

INVESTMENT POLICY STATEMENT RADFORD UNIVERSITY FOUNDATION, INC.

SECTION 1

OVERVIEW

This Investment Policy Statement ("IPS") sets forth policies and objectives for supervising, implementing, evaluating and monitoring the investments of the Radford University Foundation, Inc. ("Foundation") managed by BNY Mellon ("Investment Manager"). A smaller portion of the Investment Pool (less than 10% in aggregate) is being managed by Manager's other than BNY Mellon and will be discussed in Section 2.

The purpose of this IPS is to set forth the principles, objectives, risk parameters, and performance standards, as well as to provide the criteria for effective supervision and monitoring for the Foundation's assets. The IPS will also outline the responsibilities of authorities involved in the management of the assets.

More specifically, the IPS is intended and designed to:

- 1) Articulate objectives, guidelines and expectations for the investment of the assets;
- 2) Set forth an investment structure for managing the assets which includes various asset classes, asset allocations and acceptable ranges of assets that in total are expected to produce a desired level of total return at an acceptable level of risk;
- 3) Establish formalized criteria to monitor, evaluate, and compare performance results on a regular basis;
- 4) Encourage effective communication between the Foundation's Investment Committee and the Investment Manager;
- 5) Comply with all fiduciary, prudence, and due diligence requirements, consistent with the nature of these funds.

PHILOSOPHY

At the core of this investment policy statement is a set of fundamental investment beliefs which is the underpinning for the Foundation investment policy:

- Endowment funds are by definition perpetual funds. The Investment Committee can afford to take a very long-term view in setting investment policy.
- Taking into account the long-term nature of endowment funds, the Foundation should maintain a bias toward equity investments, which have historically produced higher long-term returns than both bonds and cash.
- Diversification can reduce risk and increase return.

DELEGATION OF RESPONSIBILITY

The Investment Committee, in working with the Investment Manager, is responsible for the development of an Investment Policy Statement establishing the policies and objectives covering the investments of the Foundation. The Investment Committee is responsible for the monitoring and supervision of the investment assets. At least annually, the Committee shall review this policy to ensure that the policies contained herein remain current and appropriate.

INVESTMENT AUTHORITY

Individual and day to day investment decisions shall be made by Investment Manager, provided each investment complies with this policy.

INVESTMENT OBJECTIVES

The primary investment objective of the Foundation's endowment is to earn an average annual net total return of at least five and a half percent (5.5%) over a 5-year period, in connection with expected endowment spending that is calculated using a 5-year market average. Attainment of this objective should enable the Foundation to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy.

A secondary investment objective of the endowment is for each of the investment managers to outperform the blended custom benchmarks that have been established for their respective portfolios.

SPENDING OBJECTIVES

The Foundation aims to balance a long-term strategy to increase the value of its endowment while providing capital in the short-term for the intended purposes of the endowment funds. With that said, the goal of endowment spending is an effective rate of five and a half percent (5.5%) per year, which constitutes the total funds withdrawn or expended from the endowed funds on an annual basis, including those for operating cost coverage. The Foundation's Spending Policy (Adopted March 16, 2012 and most recently revised and approved March 22, 2018) is maintained as a separate document and should be considered to fully understand the Foundation's spending objectives.

INVESTMENT POLICIES

- 1) The portfolio should be diversified both by asset class (equities, bonds, alternatives, and cash equivalents) and within asset class (geography, economic sector, industry, and quality). The purpose of diversification is to ensure that no single security or class of security will have a disproportionate impact on the total portfolio;
- 2) The purpose of equity investments is to provide growth of principal as well as dividend income. It is recognized that these investments may entail the assumption of greater market volatility and risk than fixed income securities;
- 3) The purpose of fixed income investments is first to dampen overall portfolio price volatility enough to dissuade future Committees from liquidating stocks at an adverse moment, and second, to provide a higher income stream to supplement the modest current income from other portfolio assets;
- 4) The purpose of investing in alternatives includes, but is not limited to, enhancing diversification through less-market-dependent strategies, and seeking positive absolute rates of return regardless of the general direction of equity and fixed-income markets.

INVESTMENT GUIDELINES

Asset Allocation:

The single most important investment decision is the allocation of endowment funds to various asset classes. The primary objective of the Foundation's asset allocation policy is to provide a strategic mix of asset classes which produces the highest expected investment return within a prudent risk framework. Each asset class should not be considered alone, but by the role it plays in a diversified portfolio. Diversification among asset classes has historically increased returns and reduced overall

portfolio risk. How asset classes relate to each other is the key to making asset allocation decisions within the content of overall endowment risk and return.

A core fundamental investment belief of the Foundation is to maintain a bias toward equity investments, which produce higher long-term returns than both bonds and cash. In addition, the endowment's long time horizon is well suited to exploiting illiquid, less efficient markets that offer higher potential returns.

The Investment Committee will establish and approve asset allocation guidelines for the Investment Manager. The asset allocation guidelines will include an approved target range for each asset class managed by the Investment Manager that: (i) recognizes various asset classes may be under and over-weighted due to the trading, settlement, and timing delays associated with fully implementing an investment program; and (ii) allows the Investment Manager to deliberately over and under-weight the investment program's asset classes within prescribed target ranges when the Investment Manager concludes an asset class represents either a unique value providing an excess return opportunity or presents too much incremental risk.

The Committee will allow the Investment Manager to operate outside of normal policy guidelines only after written approval from the Committee.

The approved asset allocation guidelines will reflect the overall liquidity needs and the risk tolerance of the Foundation and will, in the judgment of the Committee, represent the asset mix likely to satisfy the Foundation's long-term investment objectives.

The Committee, along with the Investment Manager, has established an overall target allocation of **50-80% Equities / 15-40% Bonds / 0-20% Alternatives / 0-10% Cash** with discretion to move within the articulated ranges (see *table 1 for allocation targets & ranges*). This long-term target allocation is based upon the following assumptions:

- 1) Over the long-term, traditional equities, and specific alternatives, have historically provided a greater total return than bonds or cash;
- 2) A long-term perspective is appropriate for a perpetual organization such as the Foundation;
- 3) An asset allocation weighted towards equities has historically provided a total return consistent with the Foundation's "hurdle rate": spending, net of inflation and fees.
- 4) The Foundation has no compelling operating or legal requirements to support a contrary approach.

NOTE: As part of the transition from the Richmond Fund to BNY, the Richmond Fund transferred approximately \$16 million of alternative assets as part of the liquidation (approximately 25% of the Pool at 6/30/20). As mentioned above, 0-20% would be the targeted allocation for alternatives. A significant majority of the in-kinds are set to mature during the next four years. BNY plans to structure the commitment to new alternative investments in such a manner that as the in-kinds mature, we are investing those proceeds into the new alternative investments. The goal is to be within the 0-20% target allocation within the next 4 years as the in-kinds mature. The purchase of any new alternative investments will be selected by BNY and discussed with the Investment Committee prior to implementation.

Managed Accounts

10018017000 Radford University Foundation, Inc. (IMA)

10018017010 Radford University Foundation, Inc. (IMA) – (Account houses Dana SC Strategy)

10018017020 Radford University Foundation, Inc. (IMA) - Alternative Assets Custodial

Investment Manager will consider the first two accounts as one consolidated pool of assets when managing portfolio to agreed-upon allocation objectives. The Alternative Assets Custodial account will not be included as part of the agreed-upon allocation objectives.

Investment Risk:

The Committee recognizes the Foundation's assets are subject to various sources of risk. Risk can be defined alternatively as volatility in assets (price), liquidity risk, and shortfalls in the Foundation's payout. Risk, in the first definition, is due to the uncertain nature of investment returns: risky assets generate volatile returns.

Thoughtfully constructed portfolios can help minimize risk for a certain level of expected return; however not all risk can be reduced through diversification at the security and asset class level.

In addition to these measures of risk on the asset side, there must be a thorough understanding of the risk on the Foundation's total balance sheet. The Foundation has liabilities as well as goals for funding future initiatives, both of which are sensitive to economic factors that affect financial asset returns (e.g., interest rates and inflation). Therefore, risk analysis for the Foundation shall consider both sides of the balance sheet to estimate the potential impact of various asset allocations.

Equity Investments: Equities may include high-quality common stocks or equivalents (i.e., ADRs, convertible bonds) as well as large cap, mid cap, small cap, international, emerging market and REIT mutual funds and/or ETFs. Specific constraints include the avoidance of extremely volatile issues, as well as issues with limited marketability. The investment manager should diversify equities in an attempt to minimize the impact of substantial loss in any specific industry or issue. In addition no single position, at the time of purchase, should equal more than 5% of the equity allocation.

Fixed Income Investments: The fixed income allocation will consist of:

(1) Well-diversified investment grade securities, with intermediate term duration, consistent with the following criteria:

Overall average quality	A or better
Minimum credit quality	(Baa/BBB)
Single issuer exposure	Not to exceed 5% for Corporates; no limit to U.S. Treasury / Agency securities
Portfolio duration	+/- 20% of the benchmark (Barclays Capital Aggregate Bond Index)

(2) Short duration securities that are designated for near-term distributions will be invested in money market funds, which in turn are primarily invested in Commercial Paper rated A1 or P1, securities issues or guaranteed by the U.S. Government or its agencies, or demand deposit vehicles (CRA).

(3) The Investment Manager may also, at times, invest a segment of the fixed income portfolio in non-investment grade or non-U.S. bonds. These strategies, if employed, are to be viewed as part of a

strategic asset allocation recommendation, apart from the core bond portfolio. Up to 30% of the bond allocation may be invested in non-investment grade or non-U.S. bonds.

Core U.S. fixed income investments will be effected through the use of separately managed strategies holding individual bonds, mutual funds, or ETFs. Non-core (high yield, floating rate, non-US) fixed income allocations may be effected through mutual funds or ETFs.

Alternative Investments: A third category of investments will encompass a broad range of non-traditional strategies and will be considered under the umbrella term of “Alternatives”. The purpose of investing in alternatives includes, but is not limited to, enhancing diversification through less-market-dependent strategies, and seeking positive absolute rates of return regardless of the general direction of equity and fixed-income markets. These alternative investments are to be used by the Investment Manager in a manner consistent with the level of due diligence, research, and ongoing analysis employed on all their investments. As no list of investment instruments or strategies can be all-inclusive, the Investment Manager will seek prior written approval from the Investment Committee before employing alternative types of instruments or strategies explicitly described herein or before employing any strategy that is not listed within stated alternative asset class.

Trading: The Investment Manager will execute all transactions on the most favorable terms and in the most effective manner possible.

Investment Restrictions: As no list of investment instruments or strategies can be all-inclusive, the Investment Manager should seek guidance before employing new types of instruments or strategies.

ESG (Environmental / Social / Governance) Considerations

The portfolio is not managed with ESG considerations incorporated. The Investment Committee should notify the Investment Manager if ESG criteria should be included.

IMPLEMENTATION VEHICLES

Investment Manager will work with Investment Committee to determine most appropriate strategies / implementation vehicles across the various sub-asset classes. These vehicles may include mutual funds, exchange traded funds, separately managed strategies, and partnerships.

REBALANCING POLICY

Investment Manager will continually manage the portfolio to its targets by actively reviewing the current portfolio asset allocation against current strategy recommendations. Adjustments are driven by market conditions and the subsequent enhancements by the investment strategy committee. At a minimum, the portfolio will be reviewed on a quarterly basis for rebalancing to target asset allocation.

PERFORMANCE MEASUREMENT

Total Portfolio Benchmark:

Two portfolio level benchmarks will be utilized to review relative performance of the assets under management:

- 1) Blended static benchmark for **GROWTH** allocation: This benchmark is a reflection of the Fund's overall diversification, based on a blended mix of three component indices:

MSCI All Country World Index (Equities) – 70% weight
Barclay's Capital U.S. Aggregate Bond Index (Bonds) – 30% weight
CPI + 2% (Alternatives) – 0% weight

- 2) CPI + Spending Rate: This benchmark will track how successfully the managed assets are able to generate a return that maintains the overall purchasing power of the assets (after spending and inflation). *Investment Manager will work with The Foundation to determine most appropriate spending rate to include in the benchmark.*

While it is not expected that portfolio returns will exceed the benchmark returns each measurement period, it is expected that the returns will be favorable over longer-term (greater than ten years) time periods.

Asset Class Benchmarks

Overall equity performance will be measured against the MSCI All Country World Index (ACWI). Individual equity segments (i.e., large cap, small cap) will be measured against their respective benchmarks.

Fixed income performance will be measured against the Barclay's Capital U.S. Aggregate Bond Index. Individual bond segments (i.e., high yield, EM debt) will be measured against their respective benchmarks.

Alternatives performance will be measured against the HFRX Global Hedge Fund Index. Individual alternative segments (i.e., managed futures, absolute return, commodities) will be measured against their respective benchmarks.

Strategy Benchmarks

Each strategy utilized in the portfolio will be measured against the specific applicable benchmark for the specific strategy (e.g. US large cap strategy X to be measured against the S&P 500, international developed equity strategy X to be measured against MSCI EAFE index).

PERFORMANCE MONITORING

Quarterly performance evaluation reports, prepared by an objective third party, should be reviewed at least quarterly to evaluate and measure progress toward the attainment of long-term goals. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on peer-performance comparisons with investment advisor employing similar investment styles.

ETHICS AND CONFLICTS OF INTEREST

Directors, committee members and investment advisors involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.

Directors, committee members and investment advisors shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be materially germane to the performance of the investment portfolio.

AMENDMENT

This Investment Policy may be amended at any time the Investment Committee recommends.

RESPONSIBILITIES AND OVERSIGHT

Investment Manager:

- 1) Manage the investments in accordance with the IPS objectives and guidelines as set forth herein, or as amended in writing by the Committee;
- 2) Exercise complete investment discretion within the IPS objectives and guidelines;
- 3) Provide monthly statements of investments and transactions, and quarterly performance reports;
- 4) Meet with the Committee at least annually, or more frequently if requested, to review the portfolio results, define distribution needs for the coming year, review the economic and market outlook, discuss the asset allocation and review this IPS to determine whether or not changes are appropriate;
- 5) Notify the Committee immediately of any material change in investment approach or significant changes in key personnel related to the management of the Fund.

The Committee:

- 1) Monitor the performance of the Investment Manager and the portfolio in the context of the achievement of stated investment objectives;
- 2) If the Committee approves any change to this IPS or approves the purchase of any alternative investment, such change and approval will be communicated in writing to the Manager.

SECTION 2

This section of the Investment Policy discusses the portion of the Investment Pool that is not being managed by BNY Mellon. The remaining Managers are as follows:

- **SMIPO:** The Foundation has adopted the SMIPO Investment Policy (Approved November 3, 2011) for the respective investment. The Foundation's Investment Committee will review all subsequent changes to that policy as they occur. Additional investments in SMIPO are approved by the Board.
- **THIRD SECURITY:** The Foundation has also invested in the New River Management VII limited partnership that is managed by Third Security, LLC. The NRM VII Fund is managed by a separate partnership agreement that covers the investment guidelines for the Funds' underlying assets. The Foundation invests cash over the investment period of each of the NRM Funds, after making an initial commitment, which is approved by the Board. Investments in additional NRM Funds would be recommended by the Investment Committee to the Board.
- **HARVEST CAPITAL STRATEGIES:** The Foundation has also invested in a limited partnership managed by Harvest Capital Strategies, known as the Harvest Intrexon Enterprise Fund I. This fund is managed by a separate partnership agreement that covers the investment guidelines for the underlying assets. The Foundation invests cash over the investment period

of the fund, after making an initial commitment, which is approved by the Board. Investments in additional Harvest Capital Strategies funds are approved by the Board.

SECTION 3

Investment Documentation and Reporting

Statements will be provided quarterly to the Foundation from each of the Investment Managers. Analytical data will be provided at least annually to the Investment Committee, and additionally as requested, summarizing:

- time-weighted rates of return for the quarter and trailing periods for the total investment pool portfolio and individual investment manager holdings
- market value reconciliation for the period for the total portfolio
- rollforward of the investment pool broken down by restriction and fund type
- asset allocation of total portfolio
- cash in bank analysis
- asset composition for the Foundation
- annual effective spending rate of the endowed assets
- annual calculated rates of return for 1, 3, 5 and 10 years to determine if long term objectives are being met.

Third Security and Harvest Intrexon will provide audited financial statements for their respective investment funds annually, which are provided to the Foundation's auditors during the audit process.

BNY, SMIPO, Third Security and Harvest Intrexon will meet periodically with the Investment Committee, either in person or by conference call, to review the portfolio and its investments results.

The Foundation will participate in the NACUBO Commonfund Study of Endowments (NCSE) on an annual basis and present pertinent results to the Investment Committee.

SECTION 4

DUE DILIGENCE

The Foundation's asset allocation and manager selection process has allowed it to protect the portfolio on the downside and outperform traditional stock/bond portfolios over the long term. Risk management is an important part of this process. To mitigate risk, the Foundation performs both pre-selection due diligence and annual monitoring of investment managers.

Investment Selection and Evaluation Process

Once a manager is identified, the due diligence process typically consists of the collection of public information, including 13-F filings (if available), new searches, and other information that may be available and relevant. Initial contact with the manager will typically involve the manager sending a package that includes a marketing presentation and financial and historical information. This information is analyzed by Management of the Foundation and upon their recommendation, presented to the Investment Committee for their review. If found appropriate by the Investment Committee the next step would be to hold a meeting(s) with the manager which would include significant lines of questioning regarding the manager's investment process, trading, and non-investment related systems. Additionally, reference checks may be performed at the discretion of the Investment Committee.

Ongoing Investment Monitoring

Most managers provide quarterly portfolio updates, which can include significant detail on holdings, concentration, attribution, and exposures. Most managers also write some form of quarterly letter, which provides insight as to the thought process employed by the manager in the previous quarter as well as the positioning of what the Foundation can expect from the manager in the future. This information is provided quarterly to the Investment Committee for their review. Any negative trends or positioning found to be unfavorable by the Investment Committee would be discussed at this time so the appropriate course of action could be performed in a timely manner.

Annually, the managers meet with the Foundation's Board of Directors, either in person or by conference call, to offer insight into their view of the overall markets and sectors within the markets, as well as individual positions, and any themes or overlays that may exist in their portfolios. Any negative trends or positioning found to be unfavorable by the Foundation's Board of Directors would be discussed at this time so the appropriate course of action could be performed in a timely manner.

SECTION 5

REQUEST FOR PROPOSAL

In accordance with sound due diligence, the Foundation has determined that it will send out a request for proposal (RFP) at least every five years concerning the management of pooled investments. The appropriate number of potential managers to whom RFPs will be sent will be discussed by the Investment Committee. Bid proposal information will be reviewed and discussed by the Investment Committee who have the responsibility of making a recommendation to the Foundation Board of Directors. The Foundation Board of Directors will vote on and approve the decision to change or remain with the Foundation's Investment Manager(s).

Revised and approved by consent of the Radford University Foundation Board of Directors on November 20, 2020.

TABLE #1: ASSET ALLOCATION RANGES

<u>Asset Class</u>	<u>Allowable Range (% of Total portfolio)</u>	
Long Only Equity Investments	50%	80%
<u>Equity Sub-Class</u>		
US Large Capitalization	20%	50%
US Mid / Small Cap	0%	25%
International Developed (large & small cap)	0%	25%
Emerging Markets	0%	15%
Equity REITs	0%	10%
Bond Investments	15%	40%
<u>Bond Sub-Class</u>		
Core / Investment Grade	15%	40%
High Yield (including floating rate loans)	0%	10%
Emerging Market Debt	0%	10%
<i>Note: High yield / EMD allocation capped at 30% of total bond allocation</i>		
Alternative Investments	0%	20%
<u>Alternative Sub-Class</u>		
Private Equity	0%	20%
Absolute Return	0%	10%
Commodities	0%	10%
Managed Futures	0%	10%
Cash & Cash Equivalents	0%	10%