University of Wisconsin-La Crosse Foundation, Inc.
Statement of Investment Policy & Guidelines
Short-Term Investment Portfolio

Overview

This Investment Policy Statement establishes the investment objectives and policies for the oversight and management of all short-term investment assets of the Foundation. The Board of Directors of the Foundation has delegated the responsibility for the oversight and management of all its investment assets to its Investment Committee. The following investment policy, the objectives, and directions therein are to be understood in the light of the overall sense of stewardship.

In the investment of any assets subject to their control, investment managers are required to adhere to the "prudent investor rule" under such state and federal laws as now apply or may in the future apply. Wisconsin Statute, Section 112.11 Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Foundation employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the Foundation's investment assets. The Investment Committee reviews the investment performance of these managers on a regular basis to monitor the manager's performance and compliance with the scope and terms of the Investment Committee's delegation.

The Investment Committee, Foundation staff, and the investment consultant, if retained, shall discharge the duties of their positions in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

The Short-Term Investment Policy is approved annually by the UWL Alumni & Friends Foundation Board of Directors.

Section 1

Investment Objective

The objective of the Foundation's short-term investment pool is to generate earnings to fund day-to-day operations of the UWL Foundation while preserving principal balances for potential payout in future years. The primary investment objective is to preserve capital and appropriate liquidity with a secondary emphasis on maximizing investment income. Our goal is to increase the return on investable cash while minimizing risk and expenses. Typically, this account will hold cash reserves from checking in excess of one-year average expenses based on a three-year rolling average, commencing on January 1, 2022.

While the pursuit of these objectives requires the assumption of investment risk, the intention is to avoid excessive risk so the investments can provide a reliable and sustainable flow of funds to support the mission of the Foundation.

Section 2

Asset Allocation

To achieve the objectives listed above, the Short-Term Investment Fund asset allocation will be set with the following target percentages and within the following ranges:

Asset Class	Benchmark	Range	Target
Short Duration Fixed Income	Short-Term Gov't./Corp. Index	90 – 100%	95%
Money Markets/Cash	Merrill Lynch 91-Day T-Bill Index	0 – 10%	5%

In choosing investments in which to invest, the portfolio managers shall look at all factors and "styles" (i.e., preservation, income) they deem relevant and employ such strategies as they deem most advantageous, within these guidelines, for the Foundation's investments. In the investment of any assets subject to their control, investment/portfolio managers are required to adhere to the "prudent investor rule" under such state and federal laws as now apply or may in the future apply.

Section 3

Policies

A. Maturity will be designed according to the Foundation's main scholarship fund disbursements, which occur in August/September and January/February each academic year. To ensure adequate liquidity, the investment/portfolio manager will incorporate a laddered investment structure that has at least $500,000 maturing each August and January. To achieve this, the Foundation will incorporate the following ladder structure:

Invested Amount	Maximum Maturity Term
$0 – $1,000,000	**6 Months**
$1,000,001 - $1,500,000	**12 Months**
$1,500,001 - $2,000,000	**18 Months**
$2,000,001 - $2,500,000	**24 Months**
$2,500,001 - $3,000,000	**30 Months**
$3,000,001 - $3,500,000	**36 Months**
Each Additional $500,000	**Add 6 Months Up to A 60 Month Maximum**

Regarding liquidity, the UWL Foundation is expected to operate in perpetuity; however, these funds are designated as short-term. Therefore, a maximum five-year time horizon shall be employed until further notice.

B. In seeking to achieve a better risk-adjusted return, the portfolio managers shall create a broadly diversified fixed-income portfolio that includes debt securities issued or guaranteed by the U.S.

Government (including its agencies and instrumentalities), corporate bonds, and mortgage-related securities.

C. The requirements stated below apply to investments in non-mutual and non-pooled funds, where the investment manager can construct a separate, discretionary account on behalf of the Foundation. Although the Foundation cannot dictate policy to pooled/mutual fund investment managers, the Foundation's intent is to select and retain only pooled/mutual funds with policies that are similar to this policy statement.

    1. The minimum acceptable credit quality at the time of purchase for individual securities shall be "A-" or its equivalent (see Rating Scale in Appendix).
    2. Certificates of Deposit should be purchased at $250,000 or less per issuer to maintain full Federal Deposit Insurance Corporation (FDIC) insurance.

D. The investment managers shall not utilize derivate securities to increase the actual or potential risk posture of the accounts. Subject to other provisions in this Investment Policy Statement, the use of primary derivatives, including, but not limited to, structured notes, lower class tranches of collateralized mortgage obligations (CMOs), principal only (PO) or interest only (IO) strips, inverse floating securities, futures contracts, options, short sales, margin trading, and such other specialized investment activity is prohibited.

    Moreover, the investment managers are precluded from using derivatives to affect a leveraged portfolio structure (if options and futures are specifically approved by the Foundation, such positions must be offset in their entirety by corresponding cash or securities).

Section 4

Procedures

A. If an investment/portfolio manager wishes to make an investment in an asset class outside the norms herein established, there must be received written permission from the Foundation prior to making such an investment. Investment/portfolio managers must also comply with one of the following:

    1. They must be registered under the Investment Advisors Act of 1940 and must annually provide the investment committee a copy of his or her Form ADV, as referenced by Rule 204-3 of the Act.

    2. They must be employed as an investment advisor with a financial institution chartered with the Federal Office of the Controller of the Currency or the State Banking Commission.

    Exceeding any limitation requires the investment manager to: (a) timely inform the Foundation (in writing) of the situation and what action will be taken to correct the matter; and (b) take reasonable, timely and prudent investment action to re-comply with the limitation.

B. If the Foundation wishes to increase the laddered investment amount for a maturity term, written notice must be provided to the investment/portfolio manager prior to investment/renewal of the laddered investment amount.

C. The Foundation employs the skills and talents of specific professionals as investment managers. Should an investment professional be removed or voluntarily resign, his or her company shall have the obligation to immediately inform the Foundation.

D. These policies define the scope and depth of monitoring the Investment Manager(s) against quantifiable objectives as defined in the investment policy and investment guidelines.

   On an annual basis, the Committee and the Investment Manager will discuss for the Foundation:

   1. The appropriateness of the objectives, policies and guidelines set forth in this Statement.
   2. The achievement of objectives and the adherence to policies and guidelines.
   3. Amendments to the objectives, policies, and guidelines presented in this Statement.

E. In addition to meeting personally in La Crosse with the Investment Committee annually, the investment managers will also provide in a timely manner a quarterly report in the format designated by the Foundation and be available upon request. Each quarterly report shall include the performance for the past quarter, year to date, 1, 3 & 5 year, including relevant benchmark information.

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Appendix: Comparative Long-Term & Short-Term Rating Scales

Moody's		S&P		Fitch		Description	
Long-term	**Short-term**	**Long-term**	**Short-term**	**Long-term**	**Short-term**		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment-grade
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA−		AA−			
A1		A+	A-1	A+	F1	Upper medium grade	
A2		A		A			
A3		A−		A−			
Baa1	P-2	BBB+	A-2	BBB+	F2	Lower medium grade	
Baa2	P-3	BBB	A-3	BBB	F3		
Baa3		BBB−		BBB−			
Ba1	Not prime	BB+	B	BB+	B	Speculative	Non-investment grade
Ba2		BB		BB			
Ba3		BB−		BB−			
B1		B+		B+		Highly speculative	
B2		B		B			
B3		B−		B−			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2		CCC				Extremely speculative	
Caa3		CCC−				Default imminent with little	
Ca		CC				prospect for recovery	
		C					
C		D	/	DDD	/	In default	
/				DD			
				D			