UWG Foundation, Inc. – Investment, Spending, and Endowment Policy

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Governance Oversight by: UWG Foundation, Inc. (Foundation) Investment Committee

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I. INTRODUCTION AND PURPOSE

UWG Foundation, Inc. ("the Foundation") is a nonprofit organization established and maintained as a 501(c)(3) organization in accordance with the Internal Revenue Code.

The Foundation, through its by-laws, has created an Investment Committee ("Investment Committee") which is charged with the responsibility of overseeing and monitoring the investment of all assets under its stewardship.

The Investment Committee, with the approval of the Board of Trustees ("Board"), shall set the investment, spending, and endowment policies of the Foundation. The purpose of this Investment, Spending, and Endowment Policy Statement ("ISEPS") is to establish a clear understanding of the investment objectives and policies applicable to the Foundation's long-term investments (the "Assets"). This ISEPS is not a contract but is intended to be a summary of an investment philosophy that provides guidance for the Foundation and appointed investment advisors ("Investment Advisor").

The ISEPS will:

- Outline the Foundation's goals and provide the framework for a disciplined approach to investing;
- Define the roles and responsibilities of the Foundation, the Investment Committee and Investment Advisor;
- Establish reasonable expectations, objectives and guidelines for the investment of the Assets;
- Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes;
- Create a well-diversified asset mix that can be expected to generate acceptable long-term returns consistent with the Foundation's risk tolerance and time horizon;
- Establish the criteria for monitoring the performance of the Assets; and
- Encourage effective communication between the Board, Investment Committee and Investment Advisor.

The perpetual nature of the Foundation requires a growing asset base and a growing annual return. It is the Foundation's intent to create an ISEPS that promotes sound and prudent management of the Assets in accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), adopted by the State of Georgia, and any other such laws and regulations that may apply now or in the future to the prudent investment of charitable assets and the application of an appropriate spending policy by the Foundation.

It is anticipated that this ISEPS will be effective until modified as conditions warrant and such modifications are approved by the Board. Investment Committee members and Investments Advisor are expected to propose revisions to the policy as necessary.

II. ROLES AND RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Investment Committee is charged with the responsibility for managing and monitoring all Assets under its stewardship covered by this ISEPS. The Investment Committee will meet quarterly, normally prior to the Foundation's Board meeting, to review and evaluate investment results and may call other meetings as necessary.

The Investment Committee shall discharge its duties solely in the interest of the Foundation with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent investor, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character with like aims. Specific responsibilities of the Foundation and the Investment Committee relating to the investment management of these Assets include:

1. Reviewing this ISEPS at least annually to ensure that it still reflects the needs and circumstances of the Foundation;
2. Prudently and diligently selecting qualified Investment Advisors and monitoring adherence of such advisors to this ISEPS;

3. Projecting the University's needs, including estimates of expected net cash flow and communicating such needs to the Investment Advisors and other appropriate parties on a timely basis;
4. Determining the Foundation's risk tolerance and investment time horizon and communicating these to the Investment Advisors;
5. Establishing reasonable and consistent investment objectives and guidelines that will direct the investment of the Assets subject to this ISEPS;
6. Regularly evaluating the performance of the Investment Advisors relative to the Foundation's investment objectives and benchmarks established in this ISEPS;
7. Developing and enacting proper control procedures, such as replacing an Investment Advisor due to a fundamental change in the advisor's investment management process or failure to comply with established ISEPS guidelines.

III. ROLES AND RESPONSIBILITIES OF INVESTMENT ADVISORS

The Foundation, upon the recommendation of the Investment Committee, may delegate some or all of its responsibility for managing the Assets to one or more Investment Advisors, duly appointed by the Board and selected with due care in accordance with the Foundation's by-laws and all applicable laws. The Investment Advisor must be either (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Foundation's assets, or (4) such other person or organization authorized by applicable law or regulation to function as an investment manager.

The Investment Advisor shall have full discretion in managing the Assets in accordance with this ISEPS, as it may be amended periodically. The Investment Advisor shall be specifically responsible for:

- Assisting the Investment Committee in developing an appropriate investment policy based on the Foundation's needs, objectives, and risk tolerance;
- Advising on the selection of and allocation to appropriate asset classes and investment strategies;
- Identifying and selecting investment managers ("Investment Managers") and/or specific investments within each asset class;
- Managing and rebalancing asset allocations to specific target allocations set forth in this ISEPS;
- Monitoring and reporting on the performance of the total portfolio, all asset classes and individual managers;
- Preparing and presenting appropriate investment reports;
- Meeting with the Investment Committee quarterly, and at other times as deemed necessary by the Committee; and
- Making appropriate recommendations for modifying any provisions of this ISEPS.

IV. INVESTMENT OBJECTIVES

The overall financial objectives for the management of the assets of the Foundation are to: 1) support the charitable purposes of the Foundation; and 2) preserve the purchasing power of the Foundation's assets over time.

The primary investment objective for the portfolio/portfolios of investments is to grow over the long run and earn, through a combination of investment income and capital appreciation, an average annual total return, net of fees, that is equal to or greater than a "Hurdle Rate". The Hurdle Rate equals the "Spending Allocation" plus the rate of inflation (as measured by the Consumer Price Index for All Urban Consumers). The "Spending Allocation" is the total of the Spending Percentage Rate and the Administrative Fee Rate (as set forth in Section IX. Statement of Spending Policy and Section X. Statement of Endowment Policy).

Over shorter time periods (rolling five-year periods), as a means of evaluating progress toward achieving its primary objective, the portfolio return is expected to meet or exceed the return of a benchmark (the "Policy Portfolio Benchmark") composed of investable indexes that serve as reasonable proxies for the portfolio's asset allocation (see Section VII. Performance Objectives).

V. SCOPE OF THIS INVESTMENT POLICY

The Foundation has determined that the investment of the assets shall be guided by the following underlying principles:

- PRESERVATION OF SPENDING POWER: To establish an asset allocation policy that considers both expected investment risk and return, and to provide sufficient liquidity to allow the Foundation to carry out its objectives.

- PRESERVATION OF CAPITAL: To protect and grow the corpus of the Foundation over the long-term, recognizing that losses may occur in individual holdings or through volatile periods in financial markets

- RISK MANAGEMENT: To diversify the total portfolio as a means of managing risk. Diversification should take place at the asset class level and within each asset class category to provide reasonable assurance that no single security, class of securities or specific investment style will have a disproportionate impact on the aggregate results.

VI. PORTFOLIO COMPOSITION, ALLOCATION AND ALLOWABLE ASSETS

The structure of the Foundation has at its core the notion of a fund that lasts into perpetuity. There will necessarily be different time horizons for different funds within the corpus. There will always be need for short-term/cash equivalent fund management as well as management of longer-term investments. The investment goal for the aggregate fund of exceeding the Hurdle Rate is not meant to be the goal imposed on each investment account, or individual Investment Manager. The goal of the Investment Advisor shall be to select Investment Managers, whose performance shall be measured against appropriate peers, and/or, benchmarks.

Summary of Asset Allocation Guidelines:

To achieve its investment objective, the Foundation's assets shall be allocated across asset classes that fall under two primary categories: "Risk Assets" and "Risk Control Assets."

Risk Assets and Risk Control Assets have historically exhibited durable diversification benefits through market cycles (i.e., they remain uncorrelated during both positive markets and periods of market stress), and are therefore foundational in constructing a portfolio to meet stated investment objectives.

- **Risk Assets** seek to maximize diversified return, but with higher expected levels of risk and volatility. They are suitable for funding long-term needs of the Foundation (e.g., long-term operations, distant capital projects, and asset growth for future generations). Examples of Risk Assets include public equity, public real assets, alternatives, and public high yield fixed income.

- **Risk Control Assets** seek to provide more stable periodic returns, but with lower expected levels of return. They are suitable for funding near-term needs of the Foundation (e.g., near-term operations, capital projects and liquidity needs). Examples of Risk Control Assets include conventional investment grade fixed income, inflation protected fixed income and cash.

Asset allocation targets and ranges are included in the Asset Allocation Strategy Matrix included in Exhibit A.

Liquidity:

There is no set minimum cash requirement; however adequate liquidity should be maintained. It is intended that the Investment Advisor will be given ample notice for any withdrawals to reduce the probability of adversely affecting the portfolio.

Rebalancing Procedures:

The Assets Allocation guidelines establish broad ranges within which the Investment Advisor may tactically manage the portfolios, with an overall Strategic Target Allocation to be used as the baseline allocation. From time to time, market conditions may cause the investment in various asset classes to vary from the established allocation. It is expected that the Investment Advisor will stay within the established ranges of each asset class and overall allocations. Any deviation outside of the allowable ranges that the Investment Advisor desires to maintain must be reviewed and approved by the Investment Committee as part of its quarterly reporting process.

Allowable Assets:

CASH EQUIVALENTS AND FIXED INCOME SECURITIES

- US Treasury Bills
- U.S. Government and Agency Securities
- Money Market Funds (that meet the highest net asset value (NAV) ratings)
- Certificates of Deposit
- Corporate Notes and Bonds*

*Any fixed income securities held directly shall be investment grade and have a minimum rating of "Baa" by Moody's or "BBB" Standard and Poors. Investment in high yield bonds is permissible via commingled funds, subject to a maximum 8% portfolio allocation.

EQUITY SECURITIES

- Common Stocks
- Preferred Stocks
- American Depositary Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- Private Placements

ALTERNATIVE INVESTMENTS

- Managed Commodities
- Real Estate

- Private Equity or Debt/Credit limited partnerships
- Margin transactions are acceptable within the context of a sub-advisor's portfolio

Prohibited Assets/Transactions

- Stand Alone Margin Transactions
- Proprietary investment vehicles of the Investment Advisor are prohibited from investment for the Portfolio, unless explicitly reviewed and approved in advance by the Investment Committee

The Investment Committee endeavors to remain up-to-date on sustainable investing issues and will review the Environmental, Social and Governance ("ESG") rating of the portfolio on a periodic basis. If any further action is required, this will be considering in consultation with the Investment Committee and Investment Advisor

VII. PERFORMANCE OBJECTIVES

The overall portfolio performance will be reviewed on a quarterly basis, with long-term emphasis placed on results achieved over a three to five-year period. Objectives will be reviewed annually and adjusted, if necessary, after consultation with the Investment Committee and Investment Advisor.

Performance of the total portfolio will be compared to the performance of a similarly structured global market index in line with the target allocation of the total portfolio as set forth in Exhibit A. The Policy Portfolio Benchmark is designed to reflect the underlying exposures and serves as a reasonable substitute for the strategic long-term portfolio. The annualized total return should at least equal or exceed the annualized return of the Policy Portfolio Benchmark over a full market cycle, represented by three to five-year rolling periods.

The volatility of investment returns, as measured by the standard deviation of quarterly returns, should be comparable to that of the Policy Portfolio Benchmark, over the same time periods.

Volatility greater than the benchmark is acceptable so long as returns are commensurate.

Returns will be monitored at the total portfolio level, asset class category levels, and individual manager/strategy levels against their respective benchmarks. Investment Managers and underlying strategies will also be evaluated on a set of qualitative factors included but not limited to their adherence to the stated investment philosophies, organizational stability, and ethical conduct.

The Policy Portfolio Benchmark and available indices are included in Exhibit B.

VIII. COMMUNICATIONS AND CLIENT SERVICE

The Investment Advisor will report the following information to the Investment Committee quarterly:

- Portfolio performance results, both gross and net of all investment expenses, over the most recent quarter, fiscal year-to-date, and trailing one, three, five and ten year periods (if applicable);
- Performance results of each individual investment or Investment Manager for the same time periods;
- Performance results of comparative benchmarks and blended benchmarks for the same time periods;
- Performance results calculated on a time-weighted rate of return basis; and
- An overview of the current market environment and the Investment Advisor's current investment strategy.

INVESTMENT, SPENDING AND ENDOWMENT POLICY STATEMENT (ISEPS)

The Investment Committee shall review the ISEPS annually, at a minimum, to ensure that it reflects the needs and circumstances of the Foundation. The ISEPS may be amended from time to time by the Foundation after consideration of the advice and recommendations of the Investment Committee.

REQUEST FOR PROPOSAL (RFP)

The Investment Committee shall provide an RFP for an Investment Advisor at a minimum of every Four (4) Years, with the Committee having the discretion to add a Two (2) Year extension to the Four (4) Years should favorable circumstances warrant such an extension.

CAUTION STATUS

An Investment Manager will be considered on “Caution Status” if there is a material change in the ownership structure of their organization, or there is a departure of key investment professionals.

An Investment Manager that falls in “Caution Status” should undergo a formal review by the Investment Advisor. The review will address how the Investment Manager will move back to “Favorable Status” or recommend termination. An Investment Manager can move back to “Favorable Status” by improving its performance above the criteria as listed above. Highest priority will be given to those failing to meet the five-year target and next to those failing to meet the three-year target. There may be situations where immediate problems, questions or short-term performance issues arise regarding an Investment Manager and the priority will shift to review these situations first.

In addition to the above, immediate termination of an Investment Advisor should be considered:

- When they deviate from the Investment Committee’s instructions;
- When they deviate substantially from their investment disciplines and process;
- When Investment Committee members have any material problem or concerns regarding the Investment Advisor.

IX. STATEMENT OF SPENDING POLICY

The Investment Committee shall perform an annual review of the Spending Percentage Rate for funding endowment allocations (“Spending Allocation”) and recommend the Spending Percentage Rate to the Foundation each year.

Details of the Spending Allocation are contained in Exhibit C.

X. STATEMENT OF ENDOWMENT POLICY

Many of the outstanding programs offered by University of West Georgia ("the University") can only be supported by private funding. State funding can make a good university, but it takes private support to make an excellent university. Although there are many ways of supporting the University, there is none as enduring as an endowed fund. Endowments supplement state dollars by providing academic scholarships, faculty development, advanced technology, and enhanced academic programs to develop the leading edge for students in the 21st Century.

Endowment gifts to the Foundation are made with the understanding that the principal of the gift will be invested and a percentage of the adjusted corpus balance will be spent annually for the benefit of the University of West Georgia. The acceptance of the gift by the Foundation establishes an obligation on the part of its Board to protect the corpus, insuring that the endowment will exist in perpetuity. Each endowment fund bears the name of the donor or some other person specified by the donor. Additional contributions may be made at any time to Endowed Funds.

An Administrative Fee will be assessed annually by the Foundation using the current Board approved "Administrative Fee Rate".

Details of the Administrative Fee Rate are contained in Exhibit D.

BY: UNIVERSITY OF WEST GEORGIA FOUNDATION, INC.

Approved on 2/23/2023

Authorized Signer

(signature)

David R Edwards

(printed name)

BY: NORTHERN TRUST AS INVESTMENT ADVISOR:

Approved on February 23, 2023

Authorized Signer Sarah Buchanan SKB

(signature)

Sarah Buchanan, Senior Vice President

(printed name)

EXHIBIT A. POLICY PORTFOLIO TARGETS

The Policy Portfolio Targets table represents the strategic, long term asset allocation mix for the portfolio. Each asset class target has a corresponding approved range that allows underlying asset allocations to fluctuate due to normal market movements. Asset class ranges provide the flexibility to be under- and over-weighted due to trading, settlement, and timing delays associated with fully implementing an investment program. The approved ranges allow for tactical adjustments to strategic allocations that are expected to benefit the portfolio. It may be prudent and necessary to operate outside these ranges when financial markets are stressed or subject to extreme levels of volatility.

Asset Classification	Targets	Allowable Range
Risk Assets	**85%**	
Public Equity	**63%**	**45-75%**
US Equity	37%	30-45%
Developed Ex-US Equity	18%	10-20%
Emerging Markets	8%	0-10%
Public Real Assets	**8%**	**0-15%**
Global Real Estate	4%	0-10%
Global Natural Resources	4%	0-10%
Alternative Investments	**8%**	**0-15%**
Hedge Funds	4%	0-10%
Private Investments	4%	0-10%
Public High Yield	**6%**	**0-10%**
High Yield Fixed Income	6%	0-10%
Risk Control Assets	**15%**	**10-35%**
Investment Grade Fixed Income	**15%**	**10-25%**
Cash	**0%**	**0-10%**
Total	**100%**	

EXHIBIT B. TOTAL PORTFOLIO BENCHMARKS

Reasonable proxy benchmarks listed in bold will be used to create a total portfolio benchmark. The weight of each reasonable proxy is established by the associated asset classification target on Exhibit A.

Asset Classification	Benchmark
Risk Assets	
Public Equity	
US Equity	Russell 3000
Developed Ex-US Equity	MSCI EAFE
Emerging Markets	MSCI Emerging Markets
Public Real Assets	
Global Real Estate	FTSE EPRA NAREIT
Global Natural Resources	Bloomberg Commodity Index
Alternative Investments	
Hedge Funds	HFR Fund of Funds Composite
Private Investments	Cambridge Private Equity
Public High Yield	
High Yield Fixed Income	ICE BofAML US High Yield BB-B Constrained
Risk Control Assets	
Investment Grade Fixed Income	**Bloomberg US Aggregate Bond**
Cash	**90 Day Treasury Bill**
Total	

EXHIBIT C. SPENDING ALLOCATION

The Foundation will calculate the annual Spending Allocation for the next fiscal year by applying the approved Spending Percentage Rate to endowment total market value on a thirty-six (36) month-end rolling average of endowment funds market value through fiscal year end.

The Investment Advisor will be notified by June 1st of the next fiscal year annual Spending Percentage Rate and the Spending Allocation. In accordance with this disbursement policy, the Foundation's Investment Committee and Board are committed to: (1) protecting the corpus of the Foundation's endowment, (2) preserving the real spending power of the Assets, (3) obtaining maximum possible investment return commensurate with the Foundation's risk tolerance and operational considerations, and (4) complying with applicable law.

The Foundation reserves the right to make more immediate adjustment to the Spending Percentage Rate should circumstances so require. The current Board approved Spending Percentage Rate is 4.25%. The annual Spending Allocation will be withdrawn from the endowment bi-annually in July and January of each year.

Spending shall only be for the purposes specified and guided by the restrictions of the donors, Foundation board policies and all applicable state and federal regulations pertaining to such disbursement.

EXHIBIT D. ADMINISTRATIVE FEE

The Foundation will calculate the annual Administrative Fee for the next fiscal year by applying the approved Administrative Fee Rate to the endowment total market value on a thirty-six (36) month-end rolling average of the endowment funds total market value through fiscal year-end.

The Administrative Fee Rate is subject to revision and change as recommended by the Investment Committee and the Board, court rulings or administrative decrees. It is the intent of the Foundation to abide by these policies as they are continually developed taking into consideration, as much as possible, the intent of the donor.

The current Board approved Administrative Fee Rate is 1.25%. The annual Administrative Fee will be withdrawn from the endowment quarterly beginning in July of each year.