



**WASHBURN UNIVERSITY ALUMNI  
ASSOCIATION AND FOUNDATION**

**SHORT-TERM INVESTMENT POOL  
INVESTMENT POLICY STATEMENT**

**Board Approved April 24, 2020**

**WASHBURN UNIVERSITY FOUNDATION  
SHORT-TERM INVESTMENT POOL**

**INVESTMENT POLICY STATEMENT**

**Approved as of April 24, 2020**

**I. PURPOSE**

This Investment Policy Statement is issued by the Investment Committee (the “Committee”) of the Washburn University Foundation, and is approved by the Board of Directors (the “Board”). It governs the management of the Foundation’s Short-Term Investment Pool (the “STIP”), which includes cash balances from various unrestricted, designated, and restricted expendable funds. A separate Investment Policy Statement will continue to govern the Foundation’s Pooled Investment Fund.

**II. INVESTMENT OBJECTIVE**

The primary purpose of the STIP is to serve the short- to intermediate-term financial needs of the Foundation. Preservation of capital is regarded as the highest priority in the handling of these investments and therefore the primary objective is to preserve the real purchasing power of the pool. The secondary objective for these investments is to earn a modest return on capital through interest income and, to a lesser extent, capital gains.

**III. ROLES AND RESPONSIBILITIES**

The Board, the Committee, the Foundation staff, and any third-parties (e.g., investment consultant and investment managers) retained to advise on investment strategy and management (any and all of whom may be referred to as “Responsible Parties”) shall exercise their responsibilities with respect to the STIP’s assets in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Kansas in 2008.

Investment Committee:

- Establishment of this Investment Policy Statement

Foundation Staff:

- Oversight of day-to-day activities of the STIP
- Monitoring performance and associated costs of the STIP
- Ensuring compliance with policy, procedures, and internal controls

Investment Consultant (as needed, and in coordination with Foundation staff):

- Periodic review of the Investment Policy Statement
- Reporting performance of the STIP to the Committee and Staff, at least quarterly
- Recommendation of external investment managers, where applicable
- Selection and evaluation of investment managers and funds, in consultation as needed with the Investment Committee
- Selection and evaluation of the custodian, in consultation as needed with Foundation staff

Investment Managers:

- Responsible for investing as a fiduciary with discretion the assets under its management and in reporting and communicating with Foundation staff in accordance with the stated investment objectives

#### **IV. ASSET ALLOCATION POLICY**

The purpose of the STIP is to ensure capital preservation and liquidity, requiring that the STIP be invested conservatively in fixed income and cash securities. As such, the asset allocation policy will be as follows:

- Tier 1: Cash or cash-equivalents – duration 0 to 6 months
- Tier 2: Short-term fixed income – duration 0 to 3 years
- Tier 3: Intermediate-term fixed income – duration 3 to 7 years

#### **V. PERFORMANCE MONITORING**

Performance will be monitored quarterly and managers will be evaluated over rolling three- to five-year periods on both an absolute and a risk-adjusted basis. It is recognized that active managers will periodically underperform their benchmarks, but should outperform over a complete market cycle. Performance reporting shall be carried out in a manner and form that enables a clear evaluation of the STIP and investment manager performance.

#### **VI. USE OF DERIVATIVES<sup>1</sup>**

- The Committee recognizes that the prudent use of derivative instruments by managers can be advantageous for controlling portfolio risk, increasing returns, implementing strategies quickly, and reducing costs. Accordingly, the use of derivative securities by the STIP's managers is permitted only in a manner consistent with the spirit and specifics of the investment objectives and policies described herein. Investment managers may use derivatives to the extent authorized in their investment guidelines or agreements and approved by the Committee.
- The Committee expects that its investment managers utilizing derivatives will have in place processes and procedures to control and measure risk.
- Derivative instruments may not be used at the total pool level as a form of leverage or hedging.

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<sup>1</sup> Derivatives include but are not limited to futures contracts, forwards contracts, options (over-the-counter and exchange traded) and swaps.

**EXHIBIT 1**

**WASHBURN UNIVERSITY FOUNDATION SHORT-TERM INVESTMENT POOL  
 POLICY TARGETS AND RANGES**

**Policy Asset Allocation**

<b>Strategy</b>	<b>Long-Term Target Allocation</b>	<b>Range</b>
Cash	1/3	25 - 40%
Short-Term Fixed Income	1/3	25 - 40%
Intermediate-Term Fixed Income	1/3	25 - 40%

**Benchmarks**

**Primary Benchmark:**

Consumer Price Index

**Custom Policy Benchmark:**

<b>Asset Class</b>	<b>Benchmark Recommendation</b>	<b>Long-Term Target Allocation</b>
Cash	91-day T-bills	1/3
Short-Term Fixed Income	Bloomberg Barclays 1-3 Year Corporate Bond Index	1/3
Intermediate-Term Fixed Income	Bloomberg Barclays Aggregate Bond Index	1/3