East Carolina University Foundation, Inc.
And East Carolina University Endowment Fund

INVESTMENT POLICY
Voted and approved by the Board of Directors on October 29, 2021

I. Introduction

This statement describes the investment objectives and policies that govern the management of the investment assets (the "Portfolio") of the East Carolina University Foundation, Inc., (the "Foundation") and the East Carolina University Endowment Fund (the "Fund"). The Foundation Board of Directors and the ECU Endowment Fund Board (the "Parties") grant the Joint Investment Committee (the "Committee") the discretionary authority to manage the Portfolio assets in a prudent manner consistent with the standards contained herein.

II. Investment Objectives and Constraints

The investment objective is to manage the Portfolio in a manner that will maximize the benefits intended by donors while supporting the missions of the Foundation and the Fund. The portfolio is to be structured in a manner that will generate sufficient long term growth of capital, without undue exposure to risk, and provide sufficient annual income to support sustainable annual spending distributions.

The goal is to achieve an average annual total return (net of fees and expenses) at least equal to (i) the rate of inflation on an annual basis as measured by the Consumer Price Index and (ii) the level of spending and fees adopted by the Foundation and the Fund to support University programs over the long term.

The investment objective is a compromise between the need for current income and the long term growth of assets. The obligations of the Foundation and the Fund are perpetual in nature; therefore, the portfolio should be managed on a long term time horizon. The inevitability of short-term market fluctuations is tolerable to allow for "real" growth of assets. A diversified investment structure, which is identified under the "Asset Allocation" section of this statement, is utilized in order to provide participation in rising markets, while mitigating risk in falling markets.

Laws and Regulations: The management of the Portfolio is governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the North Carolina General Assembly in March 2009.

Tax Considerations: The Foundation and the Fund are exempt from Federal income tax under Section 501 C (3) and under the umbrella of a Government Agency within the Internal Revenue Code. Consequently, tax considerations are not a meaningful constraint for the Portfolio. The potential for unrelated business taxable income (UBTI) should be evaluated when making investment decisions. Although UBTI investments are not restricted, they should be carefully evaluated and monitored to minimize any risk to the exempt status of the Foundation and the Fund.

III. Scope

This Investment Policy Statement is applicable only to those assets over which the Committee has authority.

IV. Standard of Investment Judgment

The enactment of UPMIFA created a new standard of conduct for the management and investing of institutional funds. All persons associated with the management of the investment portfolio must act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Each individual must place the interest of the Foundation and the Fund first. All members of the Committee must provide full and fair disclosure of all material facts regarding potential conflicts of interest.

The following factors must be considered by the investment committee in its deliberations regarding the management and investing of the Portfolio assets:

1. The general economic conditions;
2. The possible effect of inflation or deflation;
3. The expected tax consequences, if any, of investment decisions or strategies;
4. The role that each investment or course of action plays within the overall investment portfolio;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation and Fund;
7. The needs of the Foundation and the Fund to make distributions and preserve capital; and
8. An asset's special relationship or special value, if any, to the charitable purpose of the Foundation and Fund.

All management and investment decisions must be made within the context of the portfolio as a whole and the related strategy concerning risk and return.

The guidelines stated throughout apply to all the holdings of the ECU Foundation and the ECU Endowment Fund. Although the Committee cannot dictate policy to pooled / commingled / mutual funds / ETF investment vehicles, it is the Committee's intent to select and retain only those funds with policies that are similar to that of the Foundation and the ECU Endowment Fund. All managers regardless of vehicle type are expected to achieve all performance objectives and other subjective criteria.

V. Asset Allocation

Deliberate management of the asset mix among classes of investments is the responsibility of the Committee and is required under UPMIFA. A diversified asset allocation mitigates certain risks associated with concentrations of Portfolio investments within a certain economic sector. The Committee's policy shall be to diversify investments within both the equity and fixed income sectors. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

In making asset allocation judgments, the Investment Committee is not expected to seek to "time" subtle changes in financial markets, or to make frequent or minor adjustments. The Committee is expected to develop guidelines for broad allocations on a long-term basis, in light of current and projected investment environments. In general, the Portfolio assets are to be invested 70% in equity and equity-like securities and 30% in fixed income and fixed income substitutes.

To ensure broad diversification among the major categories of investments the following allocation targets are adopted.

Specific Allocations*		
Asset Class	**Target**	**Permissible Range**
Global Equities	62.5%	50 - 75%
Global Fixed Income	17.5%	10 - 35%
Real Assets	7.5%	0 - 20%
Diversifying Strategies	12.5%	0 - 20%
Cash		
	100.0%	
* - See asset class breakdown in Appendix A.		

Securities with tax-exempt features should be avoided as they do not convey benefits given the tax-exempt status of the Foundation and the Fund.

VI. Rebalancing the Portfolio

The Committee, in conjunction with the investment consultant, will monitor the asset allocation structure of the investment pool. If, over time, the actual asset of the allocation of the Portfolio is not in compliance with the targets stipulated by this policy, a plan of action will be developed and implemented. The rebalancing plan may occur immediately or over a reasonable period of time. The plan of action will address the specific circumstances and needs pertaining to the Foundation, the Fund, and the Portfolio at that time. The Committee must approve rebalancing plans prior to implementation.

VII. Time Horizon

Short term market fluctuations are inevitable; therefore, it is the Committee's intention that the stated performance objectives (Section VIII) be achieved over a moving 5 year period, net of fees and expenses. The Committee reserves the right to evaluate and make any necessary changes regarding the Investment Consultant at any time as deemed necessary. See the section on Consultant's Responsibilities.

VIII. Performance Objectives

1. Total Portfolio: The total return (net of fees and expenses) should exceed the Consumer Price Index plus the level of spending and fees adopted by the foundation and board, over a reasonable period of time.

2. Total Portfolio: The total return (net of fees and expenses) should exceed a target Balanced Index over a reasonable period of time. This benchmark is to be constructed using independent components that reflect the target asset allocation.

3. Individual Investments: The total return of each individual investment should exceed the appropriate index for that type of investment, over a reasonable period of time.

IX. Investment Restrictions

Hedge Funds: Investments in hedge funds are limited to the fund of fund category.

Derivatives: Equity and fixed income investment managers shall not utilize derivative securities. Subject to other provisions in this Policy Statement, the use of primary derivatives, including, but not limited to, Structured Notes, lower class tranches of Collateralized Mortgage Obligations (CMOs), Principal Only (PO) or Interest Only (IO) Strips, Inverse Floating Securities, Futures Contracts, options, short sales, margin trading and such other specialized investment activity is prohibited. The portfolio's alternative investment managers may utilize these strategies if the Committee determines the manager utilizes risk analysis procedures designed to identify and minimize any potential negative impact while providing additional diversification options for the Portfolio.

The investment managers are precluded from using derivatives to create a leveraged portfolio structure. If options and futures are specifically approved by the Committee, such positions must be offset, in their entirety, by corresponding cash or securities.

The Investment Committee must explicitly authorize the use of derivative instruments.

X. Risk

Interest Rate Risk: Interest rate risk is the possibility the Portfolio value may be affected by interest rate changes over time. Fixed income investments should have a duration no greater than + / - 40% that of the Barclays Capital Aggregate Bond Index in order to minimize interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Each equity and fixed income investment manager must assure that no position of any one issuer shall exceed 8% of the manager's portfolio at market value, with the exception of securities issued by the U.S. government and its agencies. The aggregate fixed income portfolio must have an overall weighted average credit rating of "A" or better by Moody's and Standard & Poor's rating services. The aggregate fixed income portfolio shall not contain more than 20% of investments rated below investment grade (below Baa/BBB). No more than 60% of the portfolio shall be invested in either corporate or mortgage-backed securities. The committee will monitor the composition of the fixed income portfolio relative to the opportunity set available. The committee understands there may be periods when credit risk is acceptable for the returns expected and as such may choose minor deviations from the guidelines noted above, particularly in the case of investing in public debt funds where the manager's security selection decisions may include a small allocation to below investment grade bonds.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Parties will not be able to recover the value of the Portfolio assets that are in the possession of the outside party. Currently, the Portfolio does not participate in a securities lending program, therefore counterparty risk is not material. With regard to the safety of assets held by the custodian, the Foundation and the Fund retain title to those assets; as such, in the event of the broker/dealer failure, the assets held do not become assets of the broker/dealer and are protected from any counterparty claimants.

Foreign Currency Risk: Currency hedging is at the investment manager's discretion.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to investments in securities of a single issuer. Each equity and fixed income manager must assure that no position of any one issuer shall exceed 8 percent of the manager's portfolio at market value. Investments in securities issued by the U.S. government and its agencies are exempted from the 8% limitation.

XI. Selecting and Evaluating the Consultant

There are no strict guidelines that will govern the selection of the Investment Consultant. The Committee will consider such factors as the age of the firm, its track record, and total assets under management, along with any other factors deemed appropriate by the Committee, in its evaluation of prospective Consultants. The Committee must act with due prudence in the selection of the Consultant. At such time as the appointment of a new Consultant is required the Committee shall solicit requests for proposals from multiple prospective firms. The agreement between the Parties and the Consultant must limit the scope of the Consultant's activities within the parameters of this policy. The Parties delegate the authority to retain and terminate the Consultant to the Committee.

The Investment Committee is to evaluate the Consultant's performance at least biannually. The results of the biannual review will be made available to the consultant.

XII. Consultant's Responsibilities

The Investment Consultant is responsible for assisting the Investment Committee in all aspects of managing and overseeing the Foundation's investment portfolio. The consultant will be responsible for:

1. Meeting or exceeding the investment return goals as set forth in the Investment Objectives section of this policy;
2. Adhering to this investment policy;
3. Making recommendations on asset allocation and investments;
4. Monitoring and evaluating investment and investment manager performance;
5. Selecting and terminating investment managers, upon prior consent of the Committee;
6. Meeting with the Committee quarterly, and with the subcommittee as needed;
7. Providing the Committee with quarterly performance reports and written manager reviews within 45 days following the end of the quarter;
8. Providing the Committee with an annual review of the Investment Policy Statement, including an assessment of the Portfolio's current asset allocation, spending policy, fees, and investment objectives;
9. Supplying the Committee with other reports or information as deemed necessary and reasonable;
10. Ensuring that no investment manager takes any action that might jeopardize the tax-exempt status of the Foundation and/or the Fund; and
11. Developing a plan, in conjunction with the Committee, to rebalance the Portfolio when the actual asset allocation is not in compliance with this policy.

XIII. Investment Subcommittee's Responsibilities

The Committee may appoint members to serve on a subcommittee as necessary. The subcommittee will meet between regularly scheduled quarterly Committee meetings to carry out the following responsibilities:

1. Evaluate investment opportunities recommended by the Consultant and consider changes in the investment policy or asset allocation ranges. The subcommittee's recommendations must be reviewed and approved by the Committee and the Parties as required by this policy; and

2. Approve the Consultant's plans for periodic rebalancing of existing funds and existing managers within approved asset classes. (See XI, 11.) Subcommittee approval to rebalance the portfolio must be communicated to members of the Committee prior to the consultant initiating any transactions.

XIV. Other Policies

Annual Review of Investment Policy: The Committee shall review this policy at least annually to determine if modifications are necessary or desirable. The review will include a discussion of present asset allocations in view of a time horizon of at least 10 years or more. If modifications are deemed necessary, they will be recommended to the ECU Foundation Board of Directors and the University Endowment Fund Board for approval (if Board approval is required). Any changes in asset allocations shall be made over time to minimize the effects of inadvertent market timing and to reduce transaction costs.

Special Investments: The Portfolio may receive special investments such as real estate, partnership interests, limited liability company membership interests, or closely held stock. The acceptance of such special investments will be governed by the Gift Acceptance Policy then in effect. The policy of the Foundation and the Fund is to sell or liquidate such special investments for the best price possible; recognizing that to obtain the best price may require holding special investments for a period of time. The Committee shall review all special investments at each meeting to decide upon future actions related to such instruments.

Planned Gifts: The Foundation or Fund may act as trustee of, or in some other fiduciary capacity be responsible for, the investment of various planned gifts such as charitable remainder trusts, charitable lead trusts, and charitable gift annuities. Where permissible by agreement or law these gifts may be invested as part of the Portfolio or invested elsewhere. The Committee will review the investments of each planned gift for which the Foundation or Fund is a fiduciary at least once a year to determine if the investment strategy for that planned gift is appropriate. Foundation staff will monitor each planned gift and will inform the Committee if, in its opinion, a change is needed between the annual reviews.

Acknowledgement:

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John May
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Chair, Investment Committee — 3/31/2022 | 8:58 AM PDT — Date

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Chair, ECU Endowment Fund Board — 3/31/2022 | 11:55 AM EDT — Date

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Chair, ECU Foundation — 4/1/2022 | 4:49 AM EDT

Date

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Bruce Benjamin
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Fund Evaluation Group, LLC (FEG) — 4/11/2022 | 8:58 AM EDT

Date

Investment Policy
Voted and approved by full board of directors 10.6.17, 10.4.19, 10.29.21

Appendix A

For investment purposes, our targets and permissible ranges are broken down into four broad asset classes. This appendix demonstrates the mix of investments that are comprised in each asset class.

Global Equity	**Global Fixed Income**	**Real Assets**	**Diversifying Strategies**
Domestic stocks	**Public Debt**	**Real Estate**	**Absolute Return (Low-Volatility)**
Large Cap	*Interest Rate Sensitive*	*Public Real Estate*	
Mid Cap	*Credit Sensitive*	*Private Real Estate*	
Small Cap	*Core Bonds*		
International stocks	**Private Debt**	**Natural Resources**	
Developed Markets	*Distressed Debt*	*Energy*	
Emerging Markets	*Mezzanine*	*Timber*	
Frontier Markets		*Commodities*	
Hedged equity			
Long/Short			
Private equity			
Venture Capital			
Buyout			