BGSU®

BOWLING GREEN STATE UNIVERSITY

3341-6-28 Investments.

Applicability	All University units
Responsible Unit	Division of Finance and Administration
Policy Administrator	Chief Financial Officer

(A) Policy Statement and Purpose

This statement of investment policy (the "Policy") is intended to specify the guidelines and objectives for Bowling Green State University ("BGSU" or the "university") investment and operating funds (the "Portfolio"). The purpose of this Policy is to establish direction for the management of the Portfolio, to outline internal staff's responsibilities, and to establish the basis for communication between the university and the external investment manager(s) and advisors.

(B) Policy Scope

This Policy is adopted by the Board of Trustees of the university to govern the investable assets of the university. This Policy also identifies the broad investment strategy to be followed in the investment of the university's investable assets and the limitations on the discretionary authority to be given to internal and external investment manager(s).

(C) Policy and Responsibilities

The Policy intends to distinctively define the roles and responsibilities of the Board of Trustees, Investment Sub Committee, BGSU administration, and the OCIO/Advisor ("OCIO"). The Board has delegated certain activities to the Investment Sub Committee. BGSU administration and the OCIO are resources for the Board and Committee to fulfill their responsibilities. The Investment Sub Committee has selected an OCIO to have discretion in certain areas of portfolio management and

implementation as summarized in the following table and detailed description of responsibilities.

	Board	**Investment Sub Committee**	**BGSU Administration**	**Consultant/OCIO**
Investment Policy	Approve	Develop, Review, and Recommend to Board	Facilitate Development and Recommendation	Advise/Assist Development
Investment Consultant/OCIO	Approve	Evaluate, Oversee, and Recommend Selection to Board	Execute Agreement; Facilitate Evaluation, Selection, and Oversight	
Portfolio Management	Informed	Oversight, Strategic Guidance	Determine contributions and withdrawals, oversee operational execution and implementation	Strategic Advice, Discretionary Asset Allocation and Manager Implementation/Execution in line with Guidelines
Strategic Asset Allocation (high level)	Approve	Develop, Review, and Recommend to Board	Review/Assist	Develop and Advise
Liquidity	Approve	Review and Recommend to Board	Monitor and Inform	Review and Implement
Discretionary Asset Allocation	Informed	Review	Review/Assist	Implement and Inform
Selecting and Terminating Managers	Informed	Review	Review/Assist	Implement and Inform
Manager Allocations	Informed	Review	Review/Assist	Implement and Inform
Trade Execution	Informed	Informed	Review/Assist	Implement and Inform
Rebalancing	Informed	Informed	Review/Assist	Implement and Inform
Performance Evaluation	Informed	Review and Evaluate	Review and Evaluate	Prepare
Board Reporting	Informed	Prepare and Review	Prepare and Review	Prepare and Advise/Assist

(1) Board of Trustees

The Board of Trustees is responsible for oversight of university investment assets. The Board has delegated management and implementation oversight to the Investment Sub Committee. The primary responsibilities of the Board include the following:

(a) Appoint Trustees to the Investment Sub Committee;

(b) Approve the Investment Policy Statement including governance, roles and responsibilities, objectives, constraints, and strategy guidelines; and

(c) Receive and review updates from the Investment Sub Committee and university administration on the investment assets.

(2) Investment Sub Committee

The Investment Sub Committee is responsible for broad, strategic oversight of the Portfolio. The Committee partners with BGSU administration and the OCIO to fulfill their responsibilities. The primary responsibilities of the Committee include the following:

(a) Develop Investment Policy Statement including governance, roles and responsibilities, objectives, constraints, and strategy guidelines;

(b) Review the Investment Policy Statement at least annually and recommend updates to the Board of Trustees as needed;

(c) Communicate the major duties and responsibilities to those accountable for executing and implementing portfolio strategy;

(d) Communicate changes to the investment policy, investment guidelines, or portfolio objectives to the OCIO;

(e) Select OCIO and define their responsibilities and level of discretion;

(f) Oversee the OCIO in the areas where they are delegated responsibility;

(g) Monitor compliance with the Investment Policy Statement;

(h) Periodically review asset allocation, liquidity, performance relative to objectives and benchmarks, and management fees; and

(i) Provide updates on investment assets to the Board of Trustees.

(3) BGSU Administration

The President and Vice President for Finance and Administration are responsible for overseeing the operations and implementation of the investment pool and reporting as required to the Investment Su Committee and the Board of Trustees.. The primary responsibilities of the BGSU administration include the following:

(a) Facilitate communications between the Investment Sub Committee, the Board of Trustees, and the OCIO as requested by the Committee and/or the Board;

(b) Determine university contributions to and withdrawals from the investment pool;

(c) Serve as the day-to-day contact with the OCIO regarding operational implementation, liquidity management, and contributions and withdrawals;

(d) Execute third-party service provider agreements including OCIO, auditor, custodian, and investment managers;

(e) Monitor third-party service providers (OCIO, auditor, custodian); and

(f) Maintain the official minutes and records of the Investment Sub Committee.

(4) OCIO

The OCIO will have day-to-day responsibility and discretion for investing the investment pool within the guidelines of the Investment Policy Statement. The OCIO will report to the Investment Sub Committee on a regular basis. Responsibilities of the OCIO have varying levels of discretion. The following paragraphs list those responsibilities as between the OCIO's capacity as advisor/supporter and discretionary manager.

(a) Advice and Support

(i) Support the Investment Sub Committee and BGSU administration in meeting their responsibilities;

(ii) Assist in development of the Investment Policy Statement, which will include objectives and constraints; governance, roles, and responsibilities; strategic asset allocation (growth, risk reduction, and inflation protection) targets and ranges; and performance evaluation and portfolio benchmark selection;

(iii) Meet with the Investment Sub Committee to periodically review the Investment Policy Statement; asset allocation; manager roster; and performance;

(iv) Inform the Investment Sub Committee and BGSU administration of changes to the discretionary target asset allocation, changes to the manager roster, or new partnership commitments; and

(v) Monitor the investment pool for compliance with the Investment Policy and inform the Investment Sub Committee and BGSU administration of any non-compliance.

(b) Discretionary Management

(i) Determine and implement discretionary asset allocation within the Investment Policy guidelines, including the strategic asset allocation ranges;

(ii) Select and implement a manager roster within the Investment Policy guidelines; inform the Investment Sub Committee and BGSU administration before, during, or after implementation;

(c) Draft manager documentation (to be executed by the BGSU administration);

(d) Execute transactions for manager changes, withdrawals, contributions, and rebalancing, all as informed by liquidity guidance from the BGSU administration;

(e) Execute capital calls for private investments; and

(f) Communicate with custodian as needed for portfolio implementation and reporting.

(D) Investment Objective

The university has multiple investment objectives for its Portfolio. The principal objective is to achieve a risk adjusted return with investments which are oriented to safety of principal, liquidity, and a stable level of current income. The secondary objective is Portfolio growth by investing in vehicles which provide such opportunities. These objectives are to be accomplished within state and other regulatory requirements and prudence.

The Policy is intended to provide flexibility to the OCIO to adjust the investment allocation (within a predetermined range) and limit the types of securities depending on the financial needs of the university.

(E) Risk Tolerance

Risk tolerance must be considered in conjunction with the expectations from the operation of the university. Thus, investment risk is part of the university's total operational risk. Acceptable levels of risk are largely a function of the financial soundness of the university. Various factors which influence the organization's risk tolerance, such as funds provided by the state of Ohio, enrollment, etc., are significant determinants when evaluating the risk tolerance. The factors are quantitative and qualitative in nature and should address operational and investment issues.

(F) Investment Constraints

There exist certain boundaries on investment decision-making that must be stated and respected. The boundaries are formally called investment constraints and include liquidity, time horizon, regulation/legal restrictions, taxes, and unique needs of the organization.

(1) Liquidity: The level of liquidity, in part, determines the organization's capability to fund its operating requirements. To ensure that these cash flow needs are met, the availability of cash must be addressed prior to allocating funds to longer-term assets. From time to time the operating funds may increase to accommodate anticipated expenditures such as expenditures associated with payroll (recurring) and capital expenditures (non-recurring), etc.

(2) Time horizon: While the university is a going concern and invests in a fashion consistent with a long-term horizon, the investment Portfolio must also accommodate the requirements of the immediate need of cash for administrative requirements.

(3) Regulatory/legal restrictions: The state of Ohio may, from time to time, provide legislation regarding levels of prudence, etc. In all instances, the university will be in compliance with these regulations.

(4) Taxes: The university does not pay state or federal income taxes.

(5) Unique needs: As with any institution, the university has its own character that makes it different from other institutions. Therefore, the university must consider its uniqueness when making investment

decisions. Some of the needs that must be addressed include maintaining/improving financial strength and working smoothly and efficiently with the needs of the university.

(G) Asset Allocation

More than any other factor, the asset allocation decision determines the risk and return of a Portfolio. Since the investing function is closely integrated with the business function, asset allocation decisions cannot be made without first considering the expectations for the fiscal year. Once those characteristics are identified and analyzed, investment decisions can then be made.

Consistent with the primary objective of this Policy, diversification is the primary focus of asset allocation. The Investment Pool will have an allocated range and a target level. From time to time, the Investment Sub Committee may transition the Portfolio to a more/less conservative position, depending on the items addressed under Investment Constraints.

The investment pool is comprised of assets in excess of the operating funds that the university can invest in a fashion to meet its income and growth goals. Under normal circumstances, the investment pool shall have fixed income, equity securities, and alternative investments. This pool shall serve as the primary source of Portfolio growth through the use of Portfolio enhancing opportunities.

The asset allocation shall be a function of the results of a determination of the university's financial strength and the opportunities in the capital markets. Asset allocation for the investment pool is categorized in two parts: strategic asset allocation for long term return and risk profile; and discretionary asset allocation for more tactical decisions based on the market environment and opportunities.

(1) Strategic Asset Allocation

The broad target and ranges for the asset allocation are established in the following table and shall be approved by the Board of Trustees.

(a) Growth Assets: It is expected that the portfolio will have a moderate allocation to growth assets. These investments are

expected to help grow the portfolio over time. Growth investments include, but are not limited to: equity, equity-oriented marketable alternatives, non-marketable equity strategies, and growth-oriented fixed income. Illiquid private investments are permitted with a limitation that private debt should not materially exceed 10% and private equity should not materially exceed 5% of the investment pool.

(b) Risk Reduction Assets: It is expected that the portfolio will need protective assets to help mitigate portfolio risk. These assets should have long term returns comparable and/or complementary to equity with significantly less volatility. Included within the risk reduction assets will be fixed income securities, cash, and low volatility marketable alternatives.

(c) Inflation Protection Assets: Inflationary pressures could damage the purchasing power of the Portfolio. Given this, a small portion of the Portfolio will be dedicated to protecting against inflation. Investments in this category have historically performed well during times of high unexpected inflation. The investments could include non-marketable or marketable real estate and oil and gas, inflation-linked bonds, and commodities investments. Private real assets should not materially exceed 5% of the investment pool.

Investment Portfolio	Target	Portfolio Range
Growth Assets	55	40-60
Risk Reduction Assets	40	30-50
Inflation Protection	5	0-10

(2) Discretionary Asset Allocation

The specific allocation within each asset class is to be determined by the OCIO with the oversight of the Investment Sub Committee and BGSU administration. This allocation will reflect the short to intermediate term cash flow expectations of the University, the current market environment, and market opportunities. Therefore, the allocation may change from time to time and does not require

the approval of the Board of Trustees or Investment Sub Committee provided it is within the Investment Policy guidelines including the Board's approved strategic ranges. The asset classes along with representative benchmarks, is presented in Appendix A.

(H) Policies for Traditional and Alternative Managers

The following are performance goals and constraint guidelines placed on individual managers within specific asset classes.

(1) All Traditional Managers: Index managers can be terminated if performance or volatility significantly differs from that of the benchmark. Active managers may be terminated due to philosophical changes, management turnover, poor long-term investment performance, or other material changes. The OCIO will also monitor investment managers' risk on an ongoing basis. It is expected that the OCIO will use multiple risk metrics in their evaluation of the managers.

(2) Alternative Investments: Alternative investment managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such managers. Instead, the Investment Sub Committee may choose to terminate a manager, subject to the manager's liquidation policy, if they are dissatisfied with the manager and/or his strategy.

(I) Consolidated Portfolio Administration

Generally, the university's staff shall manage the operating liquid assets internally, while external investment managers shall manage the investment pool assets under the direction of the OCIO and BGSU administration. Other arrangements are possible if approved by the Board.

This statement of investment policy shall be provided to each manager retained to manage the assets. While individual portfolios may not conform to each characteristic, the asset classes (equities, core bonds, etc.) shall fully conform to policy.

(J) Performance Evaluations Standards

The university intends to maintain open communication with the investment manager(s). The focus of these exchanges shall be on understanding the manager's expectations for the economy and capital markets and how these are reflected in the Portfolio. A necessary part of the communication process is the evaluation of the progress of the Portfolio and, to this end, investment results shall be reviewed quarterly.

The performance of the investment Portfolio, net of management fees and transaction costs, shall be evaluated relative to and is expected to be at least equal to the appropriate benchmark indices noted for each asset class or, if applicable, as set forth in the specific supplemental investment restrictions for each investment manager. However, it is not anticipated that comparisons with market indices and peer groups shall be favorable in every single quarter or year. It is expected that they will be favorable over any rolling three-year cycle. Analysis of performance shall always be within the context of the prevailing investment environment and the investment manager's particular investment style.

(K) Review and Approval

This Policy as approved by the Board of Trustees of the university shall be provided to each internal and external investment manager.

The dynamics of the university's operations and the capital markets require flexibility and adaptability in investment decision-making and practices. To promote flexibility and adaptability, the Policy shall be reviewed regularly for appropriateness by the Vice President for Finance & Administration. Modifications to the investment policy may be proposed from time to time. However, to enforce the principles of flexibility and adaptability, the Vice President for Finance & Administration in consultation with the OCIO shall review the need for any changes at least annually and make a recommendation to the Investment Sub Committee and the Board.

(L) Conflict of Interest

All persons responsible for investment decisions or who are involved in the management of the Portfolio or who are consulting to, or providing any advice whatsoever to, the Investment Sub Committee shall disclose in writing at the beginning of any discussion or consideration by the

Investment Sub Committee, any relationships providing material benefit, which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Board may require such persons to remove themselves from the decision-making process.

Any members of the Investment Sub Committee responsible for investment decisions or who are involved in the management of the Portfolio shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as consistent with Ohio Ethics Law and disclosed in writing to and agreed upon in writing. Failure to disclose any material benefit shall be grounds for immediate removal from the Investment Sub Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Portfolio's custodian(s), investment managers and consultant in the course of their services on behalf of the university.

Registered Date: March 17, 2015
Amended Date: March 14, 2016, October 1, 2019, June 8, 2021, April 13, 2022, January 16, 2025

Appendix A

Asset Classes & Comparative Indices

ASSET CLASS	COMPARATIVE INDEX
Growth Assets	**MSCI ACWI**
Equity	
Domestic Equity	Wilshire 5000
U.S. Large Stocks	S&P 500
U.S. Large Growth Stocks	Russell 1000 Growth
U.S. Mid Stocks	S&P MidCap 400
U.S. Small Stocks	Russell 2000
U.S. Small Value Stocks	Russell 2000 Value
International Equity	MSCI AC World Ex US
Int'l Large Stocks	MSCI EAFE
Int'l Small Stocks	EMI-EPAC X-EAFE
Emerging Mkt Stocks	MSCI EMF
Private Equity	Burgiss Global Private Equity
Growth Fixed Income	
Emerging Mkt Debt	JP Morgan GBI EM Global Diversified
High Yield Debt	Bloomberg High Yield
Private Debt	Bloomberg High Yield
Risk Reduction Assets	**Bloomberg US Aggregate Bond**
Fixed Income	Bloomberg US Aggregate Bond
Domestic Fixed Income	Bloomberg US Aggregate Bond
Global Fixed Income	Citigroup World Gov't Bond Index
Cash Equivalents	U.S. Treasury Bills
Hedge Funds	HFR Fund of Funds
Inflation Protection Assets	**CPI +500 basis points**
Inflation Protected Bonds	Barclays US TIPS Index
Real Estate	MSCI US REIT Index
Natural Resources	S&P NA Natural Resources Index