

**Pooled Endowment Fund
of the
New Jersey Institute of Technology
and the
Foundation at New Jersey
Institute of Technology**

STATEMENT OF INVESTMENT POLICY

Approved: June 21, 2023

Contents

1. Introduction and Purpose.....	3
2. Roles and Responsibilities	5
3. Spending Policy	9
4. Investment Objectives	10
5. Investment Guidelines	11
6. Review and Evaluation.....	14

1. INTRODUCTION AND PURPOSE

PURPOSE/GOAL OF THE POOLED ENDOWMENT FUND

The goal of the long-term Pooled Endowment Fund of New Jersey Institute of Technology and the Foundation at New Jersey Institute of Technology is to provide funds for annual support of student scholarships and other donor designated purposes. The Board of Trustees of New Jersey Institute of Technology and the Board of Overseers of the Foundation at New Jersey Institute of Technology (collectively “the Boards” or “Boards”) seek to continue to grow the Pooled Endowment Fund through gifts and capital appreciation in order to fulfil its goal. The Boards recognize that the timing of future contributions is expected to vary based on fundraising efforts and economic conditions. The objective of the Investment Strategy is to maintain the purchasing power of the Pooled Endowment Fund Assets.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Boards in order to:

1. Define and assign the responsibilities of all involved parties including the Joint Investment Committee, Investment Consultant, Investment Managers and University personnel
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Pooled Endowment Fund assets.
3. Offer guidance and limitations to all Investment Consultant and Managers regarding the investment of Pooled Endowment Fund assets.
4. Establish a basis for monitoring the investments and evaluating the investment results.
5. Establish the relevant investment horizon for which the Pooled Endowment Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

The investment philosophy of the Joint Investment Committee is to create a management process with sufficient flexibility to capture investment opportunities, yet maintain reasonable parameters to ensure prudence and care in the execution of the investment program.

The Committee seeks a return on investment consistent with levels of investment risk that are prudent and reasonable given medium- to long-term capital market conditions and the investment objectives.

While the Committee recognizes the importance of the preservation of capital, it also recognizes that to achieve the investment objectives requires prudent risk-taking, and that risk is the prerequisite for generating excess investment returns. The Joint Investment Committee is responsible for the management of this risk.

DEFINITIONS

1. The "Pooled Endowment Fund" shall mean the investment pool created primarily from gifts to the university. This excludes funds held in Trust and invested separately by others.
2. The "Joint Investment Committee" shall refer to the committee assigned by the Boards of Trustees of New Jersey Institute of Technology and the Board of Overseers of the Foundation at New Jersey Institute of Technology to provide general oversight of the funds and act on behalf of the Boards within the guidelines of this policy.
3. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Pooled Endowment Fund assets.
4. "Investment Consultant" shall mean any individual or organization employed to provide investment advisory services, including advice on investment objectives and/or asset allocation, manager search and selection. Investment Consultants work with the Finance staff to implement actions approved by the Joint Investment Committee. Investment Consultants also monitor performance and provide historical performance information on the Pooled Endowment Fund.
5. "Securities" shall refer to the marketable investment securities, which are defined as acceptable in this statement.
6. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The Committee understands that there have been historical periods and may be periods where the investment objectives are not met, but that the Foundation is intended to be perpetual, as best practices are to meet the current spending needs of the University and provide intergenerational equity.
7. "Risk" of the portfolio shall refer to the probability of not maintaining purchasing power over the investment horizon of the portfolio.

2. ROLES AND RESPONSIBILITIES

RESPONSIBILITIES OF THE BOARDS

Established in 2002 by the NJIT Board of Trustees and the Board of Overseers, the Joint Investment Committee is charged with making recommendations to the Board of Overseers regarding the investment objectives of the Pooled Endowment Fund. In order to meet these objectives, the Joint Investment Committee also has the responsibility of determining the risk tolerance, and approving the long-term investment strategy of the Pooled Endowment Fund, including the asset allocation guidelines and allowable investments.

DELEGATION OF AUTHORITY

The aforementioned Boards delegate the responsibilities for directing and monitoring the investment management of Pooled Endowment Fund assets to the Joint Investment Committee. The Joint Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. **Investment Consultant.** The investment consultant may assist the Joint Investment Committee in: recommending investment policy, objectives, and guidelines; selecting and terminating investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate/customary for an investment consultant.
2. **Investment Manager.** The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Pooled Endowment Fund's investment objectives as designated for the manager.
3. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Pooled Endowment Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Pooled Endowment Fund accounts.
4. **Additional specialists** such as attorneys, auditors, and others may be employed by the Joint Investment Committee to assist in meeting its responsibilities and obligations to administer Pooled Endowment Fund assets prudently.

The Joint Investment Committee will not reserve any control over day to day security level investment decisions made by investment managers or the investment consultant, with the exception of specific limitations described in these statements. Investment managers and investment consultants will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each party should request modifications which they deem appropriate. Managers will be held accountable through regular review by the Investment Consultant and the Joint Investment Committee. The Joint Investment Committee has delegated the authority over manager selection and termination and asset allocation adjustments within Investment Policy ranges to the investment consultant with the exception of managers in specific asset classes as described in these statements.

All expenses for such experts must be customary and reasonable, and will be borne by the Pooled Endowment Fund as deemed appropriate and necessary.

The Joint Investment Committee is charged with the responsibility for the oversight of the management of the assets of the Pooled Endowment Fund. In accordance with the Uniform Prudent Management of Institutional Funds Act, adopted by the State of New Jersey (NJSA 15:18-29), the Joint Investment Committee shall discharge its duties solely in the interest of the Pooled Endowment Fund, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

Responsibilities of the Joint Investment Committee

1. Projecting the Pooled Endowment Fund's financial needs, and communicating such needs to the Investment Consultant on a timely basis. To facilitate the timing of such needs, the Joint Investment Committee will receive the necessary communication and counsel regarding financial needs such as cash distributions and contributions from NJIT management.
2. Recommending to the Board of Overseers reasonable and consistent investment objectives, investment risk tolerance levels, policies and guidelines, which will direct the investment of the Pooled Endowment Fund's assets. Monitor asset allocation relative to peers.
3. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s) when applicable, Investment Consultant(s), and Custodian(s). The Joint Investment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.
4. Per recommendations of the investment consultant, prudently and diligently approve selecting and/or terminating all Alternatives Investment Managers. Alternatives Investment Managers include all managers in the following asset classes: Private Equity, Directional Hedge Funds, Private Real Estate/Timber, Public Real Assets, Multi-Strategy Hedge Funds, or any other Alternatives Asset Class as determined by the Committee
5. Regularly evaluating the performance of the Investment Manager(s) and Investment Consultants to assure adherence to policy guidelines and monitor investment objective progress.
6. Periodically evaluating the performance and services of the Custodian, and other service providers
7. The Joint Investment Committee will prudently review and adjust, as appropriate, the asset allocation within the parameters set forth in this policy.
8. Review performance of the portfolio vs. the portfolio benchmark and relative to peer universities and/or peer foundation. Review investment manager performance vs. benchmark and peer universes.
9. Submit an annual report to the Board of Overseers.

Responsibilities of the Investment Consultant(s)

The Investment Consultant's role is that of a discretionary advisor to the Pooled Investment Fund for all non-Alternatives asset classes. Investment management and/or advice concerning the investment management of Pooled Endowment Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of investment policies, objectives, and guidelines.
2. Preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Pooled Endowment Fund's objectives.
3. Providing discretionary portfolio management including hiring and/or terminating investment managers for non-Alternatives Asset Classes. Alternatives asset classes include the following: Private Equity, Directional Hedge Funds, Private Real Estate/Timber, Public Real Assets, Multi-Strategy Hedge Funds, or any other Alternatives Asset Class as determined by the Committee.
4. Rebalancing the asset allocation within approved Investment Policy ranges.
5. Conducting investment manager searches on an on-going basis and making recommendations to the Joint Investment Committee in Alternatives Asset Classes.
6. Providing "due diligence", or research, on the Investment Manager(s).
7. Monitoring the performance of the Investment Manager(s) to provide the Joint Investment Committee with the ability to determine the progress toward the investment objectives.
8. Communicating matters of policy, manager research, and manager performance to the Joint Investment Committee.
9. Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Joint Investment Committee.
10. Provide custody and trading services, if applicable.

Responsibilities of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Formal reporting, on at least a quarterly basis of investment performance results.

3. Communicating any major changes to investment strategy, or any other factors which affect implementation of investment process.
4. Informing the Joint Investment Committee regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc. In addition, investment managers will incorporate the following principles:
 - a. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
 - b. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Joint Investment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
 - c. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

The goal of each investment manager, over rolling 3 and 5 year periods, shall be to:

1. Exceed the market index, or blended market index, selected and agreed upon by the Joint Investment Committee that most closely corresponds to the style of investment management, net of fees (The goal of investments in passive investment vehicles such as index funds or ETFs is to closely match return of the market index less their cost).
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of monthly/quarterly returns.

Responsibilities of University Staff

Staff shall assist in the oversight of the Pooled Endowment Fund as needed. This may include maintaining documentation and records of all the investments, preparing minutes of Joint Investment Committee meetings, assisting with audits, etc.

The staff shall prepare quarterly and annual reports for the Committee on the investment program, with the assistance of the Investment Consultant, including

- The achievement of overall performance objectives
- The type and amount of risk taken to achieve those objectives
- Attribution of returns to various investment decisions and risks
- Compliance with policy guidelines, particularly asset allocation policy
- The costs of managing the portfolio assets.
- Review alternative investment managers' valuation process every two years

- Provide information to the NJIT Board of Trustees and the Foundation at NJIT Board of Overseers
- Provide information to the universities external auditors

3. SPENDING POLICY

Distributions, generally not to exceed 5%, from the Pooled Endowment Fund, are calculated annually by management and consists of a percentage of assets multiplied by a rolling average of the quarterly market values for the preceding three fiscal years. The rolling average methodology is utilized to smooth spending throughout different market environments.

The spending limit is established by management and approved by the Board of Trustees as part of the annual budget.

4. INVESTMENT OBJECTIVES

INVESTMENT OBJECTIVES OF THE POOLED ENDOWMENT FUND

The Boards believe that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that the Pooled Endowment Fund is to exist in perpetuity, and therefore, should provide for grant making in perpetuity.

Future giving (contributions) is expected to be inconsistent, and therefore, unpredictable. As a result, the Boards have set an investment objective of maintaining purchasing power of the Pooled Endowment Fund assets after spending, but before consideration of gifts. Based on a spending policy of 5%, this translates into a long-term return goal of inflation + 5% to maintain purchasing power. Accordingly, future giving will serve to increase purchasing power.

GENERAL INVESTMENT PRINCIPLES

1. Investment of the Pooled Endowment Fund shall be diversified to minimize the risk of large losses. The Pooled Endowment Fund shall be diversified among various asset classes / market sectors in order to achieve the desired return with the least possible risk.
2. The Joint Investment Committee may employ one or more investment managers of varying styles and philosophies to attain the Pooled Endowment Fund's objectives. The number of managers will reflect the size of the Pooled Endowment Fund, the asset allocations and cost-benefit of fees versus expected return.
3. Cash is to be employed productively at all times by investment in short term cash equivalents to provide safety, liquidity, and return.

5. INVESTMENT GUIDELINES

Time Horizon

The Fund’s investment objectives are based on a long-term investment horizon (“Time Horizon”) of five years or longer. Interim fluctuations should be viewed with appropriate perspective. The Investment Committee has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Liquidity and Diversification

In general, the Fund may hold some cash, cash equivalent, and/or money market funds for near-term Fund spending needs and expenses (the “Fund Distributions”). Remaining assets will be invested based on the asset weightings below and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Additionally, having carefully examined Environmental, Social, and Governance (“ESG”) investing principles, the Investment Committee has determined that it is consistent with its fiduciary duty and the objectives of the Pooled Endowment Fund to adopt such principles in the investment of portfolio assets. The investment consultant is expected to select investment managers on a “best efforts” basis who will integrate the three ESG factors into their investment analysis and decision-making process to the extent that they are material to investment performance. Additionally, the investment consultant is permitted to utilize investment managers that only partially integrate ESG factors, or in some instances do not integrate ESG factors, if the investment is determined to be the best available option. As with other matters relating to the Pooled Endowment Fund, while incorporating ESG investing principles into the portfolio construction process, the management and investment decisions about an individual asset shall not be made in isolation, but rather in the context of the portfolio’s investments as a whole and as part of the overall investment strategy.

Asset Allocation

The Investment Committee believes that to achieve the greatest likelihood of meeting the Fund’s investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Fund’s target rate of return over the long-term, as described in the section titled “Performance Expectations”.

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Equity Assets		
Domestic Equity	11% - 51%	31%
International Equity	0% - 37%	17%
Other Equity	0% - 20%	0%
Income Assets		

Fixed Income	2% - 42%	22%
-Other Income	0% - 20%	0%
Alternative Assets		
Private Equity	0% - 30%	10%
Private Debt	0% - 30%	10%
Real Assets	0% - 30%	10%
Hedge Funds	0% - 20%	0%
Cash Equivalents	0% - 20%	0%

The above asset class targets will serve as the long-term strategic asset class targets.

The Investment Consultant and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Investment Consultant will rebalance the assets within the specified ranges. The Investment Consultant may also rebalance based on market conditions.

Risk Tolerance

Subject to investment objectives and performance expectations, the Fund will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Direct Investments by Investment Consultant

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

Limitations on Managers’ Portfolios

EQUITIES

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization (“NRSRO”).

ALTERNATIVES

Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, private debt and real assets, when deemed appropriate.

Hedge Funds: Primary objective shall be to enhance the risk-return profile of the overall portfolio. This can be accomplished by using a combination of hedge fund strategies that may enhance returns at a reasonable level of risk or reduce volatility while providing a reasonable level of return. These asset classes may differ from traditional public market asset classes due to the use of certain strategies including short-selling, leverage, and derivatives. Hedge funds may also invest across asset classes. The use of direct hedge funds and fund-of-hedge funds are allowed.

Private Equity: Private equity is less liquid than publicly traded equity securities and can provide returns that are greater than what is available in publicly traded markets. The private equity portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security, and special situation funds. The private equity portfolio is recognized to be long-term in nature and highly illiquid. Due to their higher risk, private equity investments are expected to provide higher returns than publicly traded equity securities.

Private Debt: Private debt is less liquid than publicly trade debt and can provide returns that are greater than what is available in publicly traded markets. The private debt portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, direct lending, distressed debt, multi-asset credit, structured credit, mezzanine debt, real estate debt, and special situations. Due to their higher risk, private debt investments are expected to provide higher long-term returns than publicly traded debt securities.

Real Assets: Real assets are less liquid than publicly traded securities and can provide returns that are greater than what is available in publicly traded markets. The real assets portfolio may include investments that are categorized as tangible or intangible and are defined as any economic resource, other than human capital, that can be used to create value. Categories of real asset investments include, but are not limited to, real estate, land, farmland, timber, infrastructure, and intellectual property. Given the differences in the key attributes of these investments, they can serve as a diversifier for a portfolio by providing a combination of investment income and capital appreciation. For real assets, the illiquid, long-term nature should be considered.

CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

Portfolio Risk Hedging

Portfolio investments designed to hedge various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Fund assets. One example of a hedge vehicle is an exchange traded fund (“ETF”) which takes short positions.

Prohibited Investments

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

6. REVIEW AND EVALUATION

SELECTION OF INVESTMENT MANAGER(S)

The selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Investment Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks based on the percentage of assets in each market sector. Monthly flash reports will be provided within the first five business days of the following month.

Benchmarks for the various market sectors are listed in the addendum to the Investment Policy Statement. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment Consultant intends to evaluate investment managers in the portfolio(s) (excluding certain alternative investments made at the Investment Committee's discretion) to determine the continuity of the manager(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
2. Significant qualitative changes to the investment management organization such as:
 - i. firm ownership change
 - ii. meaningful personnel turnover
 - iii. meaningful deviation in investment strategy
 - iv. substantial change in AUM
 - v. meaningful change in number of securities detrimental to excess return
 - vi. Regulatory issues impacting the firm's operations and/or quality of services
3. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

Additional Operational Guidelines

1. When the maximum (or minimum) in any asset class is reached, the portfolio will be rebalanced back to the preferred mix as soon as is reasonably practical. The cash equivalents will be considered part of the fixed income assets for asset classification purposes.
2. The Investment Committee or Consultant (where delegated) may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this statement. (For example, large cap domestic equity managers may invest a portion of their assets in non-us based global multi-national companies.)
3. The Investment Committee will periodically review these guidelines to determine if the fund is in compliance.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Investment Committee plans to review this investment policy at least annually.