



MARQUETTE **E**
UNIVERSITY

**INVESTMENT POLICY STATEMENT
POOLED ENDOWMENT FUNDS
MARQUETTE UNIVERSITY**

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I. Introduction

The Investment Policy Statement (IPS) sets forth the principles and guidelines for the prudent management of Marquette University's endowment assets. This IPS is established by the Board of Trustees and governs the authorities involved in managing the investments of the endowment fund (collectively, the "Fund").

II. Investment Objective

The Fund's investment objective is to preserve its purchasing power, while providing a continuing and stable funding source to support the overall mission of Marquette University. To accomplish this objective, the Fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the fund and the eroding effects of inflation. It is the intention that any excess return (interest income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the Fund. The Fund will be managed on a total return basis, consistent with the applicable standard of conduct set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the state of Wisconsin in 2009.

III. Liquidity

The Fund has a long-term investment horizon with relatively low liquidity needs. For this reason, the Fund can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the Fund may take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the Chief Investment Officer will conduct ongoing reviews of total fund liquidity and report to Marquette's internal Investment Committee (IC) regularly.

IV. Asset Allocation

To achieve its investment objective, the Fund will allocate among several asset classes with a bias toward equity and equity-like investments. An equity bias is desirable as it provides a viable long-term hedge against inflation and has historically outperformed fixed income over longer periods of time. Other asset classes may be added in an attempt to enhance returns, reduce volatility through diversification, and/or offer a broader investment opportunity set.

The Domestic Equity allocation is intended to provide long-term growth and offer high expected real returns and liquidity. The International Equity segment is intended to enhance return and control risk by reducing the Funds' reliance on domestic financial markets. Private equity may provide even higher return potential by focusing on opportunities in less efficient and more illiquid markets. Diversified hedge strategies are employed to offer market comparable returns with lower expected volatility. Fixed income provides stability and protection in deflationary environments. Real assets provide the portfolio with a diversified hedge against inflation as well as a strong yield component. Lastly, Cash provides short-term liquidity and serves as a funding source

The Fund's long-

In addition to the Fund and asset-

- Marquette will allow private investments in fossil-fuel related strategies to wind down in accordance with the terms of the partnership agreement.
- Marquette will direct investment managers to vote shareholder proxies in favor of carbon-reduction resolutions.

Marquette University understands the global economy transition to sustainable energy from fossil fuels will be a gradual replacement, but without delay, and retains the ability to maintain exposure to fossil fuels on a case-by-case basis where companies are transitioning their business models to incorporate climate solutions.

IX. Roles & Responsibilities

Various parties contribute to the successful management of the Fund. The IC is responsible for implementing the strategic direction, with Board approval, and for overseeing the investment of the assets. The Investment Managers make the day-to-day investment decisions for their portfolio of assets, subject to the guidelines contained herein. The Custodian is responsible for holding and accounting for the Funds investments, while the Consultant serves as a resource to the Chief Investment Officer regarding investment strategy and manager selection and assists in the performance evaluation process (s)-1 (sM(s)-1odi)-2 sucpsif-2 (bu)-10esuauay,(he)4 (pe)4 (r)3 (t)-2 (i)-2 (e)4 (s)-1 (c)4 (oc)4

The Consultant will meet with the Chief Investment Officer at least quarterly to discuss fund performance and other pertinent matters.

Investment Managers

Investment managers retained by Marquette University are expected to comply with the following list of duties and responsibilities. These items will be communicated in writing to all retained managers, along with any specific guidelines or constraints to the investment mandate.

- Promptly inform the Chief Investment Officer in writing regarding all significant and/or material matters and changes pertaining to the investment of Fund assets, including, but not limited to:
 - investment strategy
 - portfolio structure
 - tactical approaches
 - ownership/organizational structure
 - financial condition
 - professional staff
 - guideline changes
 - all SEC and other regulatory agency proceedings affecting the firm
- Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
- Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting, in a like capacity and fully familiar with such matters would use in like activities for like funds with like aims in accordance and compliance with applicable local, state, and federal laws, rules, and regulations, including but not limited to, those pertaining to fiduciary duties and responsibilities.

Custodian

The custodian's role is to receive, hold, manage, and invest, to the extent directed by the Chief Investment Officer, the fund assets. The custodian will make payments from the funds to such persons or organizations as designated in writing by authorized Marquette University personnel. It will keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions and will provide the Chief Investment Officer and the Consultant with a written account of all holdings and transactions on a monthly basis.

X. Use of Derivatives and Leverage

In general, the Fund will **not** make use of derivatives or leverage on a direct basis. However, the Fund may and will likely have exposures through certain investment managers, such as those in the Private Equity, Hedge/Absolute Return, and Real Assets. When prudently used, derivative instruments and strategies can represent an important element of a diversified portfolio. Derivatives offer investment management firms effective alternatives to trading physical securities, provided firms have the technical knowledge of the market factors, the quantitative skills to analyze the securities over a range of scenarios and the ability to determine reasonable valuation before purchasing. Portfolio management agreements or manager guidelines must explicitly authorize the use of derivatives, or clearly state when their use is permitted.

XI. Conflict of Interest

If any member of the IC, staff, or the Consultant shall have, or appear to have, a conflict of interest that impairs or appears to impair the respective member's ability to exercise independent and unbiased judgment in the good faith discharge of his or her duties, he or she shall disclose such conflicts prior to meaningful discussion. All Parties must also comply with any other conflicts of interest policies adopted by Marquette University.

Implementation