

# GEORGETOWN UNIVERSITY ALUMNI ASSOCIATION

## Investment Objectives and Policies

### Purpose

The management of the Georgetown University Alumni Association's (hereinafter "GUAA") assets may be delegated to one or more investment managers approved by the Finance Committee of the Board of Governors. Within their assigned area of responsibility, each manager will have discretion to invest GUAA's funds in accordance with the objectives and policies set forth herein. Such discretion includes asset allocation decisions together with the selection of investments. Each manager will at all times invest funds in conformity with GUAA's investment objectives and policies and shall be subject to the oversight of and responsible to the Finance Committee of the Board. It is anticipated that managers will be selected because of their expertise in such areas as fixed income, US and non US equities and other market segments.

Notwithstanding the above, the Investment Subcommittee of the Finance Committee, with the prior approval of the full Finance Committee shall from time to time, but at least annually, review and if appropriate adjust the amounts invested in each asset class and managed by each manager, such that GUAA funds are invested in a diversified cross section of the market, and that appropriate amounts are maintained for future generations. The term manager includes but is not limited to any student investment groups. Since GUAA does not compensate the students for their investment advice, the students do not fall within the purview of Investment Advisers Act (referenced below).

### Investment Advisor Registration

Section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. § 80b-2(a)(11)), which is a key federal law, defines "investment adviser" in part as "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities."

Three essential elements that characterize an investment adviser are:

- Provides advice or analysis on securities either by making direct or indirect recommendations to clients or by providing research or opinions on securities or securities markets.
- Receives compensation in any form for the advice provided.
- Engages in a regular business of providing advice on securities.

Each state has its own securities statute and regulations governing the operation and registration of investment advisers. It is important to note that while most states have a de minimus exemption for advisers having only a few clients in the state, some states count solicitations toward that minimum.

### Investment Objectives

- Seek to protect principal from irrecoverable loss and from erosion due to inflation.
- Seek to provide and maintain a level of current income consistent with the GUAA expected or planned expenditure goals.
- Seek to increase principal through consistent total return.

### Investment Guidelines

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- In the aggregate GUAA holdings should be reasonably diversified among stocks and bonds, domestic and international, and among the various sub-sectors thereof.
- GUAA's risk tolerance with regard to investments is an overall level of low to moderate as reflected in the investment objectives set forth above.
- In addition to the use of "investment managers," the Committee may employ passive investment strategies, as well, including, but not limited to, ETFs and Index Funds.

### Investment Restrictions

The objectives of GUAA's endowment portfolios contemplate a responsible and disciplined investment approach. Accordingly, consistent with their specific objectives, each endowment portfolio should be appropriately diversified, based on instructions provided to each manager, in order to provide reasonable assurance that no single security or class of securities has a disproportionate impact on the portfolio. While the selection of individual securities should be based on the investment objectives and guidelines set forth in this Policy, the Board of Governors may elect to exclude from portfolios certain securities that it determines are incompatible with the basic values of GUAA and Georgetown University. Consistent with the acknowledgement of these values, GUAA shall strive to exercise its shareholders' rights in voting proxies in a socially responsible manner.

### Performance Criteria

Benchmarks will be based on the allocation of funds to the respective managers and their market segments. The Investment Subcommittee will at least on an annual basis, with the advice of their professional advisor, determine the appropriate allocation of funds.

### Communications

GUAA will receive quarterly reports from each manager in a format to be mutually agreed. Reports will include an appraisal of securities in the portfolio on cost and market bases, a summary of activity, a statement of gains and losses for the period, and performance data (net of fees) against the performance criteria. The Finance Committee will report to the full Board the results of investment performance on an annual basis, unless requested by the President of the Association on a more frequent basis.

### Evaluation

Each investment manager will be reviewed by the Investment Subcommittee who will report to the Finance Committee of the Board on an at least an annual basis and will be evaluated based on some or all of the following criteria:

- Record of meeting or exceeding stated performance objectives.
- Adherence to the investment policies articulated by this statement as interpreted in the sole discretion of the GUAA Finance Committee.
- Continuity of personnel and practices of the manager.
- Competitiveness of fees charged by the manager.
- Research capabilities.
- Usefulness of quarterly review documents and formal/informal meetings.

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- Clarity and consistency of investment philosophy.
- Capabilities of the investment professionals managing GUAA's investments.
- Investment performance over the past six months, year, two-three years.
- Responsiveness to requests for information.
- Accuracy and timeliness of written reports.

Notwithstanding the above, the GUAA Finance Committee may discharge any manager at any time in its sole discretion. The Finance Committee shall report the reasons for any such discharge to the President of the Association.

Implementation and Amendment

This policy must be adopted by the Investment Subcommittee and approved by both the GUAA Finance Committee and the GUAA Board of Governors to become effective. After adoption this statement should be reviewed from time-to-time by the Investment Subcommittee, in consultation with the manager(s) selected, for suggestions regarding the policy but all amendments must be approved by the Finance Committee and the Board of Governors before amendments will be effective.