

# **The Victoria College Foundation, Inc.**

## **Investments**

### **Statement of Philosophy**

#### **Premises of Investment Philosophy**

1. The Victoria College Foundation's portfolio shall be managed with the intention of achieving competitively high rates of return to secure sufficient income and growth over time to meet the requirements of the Foundation, while adhering to a prudent level of risk.
2. The Foundation's portfolio is held in perpetuity; therefore, the investment policy should be geared to long-term growth.
3. Historically, equities have produced the highest total return over longer periods of time, and consequently have been the best inflation hedge. Assuming continued long-term GDP growth in the USA and world economies, this premise should continue to be true.
4. Fixed income securities provide higher income in the short term, reduce portfolio volatility, and may provide incremental additions to capital.

This philosophy will require constant discipline and tolerance of interim market fluctuations.

#### **Investment Philosophy**

1. Invest in strong or growing companies or in companies where their intrinsic present or future value is deemed to be substantially greater than reflected in their current market value.
2. Select professional financial manager(s) with top records over a long period of time. Measure their performance against investment policy, other managers in their peer group, and the standard benchmarks, over at least a full market cycle, generally three to five years.

#### **Administrative Philosophy**

Victoria College Foundation funds should be uniformly managed for investment effectiveness and at a reasonable, competitive cost.

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The primary responsibility of the Executive Committee, as delegated by the Foundation Board of Directors, is to oversee the investment of the endowment portfolios. General responsibilities of the Committee should continue to be:

1. To establish, monitor and refine investment guidelines that do not conflict with the guidelines for management, investment and expenditure of endowed funds as stated in the Uniform Management of Institutional Funds Act (UMIFA).
2. To allocate assets among cash, fixed income and equities in order to achieve the long-term investment goals and objectives of the Foundation.
3. To employ professional investment firms to allocate funds among financial managers, and to monitor their performance, making changes when necessary.

# **The Victoria College Foundation, Inc.**

## **Investment Policy Guidelines**

The purpose of this document is to provide a basis for the Victoria College Foundation to properly discharge its responsibilities with respect to the maintenance and enhancement of investment funds of the Foundation.

The Board of Directors of the Victoria College Foundation, Inc., while delegating responsibility for investment performance to the Executive Committee, believe this responsibility is best exercised by managing the Investment Management function rather than being the Investment Manager. The Executive Committee believes it can best exercise its responsibility by:

1. Establishing the investment philosophy and setting guidelines which will be reviewed by the Foundation Board of Directors at least annually and will be updated and modified as required to recognize current market and economic conditions as well as the current income needs of the Foundation.
2. Selecting qualified independent investment manager(s).
3. Communicating closely with those managers.
4. Monitoring investment results to assure that objectives are being met.

**Philosophy** (See attached Statement of Philosophy)

### **Investment Objectives and Guidelines**

The objective of these investment management guidelines is to ensure the future growth of the endowments sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowments for future generations and to preserve the principal of operating cash and reserves while producing market-level income.

It is intended that investment of Foundation funds will:

- provide current income to the Foundation to support the current goals and objectives of the Foundation.

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- preserve and maintain the principal value of assets as measured in real, inflation-adjusted terms.
- optimize, over the long run, the total rate of return on investible assets, minimizing the level of risk assumed by the Foundation.
- Comply with the guidelines for the management, investment and expenditure of endowed funds as stated in the Uniform Investment of Institutional Funds Act (UMIFA), a copy of which is attached and incorporated herein by reference.

## **Administrative Guidelines**

The Executive Committee shall be responsible for overseeing the investment and reinvestment of Victoria College Foundation’s investment portfolios. Action taken by the Executive Committee shall follow the Investment Policy Guidelines and be reviewed and approved by the Foundation Board of Directors. The Executive Committee shall have the following authority and responsibilities to act on behalf of the Board of Directors in connection with the investment of these funds.

- Establishment of investment policies and objectives.
- Determination of allocation of funds among equity, fixed income, and various other investment alternatives as deemed appropriate.
- Recommendation to the Board of Directors regarding the hiring and termination of relationships with outside investment managers based on their performance.
- Periodic review of each investment manager with regard to performance results, investment activity, and adherence to policy.

## **Allocation Guidelines**

In accordance with its statement of philosophy, the long-term asset allocation for the VC Foundation Endowment is 70% equity and 30% fixed income (with a 10% variance), within the following minimum and maximum ranges around that targeted allocation.

### VC Foundation Endowment

	Target	Minimum	Maximum
Equities	70%	60%	80%
Fixed Income	30%	20%	40%
Cash*	01%	01%	05%

\* At all times, 1% (at a minimum) will be held in cash to meet necessary cash flow.

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## **Spending Guidelines**

It shall be the policy of the Victoria College Foundation to preserve and maintain the real purchasing power of the principal in the Foundation's investment portfolio. Accordingly,

- The current spending policy of the Foundation will be determined annually by the Board of Directors with recommendations submitted by the Executive Committee in accordance with the Endowment Disbursement Procedures and Guidelines.

## **Guidelines for Investment Managers**

The Victoria College Foundation may utilize the services of external investment managers to assist in the management of the Foundation portfolio.

1. The number of managers and the amount of funds under management shall be determined by the Board of Directors upon recommendation of the Executive Committee. They will be selected from strongly established and financially sound organizations that have a proven and demonstrated record in managing funds consistent with the needs of the Foundation.
2. Each manager, acting within established guidelines, will have full discretion regarding the management of the portfolio
3. The portfolio should be comprised of high-quality issues.
4. It is expected that professional management responsible for the investment of these funds shall report not less than semi-annually to the Executive Committee and the Foundation Board of Directors on the performance of the portfolio.
5. The periodic reports to the Foundation should include comparative gross returns for the funds and their respective benchmarks, as well as complete accounting of all transactions involving the Foundation endowment during the quarter, together with a statement of beginning balance, fees, capital appreciation, income and ending balance for each account. Professional investment management is encouraged to report routinely to the Foundation's Executive Director. Additional meetings with the Executive Committee or the Board may be requested.

## **Guidelines for Endowed Assets**

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## **Risk Tolerance and Investment Time Horizon**

The Foundation's endowment assets will have a long-time life span that parallels the life of the institution. As such, these funds can assume a life that extends well beyond a normal market cycle. Therefore, an above average level of risk, as measured by the standard deviation of annual returns, may occur. However, by professional management and a sufficient portfolio diversification there will be lessened volatility in the investments that may help to assure a reasonable consistency of return.

## **Gains and Losses**

It is permissible for the Foundation to realize gains and losses in the investment portfolio if such action would be consistent with the Foundation's investment goals. Gains and losses realized on the Foundation portfolio will be charged or credited against current income.

## **Exceptions to Investment Guidelines**

Modifications and exceptions to these guidelines shall be authorized only by the Board of Directors or as provided herein.

Revised, Accepted and Approved this 13th day November 2023.

Mike Rivet  
President, VC Foundation  
Board of Directors

Bill Gibbens  
Secretary, VC Foundation  
Board of Directors

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