LANDER UNIVERSITY FOUNDATION

REVISED INVESTMENT POLICY STATEMENT

February 6, 2020

I. Background

The Lander University Foundation ("Foundation") is an independent, non-profit organization operating solely to support Lander University. Incorporated as a non-profit organization under the laws of South Carolina, the purpose of The Lander Foundation is to receive, manage, and invest gifts for the welfare of the university. The Foundation concentrates its work in three major areas:

- Scholarships
- Faculty and Staff Development and Research
- Acquisition of Property.

The Foundation also responds to special needs and requests of the university.

The goal of the Investment Committee (hereafter, the "Committee") of the Board of the Foundation is to manage the Foundation's endowment in such a way as to provide a return adequate to support the needs mentioned above, while at the same time moderating risk to prevent loss of core principle.

II. Purpose of Investment Policy Statement

The purpose of this Investment Policy Statement ("IPS") is to establish a clear understanding of the management responsibility and investment objectives and philosophy for the Lander University Foundation endowment. This policy will describe the standards used by the Investment Committee of the Foundation's board in determining investment strategy and monitoring investment performance, as well as serve as a guideline for any investment manager/s retained.

III. Responsibility for the Endowment and other Foundation Assets

The Lander Foundation Board lodges responsibility for oversight of the endowment and other Foundation assets with the Investment Committee of the Foundation Board, with the requirement of reporting to the full Foundation Board at each of its regular meetings regarding the status of the Foundation's assets and investment performance. The chairman of the Investment Committee of the Foundation Board is required to report to the Board of Lander University at each of the latter's regular meetings on the status of the endowment and investment performance.

The Foundation Board's Investment Committee is expected to delegate management of the endowment to an outsourced chief investment office (OCIO) firm and to give it discretionary authority for managing the portfolio, within guidelines stated in this Policy Statement. Those guidelines may be modified from time to time as the Committee sees fit.

In seeking to attain the investment objectives set forth herein. the Committee shall manage and invest the Foundation's assets in good faith and with prudence in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Fiduciaries (committee members, trustees, Executive Director, vice president, OCIO, investment managers, investment consultants, etc.) must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

IV. Annual Distribution from Endowment

There is currently no federal minimum distribution requirement for university and college endowments. The expected range of the annual distribution is to be between 4% and 5% of the market value of assets held for investment purposes, although the trustees may authorize expenditures in excess of this range in unusual circumstances. Funds to meet the annual distribution may be taken from either the corpus of the portfolio or income generated by it. Care should be taken not to impair the long-term viability of the Foundation through excessive spending.

The trustees will review, at least annually, the spending policy of the Foundation and determine whether changes are advisable. The Executive Director of the Foundation will advise the OCIO of the amount of the expected annual distributions as soon as possible to enable it to provide sufficient liquidity while maintaining a long-term investment strategy.

V. Endowment Investment Objectives

The primary objective of the foundation's investment portfolio is to generate average annual returns, through appreciation and income, over the long term, equal to 4.5 percent plus the rate of inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U). The objective is also to perform at least as well as the weighted market benchmark over market cycles, with weights as follows: 75% MSCI All Country World Equities Index and 25% Bloomberg-Barclays US Aggregate Bond Index. These objectives should be met without incurring substantially greater return volatility than that of the stated benchmarks—the aim being to limit volatility in year-to-year spending. The investment objectives should be met over a moving 5-year time horizon.

VI. Designated Roles for Managing and Overseeing the Endowment

A. Investment Committee of the Foundation

The Investment Committee is responsible for

1) Developing investment strategy and monitoring its implementation;
2) Hiring and firing the Outsourced Chief Investment Officer firm and any investment consultants;
3) Monitoring performance of the endowment on a regular basis (at least quarterly);
4) Maintaining sufficient knowledge about the endowment to be reasonably assured of compliance with the Investment Policy Statement;
5) Reporting (typically, by the Investment Committee chair) to the Boards of the Foundation and of the University at each of their regular meetings on the performance of the endowment and any issues that merit attention; and
6) Undertaking a formal review of the OCIO every five years, or more frequently if circumstances call for it.

B. Executive Director of the Foundation

The Executive Director, or a delegated staff person, will be responsible for coordinating and overseeing communication among the Outsourced Chief Investment Officer firm, the Committee, and the Board. Additionally, the Executive Director, or a delegated staff person, will serve as primary contact for the Foundation's OCIO, custodian, and any consultants. The Executive Director and staff are responsible for keeping the Outsourced Chief Investment Officer aware of the Foundation's spending plans and of any concerns that could arise regarding the OCIO's performance or business stability.

C. Outsourced Chief Investment Officer Firm

The OCIO is responsible for managing the investment portfolio and staffing the Committee and Executive Director on all matters involving the marketable securities portfolio. On an ongoing basis the OCIO will:

1) Advise the Investment Committee on asset class allocation guidelines.
2) Monitor the asset mix and allocate assets on a discretionary basis, within guidelines stated in this Policy, as modified by the Committee from time to time.
3) Have full investment discretion with regard to due diligence, selection, oversight, and termination of investment managers, mutual funds, or exchange-traded funds (ETFs).
4) Monitor the activities of each investment manager or investment fund.
5) Provide the Foundation staff with monthly reports on performance (absolute and compared to the weighted market benchmark, asset class benchmarks, and the CPI-U plus 4.5% benchmark), asset class and manager allocations, and key investment decisions; and the Committee, with quarterly such reports, including market outlook analyses. Reports on the portfolio should be comprehensive, including combined overall returns, returns of asset class segments, and performance attribution analyses.
6) Endeavor to keep the staff and Committee well informed through investment research and education on endowment investment best practices, new investment vehicles, and market trends.
7) Review the Investment Policy Statement with the Committee as often as needed, but at least every three years.
8) Fulfill their fiduciary responsibility under UPMIFA.

D. Investment Managers/Funds

Investment managers/funds chosen by the OCIO have discretion to purchase, sell, and hold specific securities that will be used to meet the Foundation's investment objectives. Investment managers/funds are expected to keep the OCIO informed on key investment decisions, portfolio structure, organizational update, and performance.

VII. Investment Philosophy

A. Strategy

The Committee understands the long-term nature of the Foundation and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will he invested in equity or equity-like securities. Fixed income strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Foundation but is a residual to the investment process and used to meet short-term liquidity needs.

The Foundation also looks to balance risk in the overall portfolio. On a short-term basis, the Foundation is willing to accept risk, as defined by standard deviation of the broad policy benchmark (75% MISCI All Country World Equity Index; 25% Bloomberg-Barclay US Aggregate Bond Index). Over the long-term (five-years or longer), the Foundation is expected to have a standard deviation less than or equal to the broad policy benchmark.

B. Asset Allocation
The Foundation's portfolio should be diversified across sectors and industries.

Asset allocation will likely be the key determinant of the Foundation's returns over the long term. Therefore, diversification of investments across multiple market sectors 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 on the total Foundation, rather than judging asset categories on a stand-alone basis.

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

The Broad asset allocation strategy is as follows:

Asset Category	Target	Range
Global Equity	75%	60% - 80%
US Equity	45%	40% - 60%
International Equity	30%	20% - 40%
Global Fixed Income	25%	20% - 40%
US FI	18%	10% - 35%
International FI	7%	5% -10%
Cash	1%	0% - 5%
Total	100%	

This guideline allocation will be reviewed in consultation with the OCIO at the time of their hiring and revised as agreed upon by the Committee and OCIO. It should be revisited periodically by the OCIO and Committee and revised if circumstances so indicate.

C. Active vs. Passive Management
All investment performance studies demonstrate the unlikelihood of any investment manager beating the market indexes over the long term, and the smaller the endowment, the greater the challenge of outperforming the market. At the same time, active management strategies are 3-5 times more costly than passive strategies in terms of investment fees charged by managers and the transaction costs of trading. The Lander Foundation therefore has a strong bias towards pursuing a primarily passive investment strategy making use of index funds and other passive

vehicles (e.g., ETFs).

Recognizing that in some market environments and sectors the likelihood of active management outperforming a passive approach can increase, the OCIO is granted the discretion to implement the portfolio asset allocation using some active managers in addition to the core passive strategies. Decisions regarding the use of active strategies may vary by asset class but will, in all cases, be based on expected absolute and risk-adjusted returns and the costs incurred relative to the probability of execution success. Highly efficient areas of the capital markets should be invested in primarily through low-cost index funds (or ETFs) where there is a low probability of traditional active management outperforming an appropriate benchmark net of the corresponding cost of implementation. It is expected that the US portions of the equities and fixed income portfolios will be primarily passively managed.

D. Rebalancing

The OCIO will monitor the asset allocation of the investment portfolio and stay within the ranges allowed for each asset category. If the portfolio moves outside of the ranges, the OCIO will execute a plan to rebalance the portfolio within a reasonable time frame. In many cases the additions of new money or withdrawals for spending will be used to rebalance in a cost-effective manner.

E. Liquidity

A goal of the Foundation is to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending needs agreed with the University and any extraordinary events. It is the Foundation staff's responsibility to keep the OCIO apprised, well in advance, of the Foundation's spending plans so as to avoid unexpected withdrawals that could be deleterious to investment performance.

F. Investment Costs

All fees and expenses incurred in the management and oversight of the Foundation's endowment will be limited to those deemed by the Board to be reasonable and necessary to accomplish the prudent management of the portfolio. The OCIO's investment expense ratio (including the OCIO management fee, external manager fees, and operational expenses), will be approved in advance and reviewed by the Board no less frequently than annually.

VIII. GUIDELINES FOR AND EVALUATION OF OCIO AND POOLED FUND INVESTMENT MANAGERS

While the Foundation seeks to at least match market benchmark performance (adjusted for investment fees) over full market cycles, it does not expect that all investment objectives will be attained in each year.

A. OCIO Firm Evaluation

The OCIO Firm shall be evaluated by the Investment Committee at least every five years—or more frequently should circumstances warrant it. Key considerations in the evaluation should be the following:

1) The performance of the investment portfolio versus stated benchmarks;

2) Adherence of the OCIO to the guidelines provided in this Investment Policy Statement;
3) The judgement exercised by the OCIO in discretionary asset class and manager choices;
4) The business stability of the firm and ability to recruit and retain key personnel, especially investment managers;
5) Evidence of ability to keep pace with market and investment developments that impact long-term investment strategy;
6) The quality of communications with the Executive Director and Investment Committee—on performance, on deviations from expected performance, and on market and investment trends;
7) The quality and efficiency of "back office" day-to-day interactions with Foundation staff; and
8) Avoidance of any regulatory actions.

B. Public Liquid Passive Managers

Passive (or index) funds are expected to closely approximate the total return of their respective benchmarks. The beta for passive equity funds should approximate 1.00. The expense ratio for passive funds should be highly competitive with those of other high-quality passive funds.

C. Active Managers

l) Active managers shall have full investment discretion with regard to security selection, consistent with this Investment Policy Statement.
2) Although the Committee cannot dictate policy to pooled/mutual fund managers, the Committee's intent is for the OCIO to retain only pooled mutual fonds with policies that are compatible with those delineated in this Investment Policy Statement.
3) Each active investment manager will be reviewed by the OCIO on an ongoing basis and evaluated upon criteria enumerated below. Active managers are expected to outperform their benchmarks over a full market cycle (generally, 5 years). Active managers are not expected to achieve all investment objectives each year and in some time periods, depending on their style of investing (e.g., growth vs. value stocks or large capitalization vs. small capitalization stocks), they may produce returns significantly different from those of broad market indexes or those of managers with different investment styles. The OCIO should use the following criteria in selecting and evaluating the performance of active managers:
    a. Avoiding significant deviations from the style (e.g., growth vs. value) and capitalization (large vs. small) characteristics expected of the manager;
    b. Adhering to the guidelines and objectives of this Investment Policy Statement and those provided by the OCIO;
    c. Success in producing positive alpha (i.e., better-than-benchmark risk-adjusted performance);
    d. Success in outperforming on a risk-adjusted basis the returns of a peer group of managers pursuing the same style of investing;
    e. Containing volatility within guidelines set by the OCIO;
    f. Maintaining a stable organization, including attracting and retaining key personnel.

D. Active Fixed Income Managers

1) Each investment grade fixed income investment manager shall:
    a. Maintain an overall weighted average credit rating of A or better by Moody's and

Standard & Poor's;

b. Hold no more than 10% of the portfolio in below-investment grade (Baa/BBB) securities, with split rated securities governed by the lower rating;

c. Maintain a duration within +/-20% of the effective duration of the appropriate benchmark (does not apply to TIPS managers);

d. Ensure that any one issuer does not exceed 5% of the manager's portfolio, as measured at market value, except for securities issued by the U. S. government or its agencies.

2) Each high yield/bank loan/multi-sector/global fixed income investment manager shall

a. Maintain an overall weighted average credit rating of B or better by Moody's and Standard & Poor s;

a. Hold no more than 20% of the portfolio in investments rated below B, with split rated securities governed by the lower rating;

b. Ensure that any one issuer does not exceed 5% of the manager's portfolio, as measured at market value.

IX. OTHER GUIDELINES

1) Short-term (cash) investments shall consist of obligations of the U.S. Government, U.S. agencies and corporate issues rated “A” or better by Moody’s or Standard & Poor’s or the highest grades of commercial paper; maturities shall be one year or less.
2) Under IRS regulations, a private foundation is not allowed to own more than 20% of the voting stock of a business corporation: the OCIO has the responsibility to ensure that this restriction is not violated.
3) The OCIO is prohibited from investing the Lander Foundation portfolio in “alternative” or “non-traditional” strategies such as hedge funds, absolute return funds, commodity funds, private equity (e.g. venture capital funds), or real estate other than publicly traded REITS.
4) The OCIO shall vote proxies and tenders in a manner that is in the best interest of the Foundation and consistent with the investment objectives contained herein.