

The Michigan Tech Fund
STATEMENT OF INVESTMENT POLICY

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Statement of Investment Policy for Michigan Tech Fund

EXECUTIVE SUMMARY

- The Board of Directors (the “Board”), ultimately, is responsible for making the decisions that affect Michigan Tech Fund’s investment (the “Funds”). The Board receives information and recommendations from the Investment Committee.
- The Policy Asset Allocation decision is, arguably, the most important decision made by the Board with regard to the Investment Funds. The Board is responsible for determining the Policy Asset Allocation target, and permissible asset class ranges while the Investment Committee is granted the responsibility to act within those approved asset class ranges, determining and allocating among sub-asset classes.
- The Board is willing to accept an overall level of risk commensurate with the Policy Asset Allocation.
- The Investment Committee is charged with recommending the investment policy and permissible asset class ranges.
- The Long-Term Objective of the Endowment Fund is to achieve a total return equal to or in excess of the Endowment Fund’s financial requirements over the Time Horizon. In addition to achieving the Spending Rate, the Policy Asset Allocation, as described herein, is designed to cover the costs of inflation, investment management/advisory fees, administrative costs, any growth factor, which the Board may, from time to time, determine appropriate.
- The Investment Advisor is charged with assuming overall fiduciary responsibility of management of the Michigan Tech Fund’s investments.
- Investment Managers are required to invest assets in accordance with the guidelines and restrictions dictated by the Statement of Investment Policy.

INTRODUCTION AND PURPOSE

This Statement of Investment Policy is set forth to:

1. Define the investment policies, guidelines and objectives governing all assets for which the Michigan Tech Fund is responsible.
2. Create a framework from which the Investment Committee can evaluate performance, explore new opportunities, and make recommendations to enhance the investment portfolio.
3. Provide guidance for, expectations of, and limitation on, all parties bearing investment responsibilities for the Michigan Tech Fund.

The intent of this Statement is to design an investment strategy with specific parameters that reflect the philosophy of the Board, thereby providing the Investment Committee with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical. Specific portfolio guidelines will be contained in separate Appendices. The assets for which the Michigan Tech Fund is responsible for include the Endowment Fund, Demand Fund, Unrestricted Fund, Specialized Accounts, Quasi-Endowment, and the Gift Annuities.

SCOPE OF POLICY

This Statement of Investment Policy applies to all investable assets held by the Michigan Tech Fund on behalf of Michigan Technological University. Separate pools with different purposes have been established as follows:

Endowment Fund: Defined as funds contributed with the specific requirement that the contributions be invested permanently and only income is spent for the purposes for which the contributions were given. Use of the income is specified in documents on file with the Fund. The Board controls cash-flow requirements and investment decisions from a long-term perspective. Examples include: scholarships, faculty endowments and grants, departmental use, equipment, fellowships, awards, and other.

Quasi Endowment Fund: Defined as funds for specific non-endowed purposes for which the Fund serves as a custodian and manager. Typically, these funds are larger in nature and have a strategic plan use of one to five years. Examples include: Athletics, Departmental, Equipment, Fellowships, Grants, Student Loans, Awards, Scholarships, Senior Challenges, and Other.

Demand Fund: Defined as funds received for specific non-endowed purposes for which the Fund serves as a custodian and manager. These may be contributions or deposits. Withdrawals from funds, including principal, may be made at any time with the authority of the fund manager, who is typically a University department head or their designee. There are no specific cash-flow requirements for these funds. Examples include: Athletics, Departmental, Equipment, Fellowships, Grants, Student Loans, Awards, Scholarships, Senior Challenges, and Other.

Unrestricted Fund: Sources of funds for this category include unrestricted bequests, unrestricted annual gifts, and fees assessed by the Michigan Tech Fund.

Specialized Accounts: Special accounts established to meet unique donor request. These are established to fulfill specified investment guidelines or income requirements. Examples include: Bosch Fund, and Marshall & Ilsley funds.

Gift Annuities: Special accounts established for planned gifts received for annuities.

DELEGATION OF RESPONSIBILITIES

Relationship between Board and Investment Committee

The Board, ultimately, is responsible for making the decisions that govern all aspects of the Michigan Tech Fund's investments. The Board has created the Investment Committee, a working committee of the Board to coordinate the activities of the Investment Advisor and the Custodian, and to study issues pertinent to the Funds. The Board has delegated authority to the Investment Committee to act on behalf of the Board in the performance of the Committee's delegated responsibilities as set forth below. The Investment Committee shall report to the Board on its activities.

The Board's responsibilities include:

1. Engaging outside agencies to provide administrative and custodial services and outside independent auditors to account for the Funds' assets and activities, and
2. Approving changes to the Statement of Investment Policy as recommended by the Investment Committee.
3. Approving the asset allocation policy and permissible asset class ranges.

Investment Committee of the Board

The Board sets investment objectives and performance measurement standards. In turn, the Board has delegated to the Investment Committee the responsibility to monitor the Funds' investment management on its behalf. The Investment Committee has the responsibility to ensure that the assets of the Michigan Tech Fund are managed in a manner that is consistent with the policies and objectives of the Fund. In so doing, the Investment Committee will comply with all applicable laws. The Investment Committee members are required to discharge their duties solely in the interest of the Fund and for the exclusive purpose of meeting the financial needs of Michigan Tech.

The Investment Committee's responsibilities include:

1. Reviewing recommendations from the Investment Advisor,
2. Recommending investment policy and asset class ranges for Board approval, and acting within those approved asset class ranges, determining and allocating amongst sub-asset classes,
3. Selecting Investment Advisors, Custodians, and other Advisors, in accordance with this policy,
4. Recommending Investment Advisors, Custodians, and other Advisors to the Board for approval,
5. Developing investment objectives and performance measurement standards that are consistent with the financial needs of Michigan Tech, for approval by the Board,

6. Reviewing the Policy Asset Allocation and rebalancing strategies,
7. Reviewing and evaluating investment results in the context of predetermined performance standards, and implementing corrective action as needed,
8. Reporting to the Board, and
9. Recommending Spending Policy guidelines for approval by the Board.

Investment Advisor

The Investment Committee may recommend to the Board the engagement of an independent investment-advisory firm to assist the Fund in the attainment of the Funds' objectives and to monitor compliance with the stated investment policies. The Investment Advisor is expected to be proactive in recommending changes in investment strategy, asset allocation, and investment managers if the situation warrants change. The Investment Advisor's responsibilities are as follows:

1. Assisting in the development of investment policies, objectives, and guidelines,
2. Preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Funds' objectives,
3. Selecting Investment Managers,
4. Preparing and presenting performance evaluation reports,
5. Attending Investment Committee meetings to present evaluation reports on a quarterly basis and at other meetings on an "as needed" basis,
6. Reviewing contracts and fees for both current and proposed Investment Managers for conformance to industry standards,
7. Reviewing and developing special investment strategies that complement existing asset classes or strategies to be considered by the Committee,
8. Communicating investment policies and objectives to the Investment Managers, monitoring their adherence to such policies and reporting all violations,
9. Notifying the Investment Committee of any significant changes in personnel or ownership of the advisory firm,
10. Assisting the Investment Committee in special tasks,
11. Notifying the Investment Committee of commencement of any litigation or enforcement or other regulatory action known to the Investment Advisor involving a violation of securities regulations in which any Investment Manager recommended by the Investment Advisor is involved,
12. Notifying the Investment Committee of any significant changes known to the Investment Advisor in portfolio managers, personnel or ownership of any investment management firm recommended by the Investment Advisor,
13. Assisting in the rebalancing of the portfolios,
14. Evaluating the Endowment Fund and other investment pools designated in the Advisory Agreement,
15. Providing research on specific issues and opportunities,
16. Being proactive in fulfilling these responsibilities with management and the Investment Committee in the management of the Funds, and
17. Reviewing the annuities and their investment strategy.

The Custodian's responsibilities are as follows:

1. Providing timely reports detailing investment holdings and account transactions monthly to the Michigan Tech Fund and the Investment Advisor.
2. Providing an annual summary report to the Michigan Tech Fund and the Investment Advisor within 30 days following each fiscal year end. The report will include the following:
 - a. Statement of all property on hand,
 - b. Statement of all property received representing contributions to the accounts,
 - c. Statement of all sales, redemptions, and principal payments,
 - d. Statement of all spending from the account,
 - e. Statement of all expenses paid,
 - f. Statement of all purchases, and
 - g. Statement of all income.
3. Establishing and maintaining accounts for all Investment Managers of the Funds,
4. Providing all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of uninvested cash, etc., and
5. Preparing additional accounting reports as requested by the Michigan Tech Fund, Investment Committee, or the Investment Advisor.

INVESTMENT POLICIES AND OBJECTIVES

General Investment Philosophy

Objective: The Objective and general investment criteria of each of the Funds shall be described in **Appendix A** of this document.

The investment objectives of the six separate Pools within the Michigan Tech Fund are based on each Pool's investment horizon, allowing interim fluctuations to be viewed in an appropriate perspective. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by diversification of the Funds.

Over time, each of the six separate Pools constituting the Michigan Tech Fund will aim to achieve its specific Objective while maintaining acceptable risk levels. To accomplish this goal, the Funds will diversify assets among several asset classes. **Appendix B** provides permissible asset classes and appropriate index measures of these classes.

The following return objectives are designed to coincide with the Objective of the Funds. All Objectives for the Funds and Investment Managers described below are understood to be net of (after) investment expense.

1. Total Fund assets should achieve an annualized nominal rate of return equal to or greater than that of the Objective.
2. Total Fund assets should return, over trailing twelve month periods, a nominal rate of return greater than or equal to a composite index created by combining various indices (**Appendix B**) in the same proportion as the Fund's target allocation (as described in the Asset Allocation section of this document).
3. In general, active managers will be expected to provide returns greater than their appropriate benchmark, net after fees, while utilizing acceptable risk levels, over moving thirty-six-month periods. In contrast, index, or passive managers will be expected to provide returns very nearly identical to the appropriate benchmark, before reasonable fees, with no more volatility than the benchmark.

Volatility and Risk

The Investment Committee believes that the Objectives can be achieved while assuming acceptable risk levels commensurate with "market" volatility. "Market" volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the benchmark indices deemed appropriate.

The Investment Committee further believes that the greatest investment risk the Funds face is the probability of failing to meet the Funds' Objectives over the Time Horizon. Therefore, to minimize the probability of failure, thereby minimizing risk, the following variables should be considered by the Committee in all aspects of the decision-making process with regard to the Funds' investable assets:

- Probability of Missing the Objective
- Impact of Inflation on the Funds
- Asset/Style Allocation as the primary determinant of long-term performance

Spending Rate Policy

Sources of Spending

The Spending Rate Policy, as well as the Spending Rate, may differ among the Funds due to the various purposes and time horizons of each investment pool. The application of these elements for the Endowment Fund is fully described in **Appendix C**.

Total Return Policy

The Board has adopted a "total return" approach to calculating investment returns. The Investment Committee recognizes that the Funds' total return is comprised of both traditional "income" and realized and unrealized net capital gains.

In recognition of these facts, the Investment Committee has determined to consider the Funds' total return from both income and net realized and unrealized capital gains when administering the Spending Rate Policy. When distributions are made, they will be withdrawn from the Funds regardless of the portion of the total return that is from capital gains or from income.

Administrative Fees

Administrative fees are defined as fees charged back to the Endowment, Quasi-Endowment, and Demand Funds calculated on the market value of each of the Funds.

Asset Allocation

The single most important recommendation made by the Investment Committee is the Policy Asset Allocation. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to (1) the asset classes/styles which are employed by the Fund, and (2) the weighting of each asset class/style. It is the responsibility of the Investment Committee to identify the Policy Asset Allocation that offers the highest probability of achieving the Funds' investment objectives. The Investment Committee, with guidance and recommendations from the Investment Advisor shall review the asset mix on an ongoing basis and recommend revisions to the Board as necessary.

The Policy Asset Allocation shall be determined based on a comprehensive asset allocation study completed by the Investment Advisor and reviewed from time to time, in depth. The Policy Asset Allocations of the Funds, as presented in **Appendix C–H**, is designed to give balance to

the overall structure of the Michigan Tech Fund's investment program over the Time Horizon. However, some factors may impact the Policy Asset Allocations, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include:

1. The Committee's assessment of the intermediate or long term outlook for different types of asset classes and styles,
2. The Investment Advisor's assessment of the intermediate or long term outlook for different types of asset classes and styles and,
3. Divergence in the performance of the different asset classes and styles.

Portfolio Rebalancing

Since Policy Asset Allocation is the most critical component of the Funds' returns, it is desirable to rebalance each Fund periodically to minimize deviations from the Policy Asset Allocation mix that would have adverse impacts on the expected return and risk profile of the Funds. In setting the desired Policy Asset Allocation for each Fund, a minimum and maximum range will be built around the desired target asset allocation level. If/when the asset allocation of any segment or sub-segment falls outside the minimum or maximum asset allocation range, the Investment Advisor should automatically rebalance the Fund to insure the funds' asset allocation is moved back into compliance with the Policy Asset Allocation.

Permissible Investments

The Policy Asset Allocation of the Funds is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed in **Appendix B**. The asset classes include:

- Domestic Equity
- International Equity
- Fixed Income
- Private Equity
- Real Assets
- Absolute Return Strategies (Hedge Funds)
- Cash Equivalents
- Commodities
- Currencies

Investment Policies and Performance Goals for Investment Managers

The following are performance goals and constraint guidelines placed on individual asset managers within specific asset classes:

All Managers

1. The Investment Advisor shall establish a clearly defined process for reviewing investment managers. This process should include reviewing any structural changes of the manager and the manager's returns compared to their benchmark and to their peers.

2. **Trading and Execution:** Managers should execute trades on a competitive basis, considering both commission and market impact, as compared to relative size funds.

Domestic Equity

1. The maximum weighting, on a cost basis, in any one company for active managers is 10% of the portfolio value.
2. The maximum weighting to any particular economic sector should be no greater than 50% more than the appropriate benchmark's weighting.
3. **Trading and Execution:** Managers should execute trades on a competitive basis, considering both commission and market impact, as compared to relative size funds.

Domestic Fixed Income

The maximum weighting, on a cost basis, in any one security for active managers is 10% of the portfolio value. This does not apply to U.S. government and agency issues.

International Equity and Fixed Income

The use of currency futures to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager in accordance with the prospectus of the investment product, provided the hedging in any one currency will never exceed the market value of the assets invested in the currency. For separately managed accounts of the Michigan Tech Fund, the manager must submit to the Investment Committee for approval a detailed description of the currency strategy prior to the implementation of such a strategy.

Other, Alternative Investments

Alternative investment managers typically have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such managers; instead, the Committee may choose to terminate a manager, subject to the manager's liquidation policy, if they are dissatisfied with the manager and/or his strategy.

Other Investment Management Issues

1. *Securities Lending:* Investment Managers may engage in securities lending, or the "loan" of the Funds' securities in return for interest, to broker dealers as a means of enhancing income.
2. *Active vs. Passive Management:* The Investment Committee shall pursue both investment styles.
3. *Related Party Transaction:* The Funds will not loan funds to related parties, defined as an officer, Investment Committee member, employee, or donor, either current or prospective.

Performance Goals for Investment Advisors

The Investment Advisors will be reviewed on an annual basis and evaluated upon the performance of the duties outlined in *Delegation of Responsibilities, Investment Advisor*, of this Statement of Investment Policy.

Procedure for Revising Guidelines

All investment policies and performance goals will be reviewed annually or when deemed necessary by the Investment Committee. The Board must approve changes to this policy.

Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the Funds or who are consulting to, or providing any advice whatsoever to the Investment Committee shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any members of the Investment Committee responsible for investment decisions or who are involved in the management of the Funds shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Investment Committee. The intent of this provision is to eliminate conflicts of interest between Committee membership and the Michigan Tech Fund. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Funds' custodian(s), Investment Managers, or Investment Advisor in the course of their services on behalf of the Michigan Tech Fund.

APPENDIX A

SUMMARY TABLE OF FUND INVESTMENT CRITERIA

Fund	Objective	Investment Time Horizon	Expected Return / Risk Characteristics ¹	Target Asset Mix
Endowment	High Real Return and Long Term Growth	25+ Years	Return: 9.0% Std Deviation: 13.1% Yield: 2.5% Sharpe Ratio: 0.49	Equity: 44.5% Fixed Income: 24.5% Alternatives: 29.0% Cash: 2.0%
Quasi-Endowment	Liquidity and Short Term Growth	1 - 5 Years	Return: 6.7% Std Deviation: 8.3% Yield: 3.5% Sharpe Ratio: 0.52	Equity: 30.0% Fixed Income: 50.0% Alternatives: 10.0% Cash: 10.0%
Demand	Liquidity and Preservation of Capital	1 Year	Return: 4.1% Std Deviation: 5.4% Yield: 4.1% Sharpe Ratio: 0.3	Equity: 0.0% Fixed Income: 80.0% Alternatives: 0.0% Cash: 20.0%
Unrestricted	Liquidity and Preservation of Capital	1 - 5 Years	Return: 4.1% Std Deviation: 5.4% Yield: 4.1% Sharpe Ratio: 0.3	Equity: 0.0% Fixed Income: 80.0% Alternatives: 0.0% Cash: 20.0%
Gift Annuity	Gift Annuities	25+ Years	Return: 8.8% Std Deviation: 13.3% Yield: 3.2% Sharpe Ratio: 0.48	Equity: 57.0% Fixed Income: 33.0% Alternatives: 8.0% Cash: 2.0%
Specialized / Other	As stipulated by donor guidelines or use the general asset allocation mix specified here which assumes a 25+ Year Investment Time Horizon.		Return: 8.8% Std Deviation: 13.3% Yield: 3.2% Sharpe Ratio: 0.48	Equity: 57.0% Fixed Income: 33.0% Alternatives: 8.0% Cash: 2.0%

¹ based upon Ibbotson Associates Capital Market Assumptions (CMA).

APPENDIX B

COMPARATIVE INDICES FOR INVESTMENT MANAGERS

ASSET CLASS	COMPARATIVE INDEX
Equity	
<i>Domestic Equity</i>	<i>Russell 3000</i>
US Stocks All-Cap	Russell 3000
US Large-Cap Stocks	Russell 1000, Russell 1000 Value, or Russell 1000 Growth (as applicable)
US Mid-Cap Stocks	Russell Mid Cap
US Small-Cap Stocks	Russell 2000
<i>International Equity</i>	<i>MSCI ACWI ex. US</i>
Int'l Large / Mid Stocks	MSCI EAFE
Int'l Large Quality	MSCI EAFE
Int'l Small Stocks	MSCI EAFE Small Cap
Emerging Market Stocks	MSCI Emerging Markets Free
Fixed Income	<i>Barclay's Aggregate Bond</i>
Domestic Fixed Income	Barclay's Aggregate Bond
US Inflation-Protected Fixed Income	Barclay's Capital US TIPS
Global Fixed Income	Barclay's Global Aggregate Bond
Cash Equivalents	91-day US Treasury Bill
Alternative Investments	
Private Equity	Russell 2000 (6-month lag)
Real Assets	Dow Jones UBS Commodity, Dow Jones UBS Gold, FTSE EPRA NAREIT
Absolute Return (Hedge Funds)	HFR Fund of Funds / All-Asset Composite Index

APPENDIX C

ENDOWMENT FUND OBJECTIVES AND GUIDELINES

Objective: The Objective of the Endowment Fund, as determined by the Board, is to achieve a total return equivalent to or greater than the Endowment Fund's financial requirements over the Time Horizon. The Endowment Fund's financial requirements are the sum of the Spending Rate, the long-term inflation rate (as indicated by the Higher Education Price Index), the aggregate costs of portfolio management, attributable costs of the Michigan Tech Fund's administration, and any growth factor which the Investment Committee may, from time to time, recommend to the Board, as appropriate. The Investment Committee has recommended a Policy Asset Allocation designed to achieve a return equal to or greater than the Objective. The excess return over the Objective is designed both to reduce the probability of missing the Objective over the time horizon and to provide for growth of the Endowment Fund.

General Investment Considerations:

- **Risk:** The Investment Committee will seek to limit the overall level of risk consistent with the chosen Policy Asset Allocation.
- **Liquidity:** Because the vast majority of the Endowment Fund's assets are marketable, liquidity can be obtained as needed; therefore, the Endowment Fund does not have an explicit allocation to cash or cash equivalents.
- **Time Horizon:** The Endowment Fund has an infinite life. An investment Time Horizon of twenty-five years is appropriate.
- **Taxes:** The Michigan Tech Fund is tax-exempt.

Spending Rate Policy

Sources of Spending

The Investment Committee recognizes both the short-term need of the Endowment Fund for annual income from the investment portfolio, and the long-term need for maintenance and growth of the Fund's purchasing power. As a result, the Board may appropriate for expenditure in any year for the uses and purposes for which the Endowment Fund is established so much of the net appreciation, realized and unrealized, in the fair market value of the investment portfolio over the historic dollar value of the investment portfolio as is prudent, but in all events not to exceed the amount determined under this Spending Rate Policy. This amount shall include any extra disbursement made by the Board in recognition of market conditions.

Spending Rate

The Investment Committee recognizes that a Spending Rate equal to the Endowment Fund's total returns each year will doom the Endowment Fund to declining real values, due to the effects of inflation and costs of investment management. The Spending Rate will be reviewed periodically by the Investment Committee in light of evolving trends with respect to investment returns and the rate of inflation and recommended for approval by the Board. Adjustments will be made when appropriate. When considering the investment performance of the Endowment

Fund, the Investment Committee will consider the total returns of the Endowment Fund, including dividends on stock, interest on fixed-income securities, and capital gains, both realized and unrealized. Original gift principal, consisting of the sum of all gifts designated to any specific endowment account, shall never be spent.

Administrative Fees

Administrative fees are defined as fees charged back to the Endowment Fund calculated on the expected return and principal balance in each of the Funds.

Gift Fee

The MTF will retain the earnings from each new gift for the first twelve months.

Spending Rule

It shall be the policy of the Endowment Fund to distribute to every endowment account an amount equal to the product of the investment portfolio's average market value for the trailing twelve quarters ending June 30th, multiplied by the Spending Rate. The amount to be distributed will be calculated as of June 30th and will be communicated to the University. This amount will not fluctuate throughout the fiscal year.

ENDOWMENT FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	17.7%	11%	-	24%
Mid Cap U.S. Equity	1.9%	0%	-	4%
Small Cap U.S. Equity	3.7%	0%	-	8%
Developed International Equity	16.2%	10%	-	22%
International Emerging Markets Equity	7.0%	0%	-	10%
<i>sub-total</i>	46.5%	36%	-	53%
<u>Fixed Income Portfolio:</u>				
"Core" U.S. Fixed Income	20.3%	13%	-	28%
Inflation Protected Securities	2.6%	0%	-	9%
International Bonds	0.0%	0%	-	9%
High Yield Bonds	2.6%	0%	-	6%
<i>sub-total</i>	25.5%	21%	-	29%
<u>Alternative Investments:</u>				
Real Estate	3.0%	0%	-	4%
Commodities	6.0%	3%	-	8%
Diversified Hedge Funds	10.0%	5%	-	12%
Diversified Private Equity	7.0%	5%	-	9%
<i>sub-total</i>	26.0%	15%	-	28%
<u>Money Market</u>	2.0%	0%		15%
<u>Grand Total:</u>	100.0%			

APPENDIX D

DEMAND FUND OBJECTIVES AND GUIDELINES

Objective: The Objectives of the Demand Fund are liquidity and preservation of capital.

General Investment Considerations:

- **Rise:** Because of the relatively short time horizon of the instruments in the Demand Fund, there is little tolerance for risk of principal.
- **Liquidity:** Because the necessary liquidity to meet the withdrawals from the fund, there is an explicit allocation to marketable assets.
- **Time Horizon:** The Demand Fund has an investment Time Horizon of one year.
- **Taxes:** The Michigan Tech Fund is tax-exempt.
- **Administrative Fees:** Administrative fees are defined as fees charged back to the Demand Fund calculated on the expected return and principal balance in the Fund.

DEMAND FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	0.0%	0%	-	0%
Mid Cap U.S. Equity	0.0%	0%	-	0%
Small Cap U.S. Equity	0.0%	0%	-	0%
Developed International Equity	0.0%	0%	-	0%
International Emerging Markets Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>0.0%</u>	<u>0%</u>	-	<u>0%</u>
<u>Fixed Income Portfolio:</u>				
Short / Intermediate Fixed Income	75.0%	70%	-	90%
Inflation Protected Securities	5.0%	0%	-	10%
International Bonds	0.0%	0%	-	0%
High Yield Bonds	0.0%	0%	-	0%
<i>sub-total</i>	<u>80.0%</u>	<u>70%</u>	-	<u>90%</u>
<u>Alternative Investments:</u>				
Real Estate	0.0%	0%	-	0%
Commodities	0.0%	0%	-	0%
Diversified Hedge Funds	0.0%	0%	-	0%
Diversified Private Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>0.0%</u>	<u>0%</u>	-	<u>0%</u>
<u>Money Market</u>	20.0%	10%		30%
<u>Grand Total:</u>	<u>100.0%</u>			

APPENDIX E

UNRESTRICTED FUND OBJECTIVES AND GUIDELINES

Objective: The Objectives of the Unrestricted Fund are liquidity and preservation of capital.

General Investment Considerations:

- **Risk:** Because of the relatively short time horizon of the instruments in the Unrestricted Fund, there is little tolerance for risk of principal.
- **Liquidity:** Because of the necessary liquidity to meet withdrawals from the fund, there is an explicit allocation to marketable assets.
- **Time Horizon:** The Unrestricted Fund has an investment Time Horizon of one to five years.
- **Taxes:** The Michigan Tech Fund is tax-exempt.

Administrative Fees

Administrative fees are defined as fees charged back to the Unrestricted Fund calculated on the expected return and principal balance in the Fund.

UNRESTRICTED FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	0.0%	0%	-	0%
Mid Cap U.S. Equity	0.0%	0%	-	0%
Small Cap U.S. Equity	0.0%	0%	-	0%
Developed International Equity	0.0%	0%	-	0%
International Emerging Markets Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>0.0%</u>	<u>0%</u>	-	<u>0%</u>
<u>Fixed Income Portfolio:</u>				
Short / Intermediate Fixed Income	75.0%	70%	-	90%
Inflation Protected Securities	5.0%	0%	-	10%
International Bonds	0.0%	0%	-	0%
High Yield Bonds	0.0%	0%	-	0%
<i>sub-total</i>	<u>80.0%</u>	<u>70%</u>	-	<u>90%</u>
<u>Alternative Investments:</u>				
Real Estate	0.0%	0%	-	0%
Commodities	0.0%	0%	-	0%
Diversified Hedge Funds	0.0%	0%	-	0%
Diversified Private Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>0.0%</u>	<u>0%</u>	-	<u>0%</u>
<u>Money Market</u>	<u>20.0%</u>	<u>10%</u>		<u>30%</u>
<u>Grand Total:</u>	<u>100.0%</u>			

APPENDIX F

SPECIALIZED FUND OBJECTIVES AND GUIDELINES

Objective: The Objectives of the Specialized Fund are to meet unique donor requests.

General Investment Considerations:

- **Risk:** The risk considerations are based on the donor stipulations.
- **Liquidity:** Liquidity needs are based on donor stipulations.
- **Time Horizon:** The Time Horizon is based on the donor stipulations.
- **Taxes:** The Michigan Tech Fund is tax-exempt.

Administrative Fees

Administrative fees are based on the donor stipulations.

SPECIALIZED FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	22.8%	17%	-	29%
Mid Cap U.S. Equity	2.9%	1%	-	4%
Small Cap U.S. Equity	2.9%	1%	-	4%
Developed International Equity	19.8%	15%	-	25%
International Emerging Markets Equity	8.6%	6%	-	11%
<i>sub-total</i>	<u>57.0%</u>	<u>42%</u>	-	<u>72%</u>
<u>Fixed Income Portfolio:</u>				
"Core" U.S. Fixed Income	26.4%	22%	-	30%
Inflation Protected Securities	3.3%	0%	-	5%
International Bonds	0.0%	0%	-	5%
High Yield Bonds	3.3%	0%	-	5%
<i>sub-total</i>	<u>33.0%</u>	<u>28%</u>	-	<u>38%</u>
<u>Alternative Investments:</u>				
Real Estate	3.0%	0%	-	4%
Commodities	5.0%	0%	-	7%
Diversified Hedge Funds	0.0%	0%	-	0%
Diversified Private Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>8.0%</u>	<u>0%</u>	-	<u>10%</u>
<u>Money Market</u>	<u>2.0%</u>	<u>0%</u>		<u>15%</u>
<u>Grand Total:</u>	<u><u>100.0%</u></u>			

APPENDIX G

GIFT ANNUITY RESERVE FUND OBJECTIVES AND GUIDELINES

Asset Allocation

The asset allocation for the Gift Annuity Reserve Fund can be found below.

GIFT ANNUITY RESERVE FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	22.8%	17%	-	29%
Mid Cap U.S. Equity	2.9%	1%	-	4%
Small Cap U.S. Equity	2.9%	1%	-	4%
Developed International Equity	19.8%	15%	-	25%
International Emerging Markets Equity	8.6%	6%	-	11%
<i>sub-total</i>	<u>57.0%</u>	<u>42%</u>	-	<u>72%</u>
<u>Fixed Income Portfolio:</u>				
"Core" U.S. Fixed Income	26.4%	22%	-	30%
Inflation Protected Securities	3.3%	0%	-	5%
International Bonds	0.0%	0%	-	5%
High Yield Bonds	3.3%	0%	-	5%
<i>sub-total</i>	<u>33.0%</u>	<u>28%</u>	-	<u>38%</u>
<u>Alternative Investments:</u>				
Real Estate	3.0%	0%	-	4%
Commodities	5.0%	0%	-	7%
Diversified Hedge Funds	0.0%	0%	-	0%
Diversified Private Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>8.0%</u>	<u>0%</u>	-	<u>10%</u>
<u>Money Market</u>	2.0%	0%		15%
<u>Grand Total:</u>	<u><u>100.0%</u></u>			

APPENDIX H

QUASI-ENDOWMENT FUND OBJECTIVES AND GUIDELINES

Objective: The Objectives of the Quasi-Endowment Fund are to invest funds for specific non-endowed purposes for which the Fund serves as a custodian and manager. Typically, these funds are larger in nature and have a strategic plane use of one to five years.

General Investment Considerations:

- **Risk:** The Investment Committee will seek to limit the overall level of risk consistent with the chosen Policy Asset Allocation.
- **Liquidity:** The investments consist of mutual funds, all of which are very liquid.
- **Time Horizon:** One to five years.
- **Taxes:** The Michigan Tech Fund is tax-exempt.

Administrative Fees

Administration fees are defined as fees charged back to the Quasi-Endowment Fund calculated on the expected return and principal balance in each of the Funds.

QUASI-ENDOWMENT FUND ASSET ALLOCATION POLICY

	Policy Normal Level	Lower Range	-	Upper Range
<u>Equity Portfolio:</u>				
Large Cap U.S. Equity	12.0%	9%	-	15%
Mid Cap U.S. Equity	1.5%	0%	-	2%
Small Cap U.S. Equity	1.5%	0%	-	2%
Developed International Equity	10.5%	8%	-	13%
International Emerging Markets Equity	4.5%	3%	-	6%
<i>sub-total</i>	<u>30.0%</u>	<u>24%</u>	-	<u>36%</u>
<u>Fixed Income Portfolio:</u>				
"Core" U.S. Fixed Income	40.0%	34%	-	46%
Inflation Protected Securities	10.0%	8%	-	12%
International Bonds	0.0%	0%	-	17%
High Yield Bonds	0.0%	0%	-	0%
<i>sub-total</i>	<u>50.0%</u>	<u>43%</u>	-	<u>58%</u>
<u>Alternative Investments:</u>				
Real Estate	4.0%	0%	-	5%
Commodities	6.0%	0%	-	8%
Diversified Hedge Funds	0.0%	0%	-	0%
Diversified Private Equity	0.0%	0%	-	0%
<i>sub-total</i>	<u>10.0%</u>	<u>5%</u>	-	<u>13%</u>
<u>Money Market</u>	<u>10.0%</u>	<u>5%</u>		<u>20%</u>
<u>Grand Total:</u>	<u><u>100.0%</u></u>			

Signatures:

President
Michigan Tech Fund

Chief Financial Officer
Michigan Tech Fund

This Statement of Investment Policy must be reviewed by the Investment Committee at least once a year and confirmed as appropriate or amended as necessary at that time.

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