

**USNH Endowment Policy**  
**Investment Objectives, Asset Distribution, and Spending Policy**

**Introduction**

This statement of asset distribution, spending and investment objectives governs the investment of USNH endowment funds. This statement is subject to periodic review and modification by the Finance Committee for Investments as specified in state law RSA 187-A:17. State law also provides guidance for the "Uniform Management of Institutional Funds" in RSA 292-B. Copies of these state laws are attached.

**Investment Objectives.**

The Finance Committee for Investments seeks long term market growth and earnings such that the endowment funds can operate in perpetuity. For example, a fund the income from which provides for one in-state tuition scholarship today will be expected to provide the same level of support in the future. This contemplates increased tuition levels in an industry in which costs tend to increase at levels slightly higher than the consumer price index. This increased level could be assumed to be 2% above the CPI.

The Committee has a moderate tolerance for risk, recognizing that risk and return are related, and believes in general that risk is reduced through investment diversification. The Committee also recognizes that prudent investment is important for the long term success of USNH and its component institutions and that excessive risk is not tolerable.

The investment goal is to exceed the respective indices for components of the portfolio.

Investment results are compared to stated indices on a quarterly basis. Meetings of the investment consultant with the Committee are held at several of its meetings each year. Throughout the year managers are invited to meet with members of the Treasurer's Office and the Investment Committee.

**Endowment Investment Management.**

Investment management responsibility is with and through the USNH Treasurer at the direction of the Finance Committee for Investments. An investment consultant may be engaged to assist with the investment process and to make recommendations to the Committee. Assets are held and managed by external firms.

**Asset Distribution.**

USNH's target asset distribution (modified in October of 2003) is 15% in Domestic Large Cap, 15% in Domestic Mid Cap, 10% in Domestic Small Cap, 15% in International Equity, 5% in Real Estate, 20% in Fixed Income and 20% in Alternative Investments.

**Spending Policy.**

The range of allowable annual spending is set by the Investment Committee. The spending, both for purpose and for development costs, varies by campus and is approved each year by the Financial Affairs Committee. The allowable ranges are: (1) for purposes specified by donors, from 4.5% to 5% of the 12 quarter moving average of the market value of the endowment, net of investment fees, and (2) for support of an approved development effort budget, not more than

2.5% of that moving average. The combined payments may not exceed 7%, and may exceed 5.5% only in support of a major fundraising campaign approved by the Financial Affairs Committee.

*While the Committee has approved exceptions outside the above policy parameters in recent years, the formal spending policy remains in place until a new policy can be adopted in conjunction with the UNH Foundation.*

