



FLORIDA
BOARD *of* GOVERNORS
FOUNDATION

State University System of Florida

**Florida Board of Governors
Foundation, Inc.**

Helios Investment Policy Statement

Updated November 4, 2021

The Florida Board of Governors Foundation, Inc. is a nonprofit, nonsectarian organization formed and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Foundation's purpose is to encourage, solicit, receive and administer gifts and bequests of property for scientific, educational and charitable purposes, all for the advancement of the State University System of Florida.

I. SCOPE OF THIS INVESTMENT POLICY

This investment policy statement has been established by the Florida Board of Governors Foundation, Inc. to govern the investment management of the Helios Education Foundation endowment. The purpose of the endowment is to distribute scholarship funds to the state universities in the State University System to support first generation students. The intent of the Policy is to comply with the requirements of the Florida Uniform Prudent Management of Institutional Funds Act, section 617.2104, Florida Statutes, to ensure prudent management of the assets in order to serve the best interests of students who rely on the distributions from the endowment to assist them with defraying the cost of attaining a postsecondary degree.

II. BOARD MEMBERS' ROLE

- a. The members of the Board of Governors shall be members of the Foundation Board.
- b. The Board shall select a bank or other depositories for the deposit of the funds and securities in the bank or other depositories designated, and to cause said bank or other depositories to pay out said funds and deliver said securities only upon checks, vouchers, or other orders signed by the Treasurer and one additional delegate.
- c. The Board shall project the Foundation's financial needs and communicate those needs to the Investment manager on a timely basis.
- d. The Board shall determine the Foundation's risk tolerance and investment horizon.
- e. The Board shall establish reasonable and consistent investment objectives, polices and guidelines that will direct the investment of the Foundation's assets.
- f. The Board shall prudently and diligently select qualified investment professionals and evaluate their progress towards stated goals.
- g. The Board shall develop and enact proper control procedures: For example, replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines.

- h. The Board shall review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made by affirmation of a majority of the Board.

III. RESPONSIBILITIES OF THE INVESTMENT CONSULTANT

- a. Serve as an advisor to the Board. As such, the Investment Consultant will make recommendations to the Board but will not have discretion to make investment or allocation decisions without their approval;
- b. Assist in the development, implementation, review and monitoring of the IPS and asset allocation guidelines;
- c. Offer advice that is consistent with the investment goals, objectives, polices, guidelines and constraints as established in this IPS;
- d. Initiate annual review of the IPS;
- e. Conduct Investment Manager searches and fee negotiations upon request;
- f. Provide research and analysis on the Investment Managers;
- g. Measure, monitor and evaluate the investment performance and asset allocation of the Investment Assets and distribute the findings to the Board on a quarterly basis.

IV. RESPONSIBILITIES OF THE INVESTMENT MANAGERS

- a. Manage the Investment Assets under its supervision in accordance with the guidelines, goals and objectives outlined in this IPS or, where appropriate, the prospectus, offering memorandum, investment agreement, contract and/or other related documents;
- b. Communicate with the Investment Consultant regarding all significant matters, including but not limited to: changes in its ownership, organizational structure, professional staffing, investment philosophy or investment process and other changes of a substantive nature;
- c. Comply with all applicable laws and regulations as they pertain to the Investment Manager's duties, functions and responsibilities as a Fiduciary in managing the Investment Assets;
- d. Provide statements quarterly, and as otherwise requested, setting forth all account activity and the financial position of the Investment Assets under its supervision;
- e. Vote all proxies and related actions in a manner consistent with the long-term interest of the client;
- f. Provide expanded analyzes and information to the Investment Consultant and/or the Board upon request.

V. INVESTMENT OBJECTIVE

- a. The funds are to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of scholarships for first generation students attending a state university.

- b. For the purpose of making distributions, the Board shall refer to the Endowment Gift Agreement among the Helios Education Foundation and the Board of Governors Foundation, Inc..

VI. INVESTMENT PRINCIPLES

- a. Investments shall be made solely in the interest of the beneficiaries of the endowment.
- b. The endowment funds shall be invested with care, skill, prudence and diligence.
- c. Investment of the endowment funds shall be diversified as to minimize the risk of losses.
- d. The Board acknowledges that there are many ways to define risk. However, the Board defines the primary risk to the Florida Board of Governors Foundation, Inc. as the possibility of not meeting the goals and objectives of the IPS. Other risk measures of importance include but are not limited to: volatility, downside capture, duration, credit, illiquidity, lack of transparency and regulation, and leverage. Understanding that one or more of the secondary risk factors are present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results sufficient to meet the goals and objectives of the Funds. However, the Investment Managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

VII. INVESTMENT POLICIES

- a. Asset Allocation Policy –
 - i. The Board recognizes that the strategic allocation of portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and asset value stability.
 - ii. The Board recognizes that actual returns and return volatility may vary from expectations and return objectives across short periods of time.
 - iii. The investment manager shall make reasonable efforts to preserve the endowment corpus, understanding that losses may occur in individual securities. However, the investment manager shall make reasonable efforts to control risk.

- iv. Endowment fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The equity investments will be to maximize the long-term real growth of portfolio assets, while the fixed income investments will be to generate current income, provide for a stable periodic return, and provide some protection against a prolonged decline in the market value of portfolio equity investments.
 - v. Cash investments, under normal circumstances, will only be considered as temporary portfolio holdings, and will be used for fund liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in either or both of the equity and fixed income asset classes.
- b. Asset Allocation –
- i. Assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines, with a fluctuation of up to 10 percent:

Asset Class	Allocation Range	Target	Peer Group	Index
U.S. Equity				
Large Cap Core	25% - 35%	30%	Large Cap Equity	S&P 500
Small/Mid Blend	10% - 20%	15%	Small/Mid Cap Equity	Russell 2500
Intl. Equity				
Intl Large Growth	10% - 20%	15%	International Equity	MSCI ACWI ex Net
Total Equity	50% - 70%	60%		
Fixed Income				
Intermediate Fixed Income	35% - 45%	40%	Investment Grade Intermediate Fixed	Barclays Intermediate G/C Bond Index
Total Fixed Income	30% - 50%	40%		

c. Re-balancing Among Asset Classes and Allocation of Net Contribution

- i. The Board recognizes that a rigid asset allocation would be both impractical and, to some extent, undesirable under various market conditions. Therefore, the allocation of the Investment Assets may vary from the allocation guidelines under abnormal circumstances without being considered an exception to this investment policy. The Investment Manager may redirect monies from one manager to

another, if necessary, to maintain the target ranges of this policy and provide necessary liquidity.

VIII. SELECTION OF INVESTMENT MANAGER(S)

The Board's selection of an investment manager(s) must be based on due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisers Act of 1940, or a bank or insurance company. The Board will require that each investment manager provide, in writing, an acknowledgment of fiduciary responsibility to the Board.

IX. EVALUATION OF PERFORMANCE

- a. The Board will monitor the investment performance against the portfolio stated investment objectives and as set forth below. Annually, the Board will formally assess the portfolio and the performance of the investments as follows:
 - i. The portfolio's composite investment performance (net of fees) will be judged against the following standards:
 1. Long-term real return objective.
 2. Total return to exceed the performance of a policy index based upon the strategic asset allocation of the endowment fund to various asset classes such as:
 - a. S&P 500
 - b. Russell 3000
 - c. Barclay's Capital U.S. Aggregate Bond Index
 - d. Citigroup 3-month T-bill Index
- b. The performance of professional investment managers hired on behalf of the portfolio will be judged against the following standards:
 - i. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
 - ii. The performance of other investment managers having similar investment objectives.
- c. Investment reports shall be provided by the investment manager on at least a quarterly basis or as more frequently requested by the Board. Each investment manager is expected to be available to meet with the Board at least once per year to review the portfolio structure, strategy, and investment performance.

X. TIME HORIZON

- a. The Florida Board of Governors Foundation, Inc. will review the portfolio and require a full market cycle to allow an Investment Manager to demonstrate their abilities, and will ordinarily make decisions with a focus towards the long-term, generally defined as a three-to-five year time period, and will usually allow for the fulfillment of a full market cycle prior to taking any significant action. Shorter time periods may be used to determine the trend of out-performance or deficiencies.

XI. SPENDING POLICY

- a. Scholarship disbursements from the endowment will be distributed annually during July. The value of the endowment includes: dividends, realized and unrealized gains. The annual distribution from the endowment fund will be set at 6% of the average market value of the previous 3 years' year-end evaluations. The portfolio value is net of investment management fees. This spending plan will be reviewed annually and recommendations for changes shall be considered by the Board. In no event shall the distribution touch the corpus without the consent of the Helios Education Foundation.
- b. No stocks generally considered speculative in nature shall be purchased. In addition, no short sales, hedging, and margin purchases shall be made.

XII. ADOPTION

The Board adopted this Investment Policy Statement on the 19th day of June 2014. This Statement was amended on November 4, 2021 and November 9, 2023.

Brian Lamb~~Syd Kitson~~, Chair

