



WEST VIRGINIA UNIVERSITY
RESEARCH CORPORATION

INVESTMENT POLICY

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I. PURPOSE, PHILOSOPHY AND DEFINITION OF TERMS

A. Purpose

1. The purpose for which the West Virginia University Research Corporation ("WVURC") was established is to provide evaluation, development, patenting, licensing, management and marketing services for inventions, processes, trademarks, copyrights or any other intellectual property developed by faculty, staff and students of West Virginia University (the "Institution"). WVURC is charged with the responsibility of serving as fiscal agent for sponsored projects conducted by the faculty, staff and students of West Virginia University. Grants shall be accepted by the WVURC on behalf of the Institution and assigned to WVURC for fiscal management. The WVURC Investment Pool ("Investment Pool") was created to facilitate prudent asset management of available funds to invest in accordance with the West Virginia Code ("WV Code"), Article 6A, Uniform Management of Institutional Funds Act, and to achieve optimal investment performance. In light of this, due regard should be given to the importance of preserving capital and prudent management of risk within the Investment Pool. The provisions, terms and conditions of this Investment Policy govern the WVU Research Corporation Investment Pool.
2. The WVURC Board of Directors has responsibility for the administration, investment, and general oversight of the Investment Pool.
3. This document provides the framework for the investment, investment management, maintenance, and enhancement of the WVURC Investment Pool.
4. It is expected that this policy will be reviewed annually and updated or modified as necessary to reflect changes in the needs of the WVURC as they relates to the Investment Pool.

B. Investment Philosophy

The W V U R C Board of Directors believes that its Investment Pool should be managed in a manner that is consistent with the philosophy of the W V U R C and in accordance with the WV Code. The Board recognizes that in any economy, over an appreciable time period, unsupervised assets will be subjected to an inflationary loss of purchasing power as well as market risk. The Board also recognizes that over the long term, the risk of owning equity, and equity-equivalent, investments has been, and may continue to be, rewarded with a somewhat greater return than that available from fixed income investments. The role of fixed income, and fixed income-equivalent, investments within the Investment Pool is to reduce risk in the overall Investment Pool.

II. RESPONSIBILITIES

A. General Responsibility of the WVURC Board of Directors

The WVURC Board has general responsibility for the management of WVURC business affairs. The WVURC by-laws delegates certain responsibilities to the President of the WVURC (the “ President”). The by-laws authorize the President, in turn, to make such further delegations of authority to others as the President may deem necessary and appropriate for the day to day management of the business affairs of the WVURC.

As such, the President has delegated certain responsibilities to the Investment Pool Investment Committee (“the Investment Committee”), comprised of members of the University Planning Committee and chaired by the Provost.

B. Specific Responsibilities of the Investment Committee

1. Develop and promulgate a sound and consistent portfolio strategy, addressing items such as financial and investment objectives, asset allocation, and general maintenance guidelines; e.g. diversification and quality guidelines;
 - a. Reviewing the written portfolio strategy at least annually.
2. Communicating clearly the major duties and responsibilities of those qualified Agents accountable for achieving investment results and to whom specific responsibilities have been delegated;
3. Monitoring and evaluating results to ensure that the portfolio strategy is being adhered to and that policy objectives are being met;
4. Supervising the Investment Agent and / or taking action directly, under appropriate circumstances, to discharge an investment manager or advisor for failing to perform in terms of stated expectations or to abide by the Investment Policy;
5. Undertaking such work and studies as may be necessary to keep the WVURC

Board adequately informed as to the status of the Investment Pool; and

6. Communicating with the WVURC Board on an annual basis about the portfolio strategy and investment activity.

III. FUNDS

A. Financial Objective

WVURC has established an Investment Pool for the purpose of facilitating prudent asset management to provide a source of investment income from the funds that are set aside for use by the WVURC. Implicit in this objective is the financial goal of preserving capital, while enhancing the Pool's inflation-adjusted purchasing power through investment performance, measured on a total return basis over a market cycle vis-a-vis a Blended Benchmark.

B. Investment Objective

In meeting the financial objective of the Investment Pool, the WVURC seeks to achieve a high level of total investment return consistent with a prudent level of portfolio risk. As such, the investment objective of the Investment Pool is to attain an average annual real total return (net of investment management fees) of at least 3.0% as measured over rolling five-year periods. It is recognized that the real return objective may be difficult to attain in every five-year period, but should be attainable over a series of five-year periods. This objective should be attainable within reasonable risk levels given the purpose and availability of these funds.

The Policy Portfolio allocation provides a reasonable expectation that the Investment Pool's objectives can be achieved based on historic relationships of asset class performance. It represents the Investment Agent's assessment of the optimal asset allocation and expected return. It should not be regarded as a rigid set of rules regarding asset allocation or required rates of return. The Investment Agent will review the structure annually and make adjustments as may be appropriate in light of changing market conditions.