

# **Brandeis University Endowment Fund**

## **Investment Policy Statement**

### **Introduction**

The Brandeis University Endowment Fund (the “Fund”) has been established to fund scholarships, fellowships, faculty salaries, programs, activities, and facilities designed to promote and advance the mission of Brandeis University (the “University”).

This Investment Policy Statement (“Statement”) is established by the Investment Committee of the Board of Trustees (the “Committee”) for the guidance of the Committee, the Office of Investment Management (the “Investment Office”), the Fund’s investment managers and other fiduciaries in the course of investing the monies of the Fund. This Statement is intended to set forth an appropriate set of goals and objectives for the Fund's assets and to define guidelines within which the investment managers may formulate and execute their investment decisions. The Committee may amend this Statement both upon its own initiative and upon consideration of the advice and recommendations of the Investment Office and its Advisors. It is the policy of the Committee to review these goals and objectives at least once per year. Any substantive changes to the policy require approval by the Board of Trustees. The Investment Office will communicate any material changes to the investment managers.

### **Statement of Goals and Objectives**

The investment goals and objectives for the Fund are as follows:

1. The Fund’s investment objective is to maximize risk-adjusted returns over a long-term horizon. The Fund intends to achieve this objective by investing in multiple asset classes. These asset classes may include traditional assets (global equities and fixed income/cash) and alternative assets (private equity, hedge funds, marketable and private credit, and marketable and private real assets).
2. In order to meet the primary investment goal of the Fund, the average annual net total return over an extended period, after adjusting for inflation, should be sufficient to support a prudent spending rate as determined by the Board and sufficient to maintain the real (inflation-adjusted) value of the spending for the future. In order to have a reasonable probability of achieving the Fund’s primary investment goal at an acceptable risk level, the Committee has adopted a long-term asset allocation policy. The overall capital structure targets and permissible ranges for eligible asset classes are detailed in Appendix I.

The asset allocation will be determined, considering, among other things, the Fund’s spending needs, liquidity and future endowment cash flows, the maximum endowment support available to the operating budget under various negative financial market scenarios, and the University’s financial condition including the amount of its liquid reserves. Also considered will be the expected long-term rates of return, volatility, and correlations among asset classes. The actual asset allocation will be reviewed on a quarterly basis and will be readjusted when an asset class weighting is outside its target range, or at the Committee’s discretion.

3. The total return of the Fund will be evaluated relative to the stated goals and objectives. In doing this, the total return for the Fund, on a net of fee basis, will be compared as follows to:
  - a. Its Allocation Index (the actual asset allocation if passively managed),
  - b. The Fund's Policy Index (as described in Appendix I), and
  - c. Externally derived benchmarks reflecting the performance of similar pools of capital.

**Brandeis University Endowment Fund  
Asset Allocation Policy (revised 3/24/10)**

In order to have a reasonable probability of achieving the Fund's investment goals and objects at an acceptable risk level, the Committee has adopted the long-term asset allocation policy outlined below. The actual asset allocation will be reviewed on a quarterly basis by the Investment Committee. The Committee may intentionally deviate from the long-term asset allocation target from time to time, while remaining within the target range. The actual asset allocation will be readjusted when an asset class weighting is outside its target range.

<b>Asset Class</b>	<b>Target</b>	<b>Target Range</b>	<b>Benchmark</b>
Global Equities	27.5%	20.0-35.0%	MSCI All Country World
Private Equity	7.5%	5.0-12.5%	S&P 500 + 5%
<i>Total Equity</i>	<i>35.0%</i>	<i>25-47.5%</i>	MSCI All Country World & S&P 500 + 5% (weighted based on actual allocations)
Hedge Funds	35.0%	25-40%	
Credit - Marketable	5.0%	0-10%	
Credit - Private	5.0%	0-10%	
<i>Total Hedge Funds/Credit</i>	<i>45.0%</i>	<i>25%-55%</i>	90-day T-Bills + 5%
Real Assets - Marketable	5.0%	2.5-10%	
Real Assets - Private	5.0%	2.5-10%	
<i>Total Real Assets</i>	<i>10.0%</i>	<i>5-17.5%</i>	CPI-U + 5%
Fixed Income/Cash	10.0%	5-25%	Barclays 3-10 Year Treasury

The Fund's Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement. It is useful in separating the impact of investment policy from execution of the investment strategy in evaluating the performance of the Fund's investment program. Two calculations are used in this regard: 1. The Policy Index is calculated by multiplying the index returns at the following weightings: 10% Barclays 3-10 Year Treasury Index, 27.5% MSCI All-Country World Index, , 7.5% S&P 500 + 5%, 45% T-Bills + 5%, and 10% CPI-U + 5%, and 2. the Allocation Index is calculated by multiplying the actual commitment to each asset class/strategy by the above referenced index returns.

## **Proxy Voting**

Responsibility for the exercise of ownership rights through proxy solicitations shall rest solely with the investment managers, who shall exercise this responsibility strictly for the benefit of the Fund. Managers shall report annually to the Investment Office their standing policies with respect to proxy voting, including any changes that have occurred in those policies.

At the request of the Investment Office, investment managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in the Fund's investment program. These reports shall specifically note and explain any instances where proxies were not voted in accordance with standing policy.