

**SCSU Foundation, Inc.**  
**Operating Funds Investment Policy**

The distinguishing characteristics of operating funds are that they are not held in perpetuity and may be subject to immediate expenditure. The operating funds are invested in a pooled fund designed to meet the following criteria: liquidity, preservation of capital and total return.

**A. CRITERIA FOR INVESTMENTS:**

1. The portfolio will maintain an average rating of A (or equivalent rating).
2. Allowable investment instruments include:
  - a. U.S. Treasury and government agency securities.
  - b. High Quality corporate securities.
  - c. Asset-backed, mortgage backed commercial and bank paper, preferred and convertible securities.
3. The Investment Committee, in accordance with the Foundation's bylaws, reserves the right to determine the duration of the investment vehicles based on the yield curve and to make any changes as it deems appropriate.
4. For mutual and other commingled funds, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of the fund investments. While the Committee understands that such funds have their own stated guidelines which can not be changed for individual investors, in principle and spirit those guidelines should be similar in nature to the guidelines stated above. To the extent that a fund allows any or all of the above stated restrictions, the Committee must be aware of their possible use and be confident that the Investment Advisor(s) thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of those securities.

**B. PERFORMANCE MEASUREMENT AND EVALUATION:**

1. Performance will be calculated and monitored by the Foundation's Business Manager on a quarterly basis, and reported to the Investment Committee.
2. Performance for the Operating Funds will be evaluated relative to benchmarks with the understanding that liquidity, availability and capital preservation are the objectives of these funds.

Approved by SCSU Foundation Investment Committee June 13, 2007  
Approved by Fdn Board of Governors June 13, 2007

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