



National University of Health Sciences General Policies

Title: **Investment Policy**

Date Adopted: **07/10/17**

Date(s) Revised:

President

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Date

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POLICY STATEMENT

The purpose of Unrestricted and Restricted Investment Accounts is to fund the current and future needs of the University according to the provisions of the National University of Health Sciences.

Risk

The Trustees recognize that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk must be accorded in order to allow the Manager the opportunity to achieve satisfactory long-term results consistent with the objectives. The Manager will seek to maximize the level of return for the agreed upon level of risk.

Investment Objective

The primary objective of the accounts is to preserve and enhance the capital of the portfolio in inflation adjusted (real) terms. A secondary goal is to generate cash flow to meet the regular payments to the University. It is expected that these objectives will be met through a combination of both capital growth and income return. The emphasis will be on total portfolio return. Within the asset allocation guidelines determined by the Trustees, it is up to the Manager's discretion as to how these goals are obtained.

Portfolio Strategy

Charles Schwab will serve as custodian and CIBC Atlantic Trust (Formerly Geneva Advisors). The portfolio may be invested in domestic and foreign securities to include common stocks, exchange traded funds, fixed income obligations, convertible securities, and money market instruments. Mutual funds containing the above securities are permitted. To avoid an appearance or potential for conflict of interest, the portfolio will not be invested in mutual funds that are affiliated with the Manager's parent firm.

The target allocation ranges (minimum and maximum) are viewed as long term strategic objectives. Normal market value fluctuations may require periodic rebalancing, but the ranges should provide enough flexibility to respond to changing market conditions.

<i>Asset Class</i>	<i>Long Term Range</i>	<i>Actual</i>
Cash Equivalents	0-25%	5.0%
Fixed Income	20-60%	20.0%
Equity	30-80%	75.0%

<i>Account</i>	<i>Strategy</i>
National University Unrestricted	All Cap Growth Strategy
National University Restricted	Equity Income Strategy

Equity Guidelines

The portfolio will be broadly diversified among industry groups, although certain areas may be over-weighted from time to time. Additional diversification may be achieved through investments in mid-cap, small cap, and/or international equities. Portfolio turnover will be relatively low (under 40%). Individual stock positions should not exceed 5% of the equity portfolio.

Fixed Income Guidelines

The fixed income portion of the portfolio is intended to provide a stable income stream while preserving capital and controlling risk. The portfolio will be broadly diversified across a variety of maturities, credits and structures to dampen volatility and smooth the income stream. Bond maturities will be focused on the intermediate term, with a target duration band between 3 and 5 years, and will be limited to a maturity prior to year-end 2022. Bond purchases will be restricted to investment grade securities or higher. Therefore, the bond portfolio will be focused on after-tax return and may hold a combination of both taxable and tax-exempt issues.

Performance Measurement

Long-term investment results will be emphasized. Investment performance for each asset class will be measured against an appropriate benchmark. The primary benchmarks for equities will be the Standard & Poor's 500 Index and the Wilshire 5000. It is expected that the equity holdings will outperform the S&P 500 and the Wilshire 5000 over a normal market cycle of three to five years. The primary benchmarks for bonds will be the Barclays 1-10 Year Municipal Index and Barclays Intermediate Govt./Credit Index.

Time Horizon

The investment time horizon is long term. The risk tolerance is moderate.

Reporting/Meeting Requirements

The Manager will provide monthly statements to the Vice President for Business Services. A meeting with the Manager and the Trustees to review the portfolio and the investment policy statement can occur at any time as requested by the Trustees. The Trustees request from the President any specific written material to be considered at Board meetings be distributed to the Trustees prior to the meeting date if changes are considered.