



INVESTMENT POLICY

OBJECTIVE: The objective of this policy is to assist the UHS Board in effectively supervising, monitoring and evaluating the investment assets they are managing in house via a Vanguard fund (this policy does not refer to the assets being held by the Fresno Regional Foundation for UHS). These Vanguard investment assets are held by the organization as a steward for the sake of carrying out its mission and purposes. This policy is consistent with the by-laws of University High School and has been formally set forth to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding for all involved parties of the investment goals and objectives including: the various asset classes, investment management styles, asset allocations, acceptable risk and total long term investment return.
- Provide guidance and limitations to all investment managers that, in total, are expected to produce sufficient levels of overall diversification, risk, and liquidity within the portfolio, so that all assets are managed in accordance with the long-term objectives.
- Ensure compliance with all fiduciary, prudence and due diligence requirements that experienced professionals would utilize, and with all applicable laws (Uniform Management of Institutional Funds Act and Uniform Prudent Investor Act for trusts), rules and regulations from various local, state, federal and international political entities that may impact the investments.
- Outline procedures and criteria to monitor, evaluate and compare the performance results achieved by investment managers on a regular basis, and report the performance to the Board of Directors.

DELEGATION OF AUTHORITY University High School and its Board of Directors hold all funds as a fiduciary. The Board of Directors has delegated authority over its investment affairs to an investment committee comprised of Board members, the Head of School and other professionals, and that committee is further authorized to delegate certain responsibilities to professional experts in various fields. These include but are not limited to:

- **Investment Manager** – has discretion to purchase, sell, or hold the specific investment vehicles authorized by the committee to meet the policy’s investment objectives.



- **Custodian** – will physically maintain possession of investments owned by the organization, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold.
- **Additional specialists** such as attorneys, auditors, and others may be employed by the organization to assist in meeting its responsibilities and obligations to administer investment assets prudently.

INVESTMENT GOAL AND STRATEGY

UHS has created an investment fund for the purpose of growing assets donated to the school. The fund is designed to be a rainy-day fund, which means assets are invested with long-term growth in mind, with the understanding that this initial investment will most likely remain untapped for a period of several years. While the assets purchased, and their weighting in the portfolio will vary, it is expected the investment manager will purchase low-cost products to reduce investment expenses and that all funds or securities will be highly rated (4 or 5 star rated by morning star, for example).

INVESTMENT PROCESS

1. For the initial investment a Vanguard brokerage account will be set up.
2. Board will create an investment committee.
3. Committee will solicit professional advice about appropriate selection of assets (portfolio), given the school objectives and current investment climate).
4. Committee will review ideas and use knowledge to then find appropriate products within Vanguard that conform to current investment thinking.
5. Committee will decide on percentage of allocation for each product selected and authorize Head of school or other person to serve as Investment Manager and to purchase products with account.
6. Each time the portfolio is reviewed this process will be repeated.

ASSET ALLOCATION

The assets selected must conform to the following requirements:



Equity Securities – may invest in any unrestricted, publicly traded stock or stock fund that is listed on a major exchange or a national, over-the-counter market that is appropriate for the portfolio objectives, asset class, and/or investment style.

Fixed Income Securities – the quality rating of bonds and notes must be “A” or better, as rated by Standard & Poor’s or Moody’s. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less.

Cash and Equivalents – the quality rating of commercial paper must be A-1, as rated by Standard & Poor’s, P-1, as rated by Moody’s, or better. The assets of any money market mutual funds must comply with this standard and/or the quality provisions for fixed-income securities.

Prohibited Investments - include, but are not limited to commodities and futures contracts, private placements, options, non-registered securities.

Asset Diversification and Rebalancing – Assets will be properly diversified to reduce risk. Rebalancing approximately semi-annually should allow the maintenance of risk exposure at an appropriate level. Investment managers must consult with the committee before rebalancing.

REPORTING REQUIREMENTS AND PORTFOLIO MANAGEMENT

Monthly – The school will report confirmations of purchases.

Quarterly - The investment manager will provide the committee with detailed information about asset allocation, investment performance, and other matters of interest to the committee.

Semi-Annually - The investment committee will provide review status of the portfolio and authorize buying, selling, or rebalancing of account following the steps as noted in the INVESTMENT PROCESS.

REDEMPTION AND WITHDRAWAL OF FUNDS FROM ACCOUNT

The investment manager will only be allowed to withdraw money from the Vanguard account with the consent of the Board.

