INVESTMENT POLICY STATEMENT

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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.

While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term distributions plus the administrative expenses 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 investment portfolio or the “Fund”.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Investment Sub-Committee and its members, the investment consultant, and investment managers 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
INVESTMENT POLICY STATEMENT

- 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 Board/Executive Committee of all material facts regarding any potential conflicts of interests. No University or Foundation representative, employee, or agent shall knowingly take any action prohibited by or fail to take any action required by all applicable laws in carrying out this Policy. If a circumstance arises where the appearance of a conflict of interest may exist, the individual shall report said potential conflict to the Board/Executive Committee in a timely manner. If a circumstance arises where the appearance of a conflict of interest may exist, the individual shall report said potential conflict to the President of the Board and Chairman of the Audit Committee in a timely manner.
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DEFINITION OF DUTIES

BOARD OF DIRECTORS – GOVERNING FIDUCIARY

The Board of Directors has the ultimate fiduciary responsibility for the Fund’s investment portfolio. The Board must ensure that appropriate policies governing the management of the Fund are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets and approves the Investment Policy Statement and delegates responsibility to the Investment Sub-Committee (a sub-committee of the Finance Committee) for ongoing monitoring.

INVESTMENT SUB-COMMITTEE – GOVERNING FIDUCIARY

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 Investment Sub-Committee is responsible for adopting the provisions of this Investment Policy. This responsibility includes approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Fund on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Fund and its managers to be reasonably assured of their compliance with the Investment Policy Statement.

CHIEF FINANCIAL OFFICER (CFO) – MANAGING FIDUCIARY

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 Fund. The CFO (or his designee) will serve as primary contact for the Fund’s investment managers, investment consultant, and custodians. The CFO will have authority to invest incoming cash (up to 2% of the Fund’s value) with existing liquid Fund managers or to sell liquid investments to fund capital calls. Such transactions will be disclosed no later than the following Investment Sub-Committee meeting.

INVESTMENT CONSULTANT – MANAGING FIDUCIARY

The Investment Consultant is responsible for assisting the Investment Sub-Committee in all aspects of managing and overseeing the investment Fund. 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, investment research and education, private capital modeling) or information as reasonably requested;
• Provide proactive recommendations; and
• Review this Investment Policy Statement with the Investment Sub-Committee.
INVESTMENT POLICY STATEMENT

- The investment consultant does not have discretionary authority over Fund 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.

INVESTMENT MANAGERS – OPERATING FIDUCIARIES

Investment managers have the responsibility for managing the underlying assets consistent with their stated approach and with this policy. The investment managers will report investment results and meet with the committee, staff, and/or investment consultant as requested.

CUSTODIAN(S) – OPERATING FIDUCIARIES

The custodian’s primary function will be to hold in custody the assets of the Fund, including individual securities and shares or other interests invested in commingled vehicles. The custodian also will reconcile account positions and activity with the investment managers, account for the collection of interest and dividends, account for security transactions, and prepare periodic (e.g., monthly) account statements.

Fiduciaries

<table>
<thead>
<tr>
<th>Governing</th>
<th>Managing</th>
<th>Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board and Investment Committee</td>
<td>Staff and Consultant</td>
<td>Investment Managers and Custodian</td>
</tr>
</tbody>
</table>

- Mission/Objectives
- Investment Policies
- Asset Allocation Policy
- Spending Policy
- Defining Liquidity & Risk Tolerances
- Asset Allocation
- Manager Selection
- Risk Management
- Day-to-Day Supervision
- Performance Analysis
- Portfolio Strategy
- Security Selection
- Trading
- Data Management
- Strategy Research
- Accounting
- Reporting

Source: Fund Evaluation Group
INVESTMENT POLICY STATEMENT

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 understands the long-term nature of the Fund and believes that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate, natural resources, and infrastructure). Real assets also are expected to provide the added benefit of inflation protection. Fixed income securities and diversifying strategies (e.g. absolute return hedge funds) will be used to lower the short-term volatility of the Fund and to provide stability, especially during periods of negative equity markets. Cash is not a strategic asset of the Fund, but is a residual to the investment process and used to meet short-term liquidity needs.

SPENDING POLICY

The 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, which is set by the Board (annually within a range of 3.5% and 4.5%), 4% of the 5-year average market value of the principal is calculated and transferred to the spending account for each endowment.

For endowment funds, 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.
INVESTMENT POLICY STATEMENT

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.
INVESTMENT POLICY STATEMENT
ASSET ALLOCATION / INVESTMENT STRUCTURE

Asset allocation will likely be the key determinant of the Fund’s returns over the long-term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. A globally diversified portfolio, with uncorrelated returns from various assets, should reduce the variability of returns across time. In determining the appropriate asset allocation, the inclusion or exclusion of asset categories shall be based on the impact to the total Fund, rather than judging asset categories on a stand-alone basis.

The target asset allocation attempts to provide an expected total return equal to or greater than the primary investment objective of the Fund, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall Fund level.

Investments will generally fall into one of four asset categories. Each category serves a specific role within a portfolio. An allocation to all four categories can provide diversification to major market risk factors while establishing a simple framework to review the exposures within the Fund. Cash levels are not specifically targeted, but rather are a function of Fund cash flows which are monitored and managed in a timely manner. The categories are as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>Intended to be the primary source of long-term capital appreciation for the Fund. While having higher expected returns than fixed income, they also have higher expected volatilities. Sub-categories include both public and private equities, as well as hedged equity mandates.</td>
</tr>
<tr>
<td>Global Fixed Income/Credit</td>
<td>Intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities, and can be categorized as interest rate sensitive and credit sensitive. Sub-categories include both public and private debt.</td>
</tr>
<tr>
<td>Real Assets</td>
<td>Intended to insulate the Fund from inflation shocks and to provide a source of non-correlating returns with other asset categories. Includes both public and private investments in real estate, natural resources (e.g., energy, agriculture, timber, commodities), and infrastructure (e.g., power generation, mid-stream energy Master Limited Partnerships “MLPs”).</td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>Intended to provide diversification from systematic market risk, with the primary determinant of returns typically derived from manager skill (alpha) rather than the market (beta). Sub-categories include both liquid and semi-liquid non-directional strategies that seek low correlations to the public equity and fixed income markets.</td>
</tr>
</tbody>
</table>
INVESTMENT POLICY STATEMENT

To achieve these goals, the asset allocation will be set with the following target percentages and within the following ranges:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL EQUITIES</td>
<td>25-65%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>5-40%</td>
</tr>
<tr>
<td>Large Cap</td>
<td></td>
</tr>
<tr>
<td>Mid Cap</td>
<td></td>
</tr>
<tr>
<td>Small Cap</td>
<td></td>
</tr>
<tr>
<td>International Equity</td>
<td>5-30</td>
</tr>
<tr>
<td>Large Cap Developed</td>
<td></td>
</tr>
<tr>
<td>Small Cap Developed</td>
<td></td>
</tr>
<tr>
<td>Emerging Markets</td>
<td></td>
</tr>
<tr>
<td>Directional Hedge Funds</td>
<td>0-15</td>
</tr>
<tr>
<td>Private Equity</td>
<td>0-15</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>10-40</td>
</tr>
<tr>
<td>Interest Rate Sensitive</td>
<td>5-20</td>
</tr>
<tr>
<td>Core</td>
<td></td>
</tr>
<tr>
<td>Treasury Inflation Protected</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
</tr>
<tr>
<td>Credit Sensitive</td>
<td>0-20</td>
</tr>
<tr>
<td>High Yield</td>
<td></td>
</tr>
<tr>
<td>Floating Rate Loans</td>
<td></td>
</tr>
<tr>
<td>Private Credit</td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>10-30</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0-10</td>
</tr>
<tr>
<td>Public (REITs) Domestic/Global</td>
<td></td>
</tr>
<tr>
<td>Private Real Estate</td>
<td></td>
</tr>
<tr>
<td>Natural Resources / Infrastructure</td>
<td>0-15</td>
</tr>
<tr>
<td>MLPs</td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td></td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>10-25</td>
</tr>
<tr>
<td>Absolute Return hedge funds</td>
<td></td>
</tr>
</tbody>
</table>

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, with advice from the investment consultant, will develop a plan of action to rebalance the Fund and report to the Investment Sub-Committee. In many
cases the additions of new money or withdrawals for spending will be used to rebalance in a cost-effective manner.

The CFO will have authority to invest incoming cash (up to 2% of the Fund’s value) with existing liquid Fund managers or to sell liquid investments to fund capital calls. Such transactions will be used to rebalance the fund to the target asset allocation and will be disclosed no later than the following Investment Sub-Committee meeting.

ACTIVE AND PASSIVE MANAGEMENT

The asset allocation will be implemented using both active and passive investment managers. Highly efficient areas of the capital markets will be managed using index funds and other structured strategies (e.g., smart beta, enhanced index, portable alpha).

LIQUIDITY

The Fund will seek to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending policy payout requirements and any extraordinary events. In many instances, the most appropriate investment option is one that comes with liquidity constraints.

Illiquid investments include private equity, private debt, and private real assets and are difficult and costly to sell. Hedge funds are considered semi-liquid due to lock-up periods, redemption restrictions, and in some cases, illiquidity of the underlying investments. The tradeoff between appropriateness and liquidity will be considered throughout the portfolio construction process, but with the following limits:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Example</th>
<th>Time to Redeem</th>
<th>Allocation Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid</td>
<td>Mutual Fund</td>
<td>Less than one month</td>
<td>No less than 40% of the Fund</td>
</tr>
<tr>
<td>Semi-Liquid</td>
<td>Hedge Fund</td>
<td>1 month to 1-2 years</td>
<td>No more than 35% of the Fund</td>
</tr>
<tr>
<td>Illiquid</td>
<td>Private Capital</td>
<td>Greater than 1-2 years</td>
<td>No more than 35% of the Fund</td>
</tr>
</tbody>
</table>

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 Fund.
INVESTMENT POLICY STATEMENT

PERFORMANCE MEASUREMENT

TIME HORIZON

The Investment Sub-Committee seeks to achieve the investment objectives over a full market cycle, but does not expect that all investment objectives will be attained each year. Furthermore, the Investment Sub-Committee recognizes that over various time periods, the Fund may produce over or under performance relative to the broad markets. For this reason, long-term investment returns will be evaluated over a full market cycle (for measurement purposes, at least five years).

PRIMARY BENCHMARK

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

Total Return greater than Consumer Price Index + 4.0% Spending Policy + 1.0%* Administrative Expenses

The spending policy and administrative fee are set by the Board.

* Rate of 1.0% effective 7/1/2018

BROAD POLICY BENCHMARK

A secondary objective is to achieve a total return in excess of the Broad Policy benchmark comprised of each broad asset category benchmark weighted by its long-term strategic allocation. The Broad Policy benchmark is comprised of mutually exclusive broad market asset class indices to measure broad policy decisions.

<table>
<thead>
<tr>
<th>Weight</th>
<th>Index</th>
<th>Asset Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>MSCI ACWI</td>
<td>Equity / Real Assets</td>
</tr>
<tr>
<td>35%</td>
<td>Barclays U.S. Aggregate</td>
<td>Fixed Income / Diversifying Strategies</td>
</tr>
</tbody>
</table>

TARGET WEIGHTED BENCHMARK

Another investment objective is to achieve a total return in excess of the Target Weighted Benchmark, comprised of each asset category benchmark weighted by its target allocation.
QUALITATIVE MEASURES

Each investment manager will be reviewed by the Investment Sub-Committee, with the assistance of their investment consultant, on an ongoing basis and evaluated upon the criteria listed below.

<table>
<thead>
<tr>
<th>SIX TENET MANAGER REVIEW PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONVINCION</td>
</tr>
<tr>
<td>CONSISTENCY</td>
</tr>
<tr>
<td>PRAGMATISM</td>
</tr>
<tr>
<td>INVESTMENT CULTURE</td>
</tr>
<tr>
<td>RISK CONTROL</td>
</tr>
<tr>
<td>ACTIVE RETURN</td>
</tr>
</tbody>
</table>

Although there are no strict guidelines that will be utilized in selecting managers, the Investment Sub-Committee will consider, but not be limited to, the criteria above. The Sub-Committee will also consider the unique role the manager may play in the portfolio, the length of time the firm has been in existence, its track record, assets under management, and the amount of assets the Fund already has invested with the firm.

SUMMARY OF QUANTITATIVE PERFORMANCE

Public Liquid and Semi-Liquid Active Managers
Liquid and semi-liquid (hedge fund) active managers will be measured against an appropriate market index and a peer universe of portfolios managed in a similar investment style. The Investment Sub-Committee expects the managers to outperform the benchmarks over a full market cycle, but does not expect that all investment objectives will be attained each year. Furthermore, the Investment Sub-Committee recognizes that over various time periods, the managers may produce significant over or under performance relative to their benchmarks. For this reason, long-term investment returns will be evaluated over a full market cycle (for measurement purposes, at least five years).

Managers failing to meet these criteria over a full market cycle will undergo extensive qualitative and quantitative analysis. This analysis will focus on the manager’s personnel, philosophy, portfolio characteristics, and peer group performance to determine whether the manager is capable of implementing their defined portion of the overall portfolio structure.

Public Liquid Passive Managers
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Passive (or index) managers are expected to approximate the total return of its respective benchmark.

**Private Illiquid Managers**

Private partnerships typically range from 7-15 years in life, during which time the Fund may not be able to sell the investment. Additionally, the partnership may not produce meaningful returns for 3-5 years (depending on the strategy). New investments will create a drag on Fund performance (known as the J-curve) in the early years (0-5 years) until these investments begin to mature.

Private, illiquid manager performance will be measured utilizing internal rate of return (IRR) from the inception of the partnership and compared to an appropriate peer group and/or public market equivalent benchmark.
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GUIDELINES AND RESTRICTIONS

GENERAL

In today’s rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable of the market environment in which investment decisions must be made. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care, and prudence has been met for the Fund’s investments.

Were the Investment Sub-Committee to enter into an arrangement where an investment manager was to construct a separately-managed, discretionary account, the Investment Sub-Committee would establish defined investment criteria and restrictions for operations of the separate account. These criteria and guidelines will be shared with the “Finance Committee” and incorporated into this Investment Policy Statement prior to hiring the manager.

DERIVATIVE SECURITY GUIDELINES

Derivatives shall not be used for leverage at the Fund level. At the Total Fund level, derivatives may be used to maintain the program’s strategic asset allocation, including securitizing excess cash, and to provide Fund hedging.

Investment managers may be permitted to utilize derivatives to implement their strategies, including the following:

1. Equity and Commodities Index Funds – Derivatives (typically futures contracts) may be used to securitize cash in order to fully replicate the performance of the index being tracked.
2. Portable Alpha – Derivatives (typically futures or swaps) may be used to generate “beta”, while the notional exposure amount is actively managed to generate “alpha”.
3. Fixed Income – Derivatives may be used as a cost efficient means to control and/or hedge risks such as duration, credit, and currency.
4. International Investments – Derivatives may be used to hedge currencies.
5. Overlay/Transition Management – Derivatives (typically futures contracts) may be used to securitize cash to maintain the target asset allocation without buying and selling physical securities.
6. Hedge Funds – Derivatives may be used for many purposes. These uses include hedging, risk management, leverage, and market exposure.

For the purposes of this policy, derivatives include, without limitation, futures contracts; options; options on futures contracts; forward contracts; swap agreements, including swap contracts with embedded options; any instrument or contract intended to manage transaction or currency exchange
INVESTMENT POLICY STATEMENT

risk in purchasing, selling or holding investments; and any other instrument commonly used by institutional investors to manage institutional investment portfolios.

Under no circumstances may derivatives or leverage be used to circumvent the intent or limits otherwise prescribed by this policy.

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.
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CONCLUSION

We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize that suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed are welcome.

Adopted by Board of Directors  February 21, 2007
Amended by Board of Directors  June 20, 2007
Amended by Board of Directors  June 15, 2011
Amended by Board of Directors  January 15, 2013
Amended by Board of Directors  October 21, 2017