

Florida Institute of Technology

Investment Policy Statement

Last Updated 10.08.2024

Table of Contents

Table of Contents	1
Goals and Objectives	2
Purpose	2
Objective	2
Spending Policy	2
Investment Management	2
Asset Allocation	3
Asset and Sub Asset Class Range, Targets and Indexes	3
Restricted Securities & Guidelines	4
Common Stocks	4
Fixed-Income Investments	4
Alternative Investments	5
Other Restrictions	5
Rebalancing & Manager Selection	6
Performance Objectives and Monitoring	6
Fiduciary and Administration	7
Voting of Proxies	7
Pooled Funds	7
Duties of the Parties to the Fund	7
Asset Disposition Policy	8
Timeline of Fiduciary Activities	9
Appendix & Amendments	10
Conflict of Interest Statement	10

Goals and Objectives

Purpose

In recognition of its fiduciary responsibility, the Florida Institute of Technology Board of Trustees (the Board) has adopted the following investment management guidelines. These guidelines relate to gifts, donations, and funds restricted by the Board in the form of endowments with long-term benefit objectives.

Objective

The investment objectives for the management of endowment assets are to maximize the benefit intended by the donor, to produce current income to support the programs of the University and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets. The Endowment Fund Investment Policy embraces the total return concept. The following formula summarizes the factors involved in the Endowment Fund Investment Program: $\text{Real Asset Growth Rate} = \text{total investment return} - \text{CPI} - \text{management costs} - \text{annual payout amount}$.

The investment program attempts to balance current needs and future support so that in the future, the Endowment Fund will provide at least the same value of annual financial support as is currently provided.

The fund is managed in compliance with the Uniform Prudent Management of Institutional Funds Act.

Spending Policy

It is the policy of the Florida Institute of Technology Board of Trustees to annually distribute an amount equal to 5% of the average endowment value for the previous 36 months calculated at the end of each calendar year. It is the intention of the Investment Committee to take this distribution target into consideration when making investment decisions. The Board of Trustees will alert the Committee as soon as is reasonable of any major deviations from the established policy.

Investment Management

It is the policy of the Board that the Endowment of the University be invested and managed by professionally qualified investment management firms. The Investment Committee of the Board of Trustees shall have oversight responsibilities for endowment management and shall determine if additional or different investment management firms should be selected due to growth of the Endowment or changing needs of the University.

The Board of Trustees and the Investment Committee will comply with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the management of the fund's assets. The following factors, as relevant, should be considered:

1. General economic conditions.
2. The possible effect of inflation or deflation.
3. The role that each investment or course of action plays within the overall investment portfolio.
4. The expected total return from income and appreciation of investments.
5. Other resources of the institution.
6. The needs of the institution and the fund to make distributions and to preserve capital.
7. An asset's special relationship or special value, if any, to the institution's charitable purposes.
8. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the fund's portfolio of investments as a whole and as part of the overall investment strategy having risk and return objectives reasonably suited to the fund.
9. Except as otherwise provided by law other than UPMIFA, the institution may invest in any kind of property or type of investment consistent with this section.
10. An institution shall diversify the fund's investments unless it reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.

Asset Allocation

The policy is to diversify investments within equity, fixed-income securities, and alternatives to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Asset and Sub Asset Class Range, Targets, and Indexes

After reviewing the mean-variance (efficient frontier), probability, and other data, the Investment Committee has established specific targets and ranges for the asset, sub-asset class, and style allocations. The committee may deviate from the proxy target and ranges at their discretion. The target allocation and ranges are:

Asset Class	Sub Asset Class	Target (Sub)	Range	Index
Fixed Income		25%	20-40%	Barclays US Aggregate
	Domestic Core	25%	20-25%	Barclays US Aggregate
	International/EM	0%	0-5%	JPM GBI Broad
	Cash	0%	0-10%	Cash and/or equivalent

Equity		55%	50-80%	
Domestic Equity		50%	42-66%	Proportional Blend of Indexes listed below
	Large Growth	20%	14-21%	Russell 1000 Growth
	Large Value	20%	14-21%	Russell 1000 Value
	Small Growth	5%	4-10%	Russell 2000 Growth
	Small Value	5%	4-10%	Russell 2000 Value
Intl/EM Equity		5%	5-26%	MSCI World Ex-US
	International/EM	5%	0-15%	MSCI World Ex-US
Alternatives		20%	0-20%	Proportional Blend of Indexes listed below
	Diversified Real Assets	0%	0-5%	CPI + 3%
	Private Real Estate	5%	0-10%	NFI-ODCE <i>Proxy - FTSE NAREIT Composite</i>
	Private Equity	9.4%	0-10%	CAMBRIDGE ASSOCIATES US PRIVATE EQUITY <i>Proxy - PWRSHR Listed Private Equity</i>
	Private Debt	5.6%	0-10%	Cliffwater Direct Lending Index <i>Proxy - Barclays High Yield</i>

Restricted Securities & Guidelines

Common Stocks

Stock investments should be diversified by industry. No more than five percent (5%) of the market value of the equity portion of the Endowment's assets should be invested in any single company.

All percentage limitations are at the time of investment. If percentages are exceeded as a consequence of market action or additions or withdrawals to the endowment, investment managers shall bring their portfolios back to pertinent guidelines as soon as is reasonably practicable.

Fixed-Income Investments

Cash and Equivalents

Fixed-income investments may include short-term, money market securities. Such investments, however, shall be kept at the minimum level, not normally exceeding ten percent (10%) of the total Endowment Fund. Such investments shall be made in U.S. Treasury

Securities, Commercial Paper, and Money Market Securities issued by institutions with proven high-quality credit ratings or by pooled funds with demonstrably high-quality credit standards.

Bonds

The majority of fixed-income investments are expected to be in portfolios of High-Quality (Investment-Grade or better) Corporate Bonds, U.S. Treasury Securities, issues of foreign sovereigns, or high-quality foreign corporate bonds.

Alternative Investments

Real Estate: Equity investments may also include equity real estate investments in professionally managed income-producing property. Such investments, however, shall not exceed five percent (5%) of total assets shall be committed for real estate investment in any two-year period in order to achieve diversification over time. The value of donated gifts of real estate will be considered part of the real estate asset allocation for consideration of rebalancing or revising asset allocations. Restricted gifts of real estate and real estate used for current or future athletic/educational/research endeavors are not part of the Endowment.

Private Equity: Private equity investments may include buyouts, venture capital, growth equity, and distressed or special situations. The target allocation is between 0% and 10% of the overall endowment portfolio. The selection of managers will focus on those with a demonstrated track record of success, a defined investment process, and alignment with the fund's objectives. The investment committee will prioritize managers with experience across market cycles. Investments will be diversified across vintage years, sectors, and regions to reduce concentration risks. Each fund will be vetted to ensure compliance with applicable investment guidelines and to meet due diligence requirements.

Private Credit: Private credit investments may include direct lending, but the investment committee restricts them to senior secured debt. The target allocation range is between 0% and 10% of the endowment portfolio. The selection criteria for managers will prioritize managers who demonstrate consistent underwriting standards. The committee will prefer managers with deep market experience and a history of successful lending. Investments will be diversified across strategies and regions to minimize portfolio volatility and achieve attractive risk-adjusted returns.

Other Restrictions

Certain funds are obtained by the University through donations where the donor has placed restrictions on the form of investment to which these amounts may be applied, either directly by specifying qualifying investment vehicles or indirectly by stipulating a higher-than-normal spending rate. Such funds will be invested according to the donor's requirement to the extent such requirement is a condition of the gift. It will be excluded from the total pool of available funds subject to the present investment guidelines with respect to asset allocation. The management of the restricted and unrestricted endowment will essentially be the same. The

monitoring and reporting of the restricted accounts will be handled according to the restrictions.

Rebalancing & Manager Selection

As requested, the consultant will prepare an asset allocation analysis based on the manager's objective, which is to compare the current allocation to the target allocation. The committee will consider rebalancing when an asset class or style allocation deviates more than 2 1/2 % from its target allocation.

Fund flows will be allocated (withdrawn) to bring the endowment closer to the target allocation.

Managers will be selected based on criteria including Management experience, tenure, philosophy, process, size, historical risk, and style. Performance standards will vary depending on the asset class and style of the manager and how they integrate into the overall portfolio.

The Investment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. The Committee will select investment options using criteria developed in consultation with the Investment Consultant. Selection considerations may include (but are not limited to):

1. Clearly defined investment objectives
2. Adherence to stated investment style
3. Tenure and experience of investment manager and/or management team
4. Absolute and risk-adjusted performance relative to other investments in its category, especially over multi-year time periods
5. Minimum track record of three years
6. Expenses relative to other investments in its category
7. Material legal and regulatory issues

The Investment Committee may consider any other factors it deems relevant.

The Committee requires that each investment manager provide, in writing, acknowledgment of fiduciary responsibility to the Fund.

Performance Objectives and Monitoring

Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy

Guidelines.

Quarterly performance will be evaluated to test progress toward the attainment of longer-term objectives. It is understood that there will be short-term periods during which performance deviates from market indexes. During such times, greater emphasis shall be placed on peer performance comparisons with managers employing similar styles. The risk associated with each manager's portfolio, as measured by the variability of quarterly returns (standard deviation) should not exceed that of the benchmark index and the peer group without a corresponding increase in performance above the benchmark and peer group.

The expectation is that each manager will outperform the appropriate agreed upon index and be in the top 50% of managers with a similar style over a complete market cycle.

Fiduciary and Administration

Voting of Proxies

Voting of proxy ballots shall be for the exclusive benefit of the Fund. Unless the Board provides information on how to vote a specific proxy, investment managers or the investment consultant shall vote proxies in accordance with the best interest of the Fund.

Pooled Funds

Investing through a pooled fund (i.e., mutual fund & ETFs) vehicle means that the investments will be governed by the fund's own set of guidelines and restrictions. While the intent is to invest funds that meet these guidelines, there may be instances in which the pooled fund's guidelines differ. In such cases, the pooled fund guidelines and restrictions will supersede those outlined above. Before a pooled fund can be used, the investment manager shall provide the Investment Committee with a prospectus of the fund and shall identify, in writing, any guidelines and restrictions that differ from those outlined above. To the extent that pooled funds are implemented, the fees imposed should be at no higher cost than that incurred if the securities were separately managed.

Duties of the Parties to the Fund

Specific responsibilities of the Investment Committee include the following:

1. Review and approve an Investment Policy for the Endowment that addresses asset allocation, acceptable risk levels, and total return objectives.
2. Evaluate the performance of investment consultants and investment managers and

- make changes if needed.
- 3. Select investment consultants, professional investment managers, bank custodians, and other experts.
- 4. Specific Actions:
 - A. Approves – Strategy within an Asset Class, Manager/Fund selections
 - B. Approves & Monitors – Investment Strategy and Performance
 - C. Approves & Conducts – Fiduciary Review
 - D. Recommends – Investment Policy Statement
 - E. Informed – Security Selection

Specific responsibilities of the Financial Consultant include the following:

- 1. Monitor adherence to the Investment Policy.
- 2. Provide quarterly investment performance reports.
- 3. Provide ongoing investment performance evaluation.
- 4. Rebalancing: provide monthly information that compares our current asset class and manager allocations to our target. Implement any adjustments approved by the Investment Committee.
- 5. Evaluation of potential investment manager candidates.
- 6. Ongoing research of asset allocation strategies.
- 7. Research sources for the Investment Committee.
- 8. Conduct annual reviews of Investment Fiduciary policies and provide services needed for compliance.
- 9. Specific Actions:
 - A. Recommends & Monitors – Investment Policy Statement, Investment Strategy & Performance, Strategy within an Asset Class, Manager/Fund Selections and Fiduciary Review
 - B. Monitors – Security Selection

Asset Disposition Policy

The university's policy is to immediately sell stocks given to the university and deposit the proceeds with the investment managers. If a prospective donor stipulates the retention of donated stocks, gifts of common stock may be included in the equity portfolio, provided such stocks are consistent with all investment guidelines. To the extent such gifts of common stock would require a greater percentage of endowment assets to be committed to any stock class, lower the overall return, or would be deemed by management counsel to constitute undue market risk, such gifts would be declined by the university. By $\frac{3}{4}$'s vote, the board reserves the right to accept gifts in accordance with the above-stated policy.

Gifts of income-producing real estate may be included in the equity portfolio provided they are consistent with the management guidelines. To the extent such gifts of real estate would require a greater percentage of endowment assets to be committed to this asset class or would constitute a negative cash flow, or would be deemed by professional management counsel to constitute

undue market risk, such gifts would be disposed at sale and the proceeds directed to the general endowment pool for the benefit of programs consistent with the donor’s interest. If the real estate gift is restricted from sale by the donor, to the extent such gifts of real estate would require a greater percentage of endowment assets to be committed to real estate, lower the overall return, or would be deemed by management counsel to constitute undue market risk, such gifts would be declined by the university.

Timeline of Fiduciary Activities & Responsibility Matrix

<i>Timeline of Fiduciary Activities</i>	
Date	Description
Winter	Quarterly Review
	Investment Policy Review
	Probability Analysis (Test of our Asset Allocation)
Spring	Quarterly Review
	NACUBO Study
	Fee and Services Audit, Bi Annual Proxy Review
Summer	Quarterly Review
	Fiduciary Review - 27 Items NACUBO Study
Fall	Quarterly Review
	Responsibility Matrix Paperwork/Internal Controls
	Review of Geopolitical Risk Exposure

Other Fiduciary Modules: Spending Rate, MPT Statistics, Introduction to Monte Carlo

<i>Responsibility Matrix</i>						
Fiduciary Level	Written Investment Policy	Investment Strategy & Performance	Strategy Within An Asset Class	Manager & Fund Selections	Security Selection	Fiduciary Review
Board of Trustees	INFORMED	INFORMED				INFORMED
CFO	CONSULTS	CONSULTS	CONSULTS	CONSULTS	INFORMED	RECOMMENDS & MONITORS
Investment Committee	Approves	APPROVES & MONITORS	APPROVES	APPROVES	INFORMED	CONDUCTS & APPROVES
Investment Consultant	RECOMMENDS & MONITORS	RECOMMENDS & MONITORS	RECOMMENDS & MONITORS	RECOMMENDS & MONITORS	MONITORS	RECOMMENDS & MONITORS

Individual Managers					APPROVES	
------------------------	--	--	--	--	----------	--

Appendix & Amendments

Conflict of Interest Statement

Multiple Clients

FourThought offers clients a broad range of financial planning and consulting services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities, state or municipal government entities, institutions, family foundations, community foundations, non-profit organizations. Recommendations and advice provided to one client may differ from the recommendation or advice provided to another.

Custody, Brokerage, Clearing Services Provided by Financial Institutions

FourThought recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, “Fidelity”) for investment management accounts. FourThought receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third-party support as further described in our Form ADV, which allows FourThought to better monitor client accounts maintained at Fidelity and otherwise conduct its business.

FourThought receives the support without cost because the firm renders investment management services to clients who maintain assets at Fidelity. Clients should be aware that FourThought’s receipt of economic benefits, such as Support from a broker-dealer, creates a conflict of interest since these benefits will influence the Firm’s choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Fidelity. Fidelity also makes certain research and brokerage services available to the Firm, at no additional charge, including research services obtained by Fidelity directly from independent research companies, as selected by FourThought (within specified parameters). These research and brokerage services are used by the Firm to manage accounts for which it has investment discretion. Without this arrangement, the Firm might be compelled to purchase the same or similar services at its own expense.

For a more complete discussion on Conflicts, please refer to our Form ADV.