board of Directors. The charter is listed in Appendix A. The Committee shall review the Policy and the Charter annually to ensure compliance and relevance to the current law, financial and economic trends and to meet cash flow requirements of the Foundation.
- c. **Chief Financial Officer:** The Chief Financial Officer (CFO) is appointed and powers prescribed through an annual resolution by the Board of Directors. The CFO shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Foundation.
- d. **Investment Advisor:** The investment advisor is charged with the responsibility of advising the Finance and Investment Committee on

investment policy and strategic asset allocation. The investment advisor is also responsible for providing performance analysis and monitoring services.

- e. Investment Manager(s): The investment manager(s) are delegated the responsibility of investing and managing the Foundation's assets in accordance with this Investment Policy Statement, and all applicable law. Each investment manager must either be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisor Act of 1940, (3) a bank, as defined in the Investment Advisor Act of 1940, (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Foundation's assets, or, (5) such other person or organization authorized by applicable law or regulation to function as an investment manager.
- f. Custodian: The custodian has been retained by the Investment Committee and is charged with the responsibility for safekeeping securities, collections and disbursement, and periodic accounting statements.

### **3. Medium and Long-Term Performance Objectives**

The Investment Objectives for the Program will be for the asset value, exclusive of contributions or withdrawals, to have income and capital appreciation to cover expenses while preserving capital. The assets are expected to have, a rate of return (time-weighted total return gross of fees) in excess of the benchmarks established for the medium term (3-5 years) and long term (5+ years).

### **4. Performance Benchmark and Performance Measurement**

- The primary investment objective of the portfolio is the preservation of capital.
- The secondary objective is to provide on-going liquidity for the Program Funds.
- A tertiary and subordinate goal is to earn a competitive income relative to the benchmark, the ICE BofA 1-5 Year US Corporate & Government Index.

Financial and Investment Committee shall periodically assess the Foundation's income goals relative to the current portfolio strategy and market conditions, and make adjustments as necessary. Further, the CFO shall provide advance notice of any potential liquidity needs.

#### Segment

Short/Intermediate Fixed Income

#### Index

ICE BofA 1-5 Year US Corp. / Gov. Index

## 5. Classification of Debt Securities

The Foundation has determined to hold the securities till maturity unless there are changes in circumstances. Examples of a change include but not limited to: evidence of a significant deterioration in the issuer's creditworthiness, a change in tax law, and certain isolated, nonrecurring, unusual events for the Foundation that could not have been reasonably anticipated.

## 6. Target Asset Allocation

The Asset Allocation of the Program shall be reviewed at least quarterly to insure that the Target Allocation is in compliance with the following guidelines.

<u>Asset Class</u>	Target Allocations
Short/Intermediate Fixed Income	100%

## 7. Sector

<u>Sector Diversification</u>	Minimum Weighting	Maximum Weighting
Cash & Short-Term Money Market Securities	0%	100%
U.S. Treasury/U.S. Agency/ Other U.S. Gov't	0%	100%
Corporates (including Foreign Gov't/Supra)	0%	50%
Mortgage-Backed Securities (including Residential and Commercial)	0%	50%
Asset-Backed Securities	0%	30%
Municipals (Taxable and Tax-Exempt)	0%	25%

## 8. Quality

All securities will be rated A- or better at time of purchase by a Nationally Recognized Statistical Rating Organization (NRSRO)\*. Short-term money market securities shall have a rating of A1/P1 or better. The minimum weighted average quality of the underlying assets will be maintained at Aa3/AA-.

For purposes of the portfolio minimum average quality, securities issued or guaranteed by the U.S. Government, U.S. Government Agencies and U.S. Government Sponsored Enterprises shall be deemed to carry a AAA or equivalent rating.

In the event that a security held in the portfolio is downgraded below the minimum acceptable rating the manager shall notify the client of the downgrade in a timely manner. The downgraded

position may be held at the manager's discretion.

\* In the case of a split rating on securities, the lower rating shall apply.

## **9. Duration**

The effective duration of the portfolio will not be any higher than +15% of the benchmark's effective duration.

## **10. Restrictions and Limitations**

No more than 5% of the portfolio will be held in securities of any one issuer, excluding securities issued or guaranteed by the U.S. Government, U.S. Government Agencies and U.S. Government Sponsored Enterprises. The issuer for any non-Agency structured security shall be the specific trust or special purpose corporation that holds the associated collateral backing such security.

All securities shall be denominated in US dollars.

## **11. Permissible Securities**

The following types of securities are permissible for inclusion in the portfolio:

- a) Short-term money market securities including, but not limited to, CDs, time deposits, bankers acceptances, commercial paper and repurchase agreements
- b) U.S. Treasury securities, U.S. Agency securities, and issues or loans guaranteed by the U.S. Government or its Agencies
- c) Direct obligations of a Government Sponsored Enterprise (GSE) and issues or loans guaranteed by a GSE
- d) Corporate securities, including domestic and foreign issuers
- e) Foreign government securities and supnationals denominated in U.S. Dollars
- f) Residential mortgage-backed securities
- g) Commercial mortgage-backed securities
- h) Asset-backed securities
- i) Municipal securities
- j) Forward purchase agreements and dollar rolls

## **12. Investment Guidelines**

It is the intention of the Finance and Investment Committee to allow each investment manager the full investment discretion within the scope of these investment guidelines, the applicable Investment Manager Agreement, and any laws that supersede either of these documents. Each manager must adhere to the following investment guidelines as well as their specified guidelines in the attached appendices.

- a. Liquidity: CFO will monitor the trends and projected cash flow on a regular basis, and sufficient liquidity shall be maintained to fulfill the cash flow needs of the Program. When withdrawals become necessary, CFO will notify the investment manager(s) as far in advance as possible to allow them sufficient time to acquire the necessary liquid reserves.
- b. Proxy Voting: The investment manager(s) shall have the sole and exclusive right to vote any and all proxies solicited in connection with the securities held by the Foundation. The investment manager(s) shall furnish the Finance and Investment Committee with a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit a report annually to the Finance and Investment Committee summarizing votes cast.
- c. Trading and Execution: The investment manager(s) shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates

### **13. Investment Performance Review and Evaluation**

- a. The Finance and Investment Committee will review the investment results of the investment manager(s) at least quarterly. While a performance comparison will be made against a representative performance universe and the performance objectives set forth in this policy statement, the emphasis will be on downside protection. A comprehensive annual report from the Finance and Investment Committee will be presented to the full Board of Directors.
- b. The Finance and Investment Committee shall periodically review the qualitative developments of each investment manager. This evaluation should include: changes in ownership, personnel turnover, adherence to investment style and philosophy, and any other qualities that the Finance and Investment Committee deems appropriate. This review should also include an assessment as to whether each investment manager has operated within the scope of this Investment Policy Statement.
- c. The investment manager(s) must disclose all major changes in organization or investment philosophy to the Finance and Investment Committee members within 30 days. Further, all registered investment advisors must present updated ADV-2 forms on an annual basis to the CFO.

#### **14. Corrective Action**

Corrective action should be taken naturally as a result of the ongoing review process for investment managers. While there may be unusual occurrences at any time, the following are instances where corrective action may be in order.

- a. Any organizational change that may materially affect the management process will be noted by the investment advisor and discussed with the Finance and Investment Committee. If the Finance and Investment Committee deems appropriate, the investment manager may be called upon to discuss changes.
- b. A violation of terms of contract without prior approval of the Finance and Investment Committee constitutes grounds for termination.
- c. As part of the overall asset allocation strategy, the Finance and Investment Committee will select managers with certain styles and approaches to portfolio diversification. Therefore, it is critical that managers adhere to the original intent of the Finance and Investment Committee. Should either the advisor or the CFO ascertain that significant changes in investment style have occurred, this may be grounds for termination.
- d. Managers may be replaced at any time as part of an overall restructuring.

#### **15. Policy Changes**

The investment advisor shall advise the Finance and Investment Committee of any restrictions within this Investment Policy Statement that may prevent the investment manager(s) from obtaining the objectives and goals set forth herein. Any violation of the investment guidelines or other sections of this Investment Policy Statement discovered by the investment advisor in the preparation of its regular performance review shall be reported immediately to the Finance and Investment Committee and discussed at their next regularly scheduled meeting.

#### **16. Investment Policy Review and Revisions**

The Board of Directors reserves the right to amend the Investment Policy Statement at any time they deem such amendment to be necessary, or to comply with changes in federal law as these changes affect the investment of the Foundation's assets.

The Investment Policy Statement shall also be reviewed annually to ensure compliance and relevance to the current law, financial and economic trends and to meet cash flow

requirements of the Foundation.

IN WITNESS HEREOF, the Board of Directors has approved the revised Investment Policy Statement by resolution adopted on the 8<sup>th</sup> day of December 2022.

*Anita Nottingham*

Anita Nottingham (Jan 17, 2023 12:25 PST)

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The Campanile Foundation, Secretary