2. INVESTMENT POLICY STATEMENT

I. DEFINITIONS

PURPOSE

The purpose of this Investment Policy Statement is to establish a clear understanding of the philosophy and the investment objectives for The University at Albany Foundation (hereinafter, "Foundation"). This document will further describe the standards that will be utilized by the Investment Sub Committee in monitoring investment performance, as well as, serve as a guideline for any investment manager retained.

Adherence to a sound long-term investment policy, which balances spending and administrative fee requirements of the Foundation with preservation of the real, inflation-adjusted value of assets, is crucial to the long-term success of the Fund.

SCOPE

This Investment Policy Statement applies only to those assets commonly referred to as the Endowment portfolio.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Investment Sub-Committee and its members shall exercise prudence and appropriate care in accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA provides (i) a standard of conduct for managing and delegating authority with respect to "institutional funds," (ii) rules of construction for appropriating from an "endowment fund;" and (iii) rules for release or modification of restrictions on institutional funds. NYPMIFA requires that those responsible for managing an institutional fund act "in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

Prudence Standard:

NYPMIFA requires consideration of the following factors in managing and investing an institutional fund:

- General economic conditions
- The possible effect of inflation or deflation
- The expected tax consequences, if any, of investment decisions or strategies
- The role that each investment or course of action plays within the overall investment portfolio of the fund
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- The needs of the Foundation and the fund to make distributions and to preserve capital
- An asset’s special relationship or special value, if any, to the charitable purposes of the Foundation.

In addition, the Foundation may incur only those costs that are appropriate and reasonable in relation to the assets, the purposes of the Foundation, and the skills available to the Foundation, and must make a reasonable effort to verify facts relevant to the management and investment of the Foundation’s fund.

Diversification:

Except as otherwise provided in a gift instrument, NYPMIFA provides that the Foundation must
diversify the investments of Foundation funds unless the Foundation prudently determines that, because of special circumstances, the purposes of the funds are better served without diversification. In addition, the Foundation must review a decision not to diversify a fund as frequently as circumstances require and at least annually.

**Investment Policy:**
NYPMIFA requires the Foundation to adopt a written investment policy that reflects the requirements of the Act. The investment policy must be taken into consideration when appropriating funds for expenditure from an endowment fund.

**Conflict of Interest:**
All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Sub-Committee of all material facts regarding any potential conflicts of interests. No University or Foundation representative, employee, or agent shall take any action prohibited by or fail to take any action required by all applicable laws in carrying out this Policy.

**DEFINITION OF DUTIES**

**Investment Sub-Committee**
The University at Albany Foundation by-laws, section 5.4.1, created the Investment Sub-Committee as a standing sub-committee of the Finance Committee. The Sub-Committee is hereby charged with the following responsibilities:

- Recommend to the Finance Committee / Board of Directors policy for investing funds or changes to existing policy,
- Ascertian compliance with investment policy,
- Recommend and develop investment strategy and asset allocation parameters,
- The selection, retention and termination of investments and/or investment managers,
- Review and monitor investment performance,
- To report to the Finance Committee / Board of Directors concerning portfolio performance and composition
- Direct the CFO (or his designee) to execute transactions

**Chief Financial Officer (CFO)**
The CFO has daily responsibility for administration of the investment portfolio and will consult with the Investment Sub-Committee and the investment consultant on matters relating to the investment of the portfolio. The CFO (or his designee) will serve as primary contact for the portfolio’s investment managers, investment consultant, and custodians.

**Investment Consultant**
The Investment Consultant is responsible for assisting the Investment Sub-Committee in all aspects of managing and overseeing the investment portfolio. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:
• Provide the Investment Sub-Committee with quarterly performance reports, with more frequent intra-quarter communication conducted as needed.
• Monitor the activities of each investment manager or investment fund;
• Supply the Investment Sub-Committee with other reports (e.g. asset allocation studies) or information as reasonably requested;
• Provide proactive recommendations; and
• Review this Investment Policy Statement with the Investment Sub-Committee
• The investment consultant does not have discretionary authority over portfolio decisions

The Foundation exercises the right to select investment managers or investments outside of the recommendations of the investment consultant. Such investments will be included in the asset allocations outlined in this Investment Policy Statement.

In addition, the Sub-Committee must act in good faith with the care that an ordinarily prudent person in a like position would exercise in (i) selecting, continuing or terminating an agent, and assessing the agent’s independence; (ii) establishing the scope and terms of the delegation, including the payment of compensation; and (iii) monitoring the agent’s performance and compliance with the scope and terms of the delegation. An agent must act with reasonable care, skill and caution.

II. OBJECTIVES

The principal objective of the Foundation’s investment program is to preserve real purchasing power with an acceptable level of risk and provide a growing stream of income to fund the University’s programs. Therefore, over time, the Foundation must achieve an average annual total rate of return (actual income plus appreciation) equal to inflation plus actual spending plus administrative expenses.

The assets are to be managed in a manner that will meet the long-term investment objective, while at the same time attempting to limit the volatility.

STRATEGY

The Investment Sub-Committee believes that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the largest percentage of assets will be invested in equity or equity-like securities. Fixed income securities, real assets and other diversifying strategies (e.g. absolute return hedge funds) will be used to lower the short-term volatility of the portfolio and to provide stability, especially during periods of negative equity markets. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs.

The Foundation may invest in any combination of active managers and/or passive instruments. The portfolio may also invest with managers, who in turn, invest in other managers (fund of funds). The Board has approved investing in the following asset classes:

**EQUITIES**

• U.S. Equities;
• International Equities;
• Private Equities; and
• Directional Hedge Funds

**REAL ASSETS**

• Real Estate;
• Natural Resources; and

**FIXED INCOME**

• Global Fixed Income;

**DIVERSIFYING STRATEGIES**

• Absolute Return Hedge Funds

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The asset allocation decision is regarded as the single largest determinant of a portfolio's long-term return. The underlying premise for this process is that equities and equity equivalent investments (such as hedge funds that hold marketable securities) would continue as the dominant asset class, but that further diversification could not only reduce the portfolio's volatility (riskiness), but would also improve its long-term returns.

Disciplined management of the asset allocation is necessary and desirable. Diversification of investments among assets that are not similarly affected by economic, political, or social developments is highly desirable. The general policy shall be to diversify investments so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset or investment category. On an annual basis, the Investment Sub-Committee will review the portfolio’s asset allocation against its predetermined targets and determine if any allocation adjustments should be made for the next year or any rebalancing of underlying investments.

To ensure broad diversification, the asset allocation will be set to within the following ranges:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GLOBAL EQUITIES</strong></td>
<td>25-65%</td>
</tr>
<tr>
<td><strong>U.S. Equity</strong></td>
<td>10-40%</td>
</tr>
<tr>
<td>Large Cap</td>
<td>5-25</td>
</tr>
<tr>
<td>Mid Cap</td>
<td>0-15</td>
</tr>
<tr>
<td>Small Cap</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>International Equity</strong></td>
<td>10-30</td>
</tr>
<tr>
<td>Large Cap Developed</td>
<td>5-20</td>
</tr>
<tr>
<td>Small Cap Developed</td>
<td>0-10</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>Private Equity (Domestic &amp; Global)</strong></td>
<td>0-15</td>
</tr>
<tr>
<td>Diversified Private Equity</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>Directional Hedge Funds</strong></td>
<td>0-15</td>
</tr>
<tr>
<td><strong>FIXED INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>10-40</td>
</tr>
<tr>
<td>Core</td>
<td>5-20</td>
</tr>
<tr>
<td>Treasury Inflation Protected</td>
<td>0-10</td>
</tr>
<tr>
<td>High Yield/Distressed Debt</td>
<td>0-10</td>
</tr>
<tr>
<td>Floating Rate Loans</td>
<td>0-10</td>
</tr>
<tr>
<td>Cash</td>
<td>0-10</td>
</tr>
<tr>
<td><strong>REAL ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>0-15</td>
</tr>
<tr>
<td>Public (REITs) Domestic/Global</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>Natural Resources</strong></td>
<td></td>
</tr>
<tr>
<td>Diversified Energy/Timber</td>
<td>0-15</td>
</tr>
<tr>
<td><strong>DIVERSIFYING STRATEGIES</strong></td>
<td></td>
</tr>
<tr>
<td>Absolute Return Hedge Funds</td>
<td>0-25</td>
</tr>
</tbody>
</table>
Investment Styles
Research indicates that value stocks outperform growth stocks over the long-term and this is more pronounced for smaller market capitalizations. Therefore, the portfolio will employ a strategic overweight to value stocks, with a larger value overweight to mid and small cap stocks.

Rebalancing
The CFO, with advice from the investment consultant, will monitor the asset allocation structure of the investment pool and work to stay within the ranges allowed for each asset category. If the portfolio moves outside of the ranges, the CFO will develop a plan of action to rebalance the portfolio and report to the Investment Sub-Committee.

ILLIQUID INVESTMENTS

An “illiquid” investment is defined as one that cannot be sold, redeemed or liquidated during some period of time. Investments are classified according to three different categories of liquidity depending upon the length of time in which they can be redeemed for cash. The table below documents the three categories, provides an example of an investment within each category, the maximum amount of time needed to liquidate, and a limit on total portfolio assets permitted to be invested into each category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Example</th>
<th>Maximum Time To Redeem For Cash</th>
<th>Maximum Allocation Within Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid</td>
<td>Mutual Fund</td>
<td>1 Day – 1 Month</td>
<td>100%</td>
</tr>
<tr>
<td>Semi-Liquid</td>
<td>Hedge Fund</td>
<td>1 Month – 1 to 2 Years</td>
<td>30%</td>
</tr>
<tr>
<td>Illiquid</td>
<td>Private Equity</td>
<td>Greater than 1 to 2 Years</td>
<td>20%</td>
</tr>
</tbody>
</table>

Semi-Liquid and Illiquid investments will generally require a signed Subscription Agreement, a Limited Partnership Agreement, or some other legal document describing the ownership arrangement of the investment. There are four asset classes that may be implemented with semi-liquid or illiquid investments: Private Equity, Real Estate, Natural Resources, and Hedge Funds (including directional hedge funds and absolute return hedge funds). Each will be discussed below. Some investments may incur “Unrelated Business Taxable Income” (UBTI), which the Investment Sub-Committee would generally seek to avoid by investing in offshore vehicles, but each investment will be considered in its entirety to arrive at the best overall solution for the portfolio.

SPENDING POLICY

Spending is defined as funds made available from the endowment portion of the portfolio for University programs, exclusive of management, brokerage and custodial fees.

For endowment funds established prior to September 17, 2010 the Foundation may not appropriate more than the fund’s historic dollar value unless the donor expressed the intent to allow expenditures greater than the historic value in the gift instrument. For endowment funds established on or after September 17, 2010 the Foundation may appropriate so much of an endowment fund as the Foundation determines, subject to the intent of the donor expressed in a gift instrument, is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. NYPMIFA provides the following eight factors that must be considered, if relevant, when making decisions as to expenditure or accumulation of endowment funds:
• The duration and preservation of the endowment fund;
• the purposes of the Foundation and the endowment fund;
• general economic conditions
• the possible effect of inflation and deflation;
• the expected total return from income and the appreciation of investments
• other resources of the Foundation;
• where appropriate and circumstances would otherwise warrant, alternatives to
  expenditure of the endowment fund, giving due consideration to the effect that such
  alternatives may have on the Foundation; and
• the investment policy of the Foundation.

A spending formula governs the portion of total return made available each year for use by endowment
accounts with the objective of maintaining purchasing power relative to inflation. Under current policy,
4% of the twenty quarter average market value of the principal is calculated and transferred to the
spending account for each endowment. (Market value of an endowment account is equal to the
endowment account’s opening balance, increased or decreased by the annual portfolio appreciation or
depreciation, less the annual management fee and less the spending account transfer).

III. IMPLEMENTATION, GUIDELINES AND RESTRICTIONS

GENERAL

The decisions made by the Investment Sub-Committee when implementing the investment portfolio are to
be guided by NYPMIFA.

The overall Portfolio will remain broadly diversified across a range of asset classes. Any investment in
these areas must be made with a highly diversified solution such that individual security risk is distributed
across multiple securities. The purpose of the diversification is to enhance returns and reduce the risk of
significant declines in the market value of the Fund. Unless specifically authorized by the Investment
Sub-Committee, each investment manager shall:

• Manage the assets as a prudent investor would, in light of the purposes, terms,
distribution requirements and other circumstances of the Foundation;
• Immediately notify the Investment Sub-Committee in writing of any material changes in their
  investment outlook, strategy, portfolio structure, ownership, organizational structure, or
  senior personnel;

Performance shall be evaluated according to criteria which will include:

• Over the long-term
• Adherence to the stated philosophy and style of management at the time the investment
  manager was retained
• Continuity of personnel and practices at the firm; ability (in the case of active managers) to
  meet or exceed the median performance of other managers who adhere to the same or
  similar investment style
• Ability to outperform its respective benchmark index

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TOTAL PORTFOLIO BENCHMARKS

The primary performance objective of the Fund is to achieve a total net return, in excess of spending, administrative expenses, and inflation.

*Total Return greater than Consumer Price Index + 4.0% Spending Policy + 1.65% Administrative Expenses*

A secondary objective is to achieve a total return in excess of the Broad Policy Index comprised of each broad asset category benchmark weighted by its target allocation.

*The current Balanced Index is:*

<table>
<thead>
<tr>
<th>Weight Index</th>
<th>Asset Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>18% Russell 3000</td>
<td>US Equity</td>
</tr>
<tr>
<td>20% MSCI AC World Index ex-US</td>
<td>International Equity</td>
</tr>
<tr>
<td>7% Russell 3000 +5%</td>
<td>Private Equity Domestic &amp; Global</td>
</tr>
<tr>
<td>10% HFRI Equity Hedge Index</td>
<td>Hedge Fund (diversified directional)</td>
</tr>
<tr>
<td>25% Barclay’s Global Aggregate Bond</td>
<td>Global Fixed Income</td>
</tr>
<tr>
<td>5% NCREIF Property Index</td>
<td>Real Estate</td>
</tr>
<tr>
<td>5% CPI + 3% Index</td>
<td>Natural Resources</td>
</tr>
<tr>
<td>10% HFRI-FOF Conservative Index</td>
<td>Absolute Return Hedge Funds</td>
</tr>
</tbody>
</table>

**U.S. and Foreign Equity**

The primary goal of equities in the portfolio is growth. It is understood that equities are generally more volatile than fixed income, but also that risk can, and should be reduced by investing with a highly diversified mix of equities. The equity portfolio is to be structured such that risk is mitigated through diversification and will achieve diversification across asset class (large capitalization, small capitalization), style (growth and value), and geographic region (U.S., international developed, emerging markets).

The philosophy for equities is one of achieving the return of markets defined as “efficient” with the lowest cost possible, with “efficient” defined as a market in which new information is quickly disseminated and any resulting changes in stock prices are immediate. The large cap U.S. stock market is generally considered highly efficient. Active management will be permitted in the portfolio in areas of the market considered “inefficient,” defined as a market in which information is not always disseminated immediately and resulting changes in stock prices do not always change immediately. Many international markets are considered inefficient.

**Implementation**

The investment in efficient markets is to be made through passive strategies such as index funds as well as low-tracking error strategies such as enhanced indexing. This approach is founded upon research that shows the probability of achieving consistent excess return through a traditional all active, multi-manager approach is low.

To complement this passive approach, active managers may be added selectively in “inefficient” markets. Active managers may be used in certain inefficient asset classes and styles, meaning that

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opportunities for outperformance derived from security selection are available within, but importantly, those managers must be of the highest quality.

**Private Equity**
The goal for private equity in the portfolio is long term capital appreciation. Private equity has the potential for high long-term returns due to the tremendous growth opportunities prevalent in this segment of the market. Private equity broadly refers to investments in privately held companies. Generally these investments are made as equity but may also include mezzanine or sub-debt structures. There is no public market to trade these private interests.

These strategies are commonly segmented into two categories: Venture capital investing and buyout investing. Venture capitalists typically invest in newly formed companies. They will often build a management team, provide technical expertise, and develop strategic plans to grow the firm. Buyout managers typically invest in more established companies. The managers may take a control (buyout) or non-control (growth equity) position and often will develop or change management, improve operations, or merge with another firm to make the firm more profitable. Profits from a private equity investment are realized via a public offering of shares or an acquisition by another firm. Additional private equity strategies include mezzanine finance and distressed debt.

**Implementation**
Investments in private equity should be diversified by vintage year and strategy, and made with those investment managers identified as most likely to provide exemplary long term returns. The dispersion between average and top tier private equity managers is larger than that observed in traditional equity and fixed income markets. Therefore, the Investment Sub-Committee will endeavor to invest only with top tier managers who are expected to achieve return well in excess of the public equity markets.

Private equity investing can be implemented through direct funds, fund of funds, or combination of the two. Private equity investments will be made only through funds and/or fund of funds – no individual private equity investments or direct investments in companies/ventures will be made.

**Directional Hedge Funds**
The allocation to directional equity is expected to reduce the volatility of the total global equity portfolio due to the combination of long and short positions held by the investment manager. These funds are designed to enhance expected returns while delivering lower volatility. Due to their low (less than 100%) net market exposure, equity hedge funds are normally expected to underperform in strong bull markets and outperform in falling markets (decline less).

**Implementation**
In order to achieve broad manager diversification, the Investment Sub-committee has chosen to use a fund of funds approach to achieve its directional equity exposure. However, the Investment Sub-Committee is sensitive to the extra layer of fees paid using a fund of fund and is always balancing that additional cost with the manager diversification benefits provided by the fund of fund.

**Fixed Income**
The goal of fixed income investments in the portfolio is to provide income and stability for overall performance and as a diversifier to equities and other investments. The fixed income portfolio should be diversified across sectors with low correlations relative to one another. This may be achieved with a highly diversified broad fixed income fund that serves as the core portion of the fixed income allocation. This allocation may be enhanced with a “core plus” manager(s) that seeks outperformance of the core fixed income portfolio, but volatility is expected to remain in line to modestly higher when compared to a broad fixed income benchmark such as the Barclays Capital Aggregate Bond Index.

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Implementation
In order to enhance returns and further reduce risk through diversification, the Investment Sub-Committee may make a dedicated investment in one or more of the following fixed income sub categories:

- Treasury Inflation Protected Securities (TIPS)
- High yield bonds
- Bank loans
- Emerging market bonds (hedged to the U.S. dollar)
- Non-U.S. denominated bonds (hedged to the U.S. dollar)

Real Estate
Real estate is to be included in the portfolio because of its expected contribution to performance and the risk reducing diversification it is expected to provide. Real estate investments have exhibited a low correlation with other major asset classes, particularly fixed income.

Implementation
The investment in real estate should be well diversified and may include public real estate securities, both domestic and international, and private real estate investments, both domestic and international.

Public real estate equity (REITs) are defined as publicly traded shares held directly, managed in a separate account or mutual fund. Private real estate ownership structures include direct, commingled funds, or limited partnerships. Funds may be open-ended or have defined investment and liquidation periods.

The investment in real estate will be made through a diversified pool of real estate assets including U.S. REIT funds, foreign REIT funds, and private real estate funds. The Foundation will not own individual real estate properties in the investment portfolio.

Natural Resources
Natural resources are defined as investments in energy, metals and other commodities. An investment in natural resources is expected to enhance the total return of the portfolio, provide diversification for other investments in the portfolio, as well as a hedge against inflation.

Although past performance is not necessarily indicative of future results, natural resources have performed well in inflationary environments. Historically, inflationary environments have been difficult for equity and fixed income investments, so an investment in natural resources may serve as a source of positive returns when other asset classes are posting below-average returns.

Implementation
Vehicles such as private energy funds, timber funds, and in some cases, managed-futures strategies, that offer a more attractive means to gain exposure to those areas that have demonstrated long-term price appreciation are preferred because of their return potential and diversification characteristics. Direct energy and timber funds allow active managers to exploit inefficiencies that exist in these markets while still providing exposure to the underlying commodity price. Returns from these types of investments have shown a low correlation to equities and fixed income and therefore provide a diversification benefit to the portfolio.

Funds that invest in stocks of commodity-related companies will not be included in the portfolio. Such funds represent a less than optimal investment in commodities because the desired diversification is diluted due to the stocks’ correlation with the stock market. Additionally, many of these funds are highly concentrated and may experience significant volatility.

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Diversifying Strategies – Absolute Return Hedge Funds
The objective of Diversifying Strategies allocation is to provide diversification for the total fund, provide returns with low correlation to the equity and fixed income markets, and enhance the total fund’s risk/return profile.

For the allocation to achieve the expected objectives, risk must be clearly understood and controlled. The most effective means of controlling risk with an absolute return hedge fund strategy is to invest with a high degree of diversification. Individual investments may be concentrated on a particular strategy, market or geographic region, but the overall absolute return allocation should be diversified.

The allocation will be made to absolute return hedge funds and different trading strategies which may include, but are not limited to:

- Tactical trading: global macro, managed futures
- Relative value arbitrage: fixed income arbitrage, convertible arbitrage, equity market neutral
- Event driven: distressed securities, risk arbitrage, event-driven multi-strategy
- Other multi-strategy funds or fund of funds

Implementation
When investing in hedge funds, an allocation can be made through a fund of funds (FOF) and/or a direct placement, but must be made with high degree of diversification to limit risk. It is understood that private placements may be used to generate greater risk-adjusted returns. In addition the Investment Sub-Committee may invest in mutual funds that are utilized for absolute return investments regardless of market conditions. These funds must possess the desired risk/return characteristics and provide uncorrelated returns to traditional asset classes.

DERIVATIVE SECURITIES

For definition purposes, derivatives include, but not limited to, structured notes*, lower class tranches of collateralized mortgage obligations (CMO’s)** principal only (PO) or interest only (IO) strips, inverse floating rate securities, futures contracts, and options.

For index fund and enhanced index managers only, financial futures and options may be utilized solely for the purpose of mirroring the performance and risk characteristics of the specified index.

The Investment Sub-Committee may invest in certain derivatives-based strategies if the investment is consistent with the Standards of Prudence outlined earlier in the section titled “Fiduciary Duty.” Each specific derivatives- based investment must be considered separately and meet certain minimum requirements including:

- The derivative investments (options, futures, forwards, swaps, etc.) must be traded on an established exchange or have reasonable expectations of liquidity. The portfolio will not invest directly in over the counter or off-market contracts (such as energy contracts)
- The behavior of the derivative securities and the structure of the total investment must be understood by the investment committee. All risks, including but not limited to counterparty risk, event risk, and liquidity risk must be understood by the Investment Sub-Committee and the aggregation of all risks must be considered in light of the standards of prudence mentioned earlier in the section titled “Fiduciary Duty”
- The derivatives based investment must improve the overall structure of the portfolio when both expected returns and potential risk are considered. The investment will not be made unless the net impact of both expected returns and potential risk will improve the overall structure of the portfolio.
Strategies designed to protect the portfolio against catastrophic loss (portfolio insurance) may be implemented in certain situations at the Investment Sub-Committee’s discretion, but must also meet the Standards of Prudence outlined earlier in the section titled “Fiduciary Duty.”

*Investment in "conservative" structured notes that are principal guaranteed, unlevered, and of short-to-intermediate maturity is permitted.

**Lower class as defined by Federal Financial Institutional Examination Council (FFIEC).

**LEVERAGE

Leverage will not be incorporated at the portfolio level. The portfolio may contain strategies that incorporate leverage as part of a fund of funds or some other highly diversified investment as long as making an allocation to that investment conforms with the Standards of Prudence mentioned earlier.

**GIFTS OF SECURITIES

It is the Foundation’s policy to liquidate gifts of marketable securities when received. The Committee may use its discretion as to the timing of such liquidations based on general market conditions, donor instructions / requests and specific security liquidity issues.