



UNIVERSITY OF GUAM  
UNIBETSEDAT GUAHAN  
Board of Regents

Resolution No. 25-08

**RELATIVE TO ADOPTING THE INVESTMENT POLICY STATEMENT FOR THE  
CONSERVATIVELY MANAGED PORTFOLIO**

**WHEREAS**, the University of Guam (UOG) is the primary U.S. Land Grant and Sea Grant institution accredited by the Western Association of Schools and Colleges Senior College and University Commission serving the post-secondary needs of the people of Guam and the Western Pacific region;

**WHEREAS**, the governance and well-being of UOG is vested in the Board of Regents (BOR);

**WHEREAS**, the BOR has established an Investment Committee to monitor investments of the University, including the Internal Endowment Fund;

**WHEREAS**, recently, the Investment Committee requested that some “rainy day” cash reserves being held by the University be accumulated and placed in a Conservatively Managed Portfolio;

**WHEREAS**, the University established the Conservatively Managed Portfolio fund;

**WHEREAS**, UOG's Investment Advisor, Raymond James & Associates, has recommended that a separate Investment Policy Statement be adopted for the Conservatively Managed Portfolio; and

**WHEREAS**, the President and the Investment Committee recommend the new IPS for the Conservatively Managed Portfolio be adopted by the BOR;

**NOW, THEREFORE BE IT RESOLVED**, that the BOR hereby adopts the Investment Policy Statement for the Conservatively Managed Portfolio.

Adopted this 24th day of April, 2025

**ATTESTED:**

Anita Borja Enriquez, D.B.A., Executive Secretary

  
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Lesley-Anne Leon Guerrero, Chairperson



**The University of Guam  
UNIBETSEDÅT GUAHAN  
Conservatively Managed Portfolio**

**Investment Policy Statement**

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**EXECUTIVE SUMMARY**

Name of Fund: University of Guam Conservatively Managed Portfolio

Current Market Value: \$4.7 Million (as of December 2024)

Planning Time Horizon: 5-10 years

Expected Return: Nominal rate of 4.12% gross of fees

Asset Allocation: The Fund employs the Raymond James Freedom ETF Model Portfolios Platform for selection of the most appropriate asset allocation. The University of Guam selected the Freedom ETF Conservative Strategy as most appropriate.

## **I. STATEMENT OF PURPOSE**

The purpose of this Investment Policy Statement (“IPS”) is to assist the Board of Regents (“Regents”) of the University of Guam (“University” or “UOG”), and its Investment Committee (“Committee”), in effectively supervising, monitoring and evaluating the investment of the University of Guam Conservatively Managed Portfolio (“Fund”) assets. The Fund’s investment program is defined in the various sections of the IPS by:

- Stating in a written document the Regents’ attitudes, expectations, objectives, and guidelines in the investment of all Fund assets
- Setting forth an investment structure for managing all Fund assets. This structure includes various asset classes, investment management styles, asset allocation, and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for each investment portfolio that controls the level of overall risk and liquidity assumed in that portfolio so that all Fund assets are managed in accordance with stated objectives
- Encouraging effective communications between the Regents, the Committee, the registered investment adviser (“RIA”), and the investment managers (“Investment Managers”)
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis
- Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.

This IPS has been arrived at upon consideration by the Regents of the financial implications of a wide range of policies, and describes the prudent investment process that the Regents deem appropriate.

## II. BACKGROUND

The University of Guam was established by Public Law 13-194, The Higher Education Act of 1976, as a non-membership, non-profit, public corporation under a Board of Regents appointed by the Governor with the advice and consent of the Guam Legislature. The University is a public, open-admissions, four-year land grant institution on the island of Guam in the Marianas Islands.

The University has a General Fund maintained at a local bank which it uses for day-to-day operations. The University has an Internal Endowment containing mostly restricted funds which is managed by a local investment manager. The University has additional funds in reserve in the event of a significant disruption in operations. The University of Guam Investment Committee desires that these funds be provided to an investment manager to place in a conservatively managed portfolio to determine if the University can improve the return it is receiving on the funds. The funds are reserve liquidity for the University and may need to be drawn upon from time to time. The University may need to withdraw up to \$2 million at any time.

### Key Information

<i>Fund Name:</i>	University of Guam Conservatively Managed Portfolio
<i>Fund Sponsor:</i>	University of Guam
<i>Oversight:</i>	The President has delegated administrative responsibility for the University's investments to the Vice President for Administration and Finance (VPAF). The Investment Committee, Board of Regents, University of Guam, has oversight. The voting members of the Investment Committee are the Board of Regents' Chair and three additional Regent members, one of which will be elected Chair of the Committee. Ex Officio members of the Investment Committee include the University President, VPAF, and Comptroller.
<i>Registered Investment Adviser:</i>	Raymond James & Associates, Inc.

### **III. STATEMENT OF OBJECTIVES**

The objectives of the Fund have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

- To attain an expected rate of return gross of fees as stated per fund in the executive summary annual rate of return or a rate of return at least four percent over the rate of inflation over a market cycle, whichever is greater. It is expected that this objective will be met within the levels of economic risk that a prudent man would take under various economic conditions. This objective may be modified periodically in light of changing rates of inflation.
- It is acknowledged that the rate of return outlined above may not be achieved each and every year. It is the goal of the Fund to meet this objective over a complete market cycle.
- To control costs of administering the Fund and managing the investments.
- Maintain a fund that will assist in defraying the operational expenses and other special needs of GALC. The fund will be allocated to maximize return within reasonable and prudent levels of risk in order to minimize the dependency upon contributions. It will be used to control costs of administering the Fund and managing the investments.

### **IV. SPENDING POLICY**

The Funds are reserve liquidity and may need to be drawn upon from time to time. The University may need to withdraw up to \$2 million at any time. The University believes it would be able to provide a 90-day notice for withdraw of 50% of the fund balance and 180 days' notice for withdrawal the remaining fund balance. The President will review this policy annually to determine if modification is needed.

### **V. SUSTAINABLE, RESPONSIBLE & IMPACT INVESTING POLICY**

University of Guam is a recognized leader in the educational community. UOG has also been recognized for its financial stability and good governance, and has therefore amplified its international leadership and emphasized the importance of regional and global partnerships.

The Fund demonstrates its concern for preservation of the environment and other social causes through its programs and activities. However, no specific constraint in regard to social causes is to be placed on its investment portfolio at this time. Constraints can be added in the future as deemed advisable by the President and should be reconsidered/reaffirmed annually.

### **VI. GUIDELINES AND INVESTMENT POLICY**

#### **Time Horizon**

Investment guidelines are based upon an investment horizon of 10 years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the Fund's strategic asset allocation is based on this long-term perspective.

## **Risk Tolerances**

The Regents recognize the difficulty of achieving the Fund's investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Regents also recognize that some risk must be assumed to achieve the Fund's long-term investment objectives. However, it is the intent to monitor the risk being assumed by each individual Investment Manager and by the Fund as a whole. To that end, risk will be evaluated by:

- Over a market cycle, risk associated with any Investment Managers portfolio, as measured by the variability of quarterly returns (standard deviation) must not exceed that of the Investment Manager's respective performance benchmark, without a commensurate increase in return.
- Over a market cycle, risk associated with the total Fund, as measured by the variability of quarterly returns (standard deviation) must not exceed that of the blend of indices representing the strategic asset allocation of the Fund, without a commensurate increase in return.
- During market cycles the risk measures, as indicated herein, will be reviewed periodically by the Committee.

## **Performance Expectations**

The investment objective is a long-term nominal rate of return on assets that is at least equal to an expected rate of return gross of fees as stated per fund in the executive summary. This target rate of return for the Fund has been modeled by the RIA based upon the assumption that future real returns will approximate the long-run rates of return experienced for each asset class in the IPS. However, the President, VPAF, Investment Committee, and Board of Regents realizes that market performance varies and that an expected rate of return gross of fees as stated per fund in the executive summary target nominal rate of return may not be meaningful during some periods.

The investment objective of the Fund is to strive for positive real rates of return (note: the U.S. Consumer Price Index - Urban (CPI) will be used when determining the real rate of return).

It is acknowledged that the target rate of return may not be achievable each and every year. The Fund's objective is to meet the target rate of return over a complete market cycle.

## **Asset Allocation Constraints**

The Committee believes that the Fund's risk and liquidity posture are, in large part, a function of asset class mix. The Committee has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards inherent in the marketplace.

The Raymond James Asset Managed Strategy Platform was employed to select the most appropriate asset allocation, with the strategy selected being the Conservative ETF Strategy reflected in Appendix B.

### **Re-balancing of Strategic Allocation**

The percentage allocation to each broad-asset class will vary depending on the Freedom Manager's discretion but remain within the overall expected risk tolerance determined by the VPAF. The manager will use an advanced optimization process which is designed to find an asset allocation intended to maximize return potential the chosen risk level. The portfolio strategy is developed to reduce the overall risk of the chosen portfolio while remaining in alignment with the overall risk tolerance.

### **Ethics Guidelines**

The Regents, Committee and University employees are subject to the standards found in the University's Procurement Regulations, Chapter 11, Ethics in Public Contracting, in the performance of their duties under the Investment Policy Statement.

The Regents, Committee, University employees and RIA must avoid conflicts of interest and should be sensitive to even the appearance of a conflict. A conflict of interest occurs when outside activities or personal interests interfere, or appear to interfere, with the ability to objectively perform a job or act in the best interests of the University.

All financial, business and other activities must be lawful and free of conflicts or even the appearance of a conflict with the responsibilities to the University. If there are potential conflicts of interest or even if there is a possibility that a conflict may exist or appear to exist, it should be disclosed to the Committee in writing. All fiduciaries will annually acknowledge the University's ethics policies and agree to disclose any potential conflicts of interest accordingly.

## **VII. INVESTMENT SELECTION**

Selection of investment funds are completed by the AMS Research team that adheres to a disciplined, four-step investment process that is designed to ensure that the investor receives a portfolio carefully tailored to meet their objective. The first step is to develop a forward-looking risk, return and correlation assumption for each of the different asset classes. The second step is to build an efficient allocation form the selected asset classes. The third step is used to construct the portfolio by selecting high quality investment solutions that have consistently compensated investors for the risk taken in their portfolio.

The last step is to continuously monitor every element of the process to ensure that we are providing a sophisticated program that works towards reaching the goal of the investment portfolio, or investment adviser as defined by the Investment Advisers Act of 1940.

## **VIII. SELECTION OF REGISTERED INVESTMENT ADVISER**

The Committee will select an appropriate, registered investment management consulting firm as a Registered Investment Adviser ("RIA") to assist in the prudent investment and monitoring of the Fund. The RIA selected will execute a written contract with the University. The RIA must meet the following minimum criteria:

- The RIA must be a Registered Investment Adviser (RIA) registered with the Securities Exchange Commission.

- Consultants must be recognized as expert in Investment Management Consulting, with an emphasis in institutional/endowment funds and must be able to provide unbiased fiduciary and financial advice.
- Consultants must demonstrate experience in the breadth and depth of their professional staff. The specific individual providing advice to the Fund must provide evidence of specialized training in the field of Investment Management Consulting, such as the Certified Investment Management Analyst (CIMA) designation, or its equivalent.
- The specific individual providing advice to the Fund shall not have any awards or judgments against him or her either by the Securities Exchange Commission (SEC) or Financial Industry Regulatory Authority (FINRA).
- RIA must maintain its own independent investment manager database and have its own investment manager due diligence capabilities, as well as its own investment performance monitoring system to ensure quality and accuracy of data and which tasks should not have to be either subcontracted out or purchased from third party vendors.

The University's relationship with the RIA will be subject to ongoing and annual review, benchmarked against the criteria set forth in the IPS. The term of the relationship will be at the discretion of the Committee, as they deem necessary. It is noted that having fixed or arbitrary time frames may lead to RIA behavior that is not necessarily driven by the best interests of the University.

#### **IX. SELECTION OF SECURITIES CUSTODIAN**

The Committee with RIA advice will select an appropriate securities custodian ("Custodian") to safe keep Fund assets and to provide timely reporting of assets and activity. The Custodian must meet the following minimum criteria:

- Must be a U.S. financial institution regulated by the Federal Reserve, a state banking authority, the Comptroller of the Currency or the appropriate equivalent, depending upon the nature of the given institution.
- Must have a minimum net worth in excess of \$1 billion.
- Must have direct access to the Depository Trust Company I.D. System.
- Must have at least 10 years experience as a custodian of similar funds.
- Must have at least \$1 billion in custodial assets.
- Must offer electronic access to account information, to include statements.

#### **X. CONTROL PROCEDURES**

##### **Duties and Responsibilities of the Investment Managers**

The duties and responsibilities of each Investment Manager retained include:

- Exercising investment discretion over the Fund assets under its care and control in accordance with the IPS objectives and guidelines set forth herein.

- 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 all applicable laws, rules and regulations from local, state and federal entities as it pertains to fiduciary duties and responsibilities.

### **Duties and Responsibilities of the Registered Investment Adviser**

The duties and responsibilities of the RIA retained by the Committee include, but are not limited to, the following:

- Assist in with the development of investment strategies for Fund's assets
- Analyze existing investments
- Assist in the IPS development/ongoing review
- Provide educational forms, as requested
- Provide quarterly on-site reviews
- Assist with special projects.

### **Duties and Responsibilities of the Securities Custodian**

The duties and responsibilities of the Custodian include, but are not limited to, the following:

- Keep safe assets entrusted to the care of the Custodian;
- Collect, and credit, on a timely basis, all income due to the Fund;
- Provide on a timely basis, monthly accounting statements for all Fund accounts;
- Provide electronic access to all account information, including activity and statements.

### **Performance Objectives**

Investment performance will be reviewed at least quarterly to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

### **Monitoring of the Freedom Portfolio**

On a timely basis, but not less than once a year at the end of each fiscal year, the Committee will meet concerning:

- Investment Portfolio's adherence to the IPS guidelines and applicable laws
- Material changes in the Investment Portfolio's organization or investment philosophy
- Investment Portfolio performance relative to the established performance benchmarks; and,
- Fees paid.

### **Monitoring of the Registered Investment Adviser**

On a timely basis, but not less than four times a year, the Committee will meet concerning:

- RIA's adherence to the IPS guidelines and applicable laws
- RIAs continuing qualifications per IPS requirements
- Material changes in the RIA's organization and/or personnel
- Timeliness, completeness and accuracy of reporting
- Review of RIA's advice provided
- Quality of educational programs, quarterly reviews and special projects, if any.

The appropriate performance benchmarks are detailed under each Investment Manager's specific objectives and guidelines as presented in Appendix B.

#### *Performance Measurement Periods*

The measurement period for complete evaluation will be cumulative annual periods and complete market cycles. Market cycles will be loosely defined as periods of at least two consecutive quarters of rising stock prices/interest rates or two consecutive quarters of declining stock prices/interest rates.

Quarterly performance will be evaluated to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on *peer*-performance comparisons with investment managers employing similar styles.

The Committee will utilize the services of the RIA to assist in their evaluation and complete performance measurement duties.

The performance of the Fund's Investment Managers will be monitored on an ongoing basis and it is at the Committee's discretion to take corrective action by placing an Investment Manager on a "Watch List", or terminating an Investment Manager, if they deem it appropriate at any time.

### **Fiduciary Process**

As the University's investment decisions are committee-directed, five generally recognized requirements present in generally accepted fiduciary guidance will be followed:

- Investment decisions must be delegated to a "prudent expert(s)" (registered investment adviser [including mutual funds], bank or insurance company).
- The Committee must demonstrate that the prudent expert(s) was selected by following a due diligence process.
- The prudent expert(s) must be given discretion over the assets.
- The prudent expert(s) must acknowledge their co-fiduciary status in writing (mutual funds are exempted from this requirement – the prospectus is deemed to serve as the fund's fiduciary acknowledgement).

- The Investment Committee must monitor the activities of the prudent expert(s) to ensure that the expert(s) is properly performing the agreed upon tasks using the agreed upon criteria.

**Monitoring of Fiduciary Responsibilities and Prudent Practices**

On a timely basis, but not less than once a year, the Committee will meet to address:

- Appropriate policies and procedures are in place to address all fiduciary obligations;
- Policies and procedures are effectively implemented and maintained
- The IPS is up-to-date.

The Committee will utilize the services of an AIF® certified consultant to assist in their evaluation. This role will fall to the Vice President for Administration and Finance when so qualified. The consultant shall not be an employee of a financial services provider to the University.

**University of Guam Investment Policy Statement - Appendix A**

**Acknowledgement of the Investment Policy Statement**

Receipt of University of Guam Conservatively Managed Portfolio Investment Policy Statement is hereby acknowledged by the below University of Guam Conservatively Managed Portfolio Committee members:

_____ Signature	_____ Signature
_____ Printed Name/ Title	_____ Printed Name/ Title
_____ Date	_____ Date
_____ Signature	_____ Signature
_____ Printed Name/ Title	_____ Printed Name/ Title
_____ Date	_____ Date
_____ Signature	_____ Signature
_____ Printed Name/ Title	_____ Printed Name/ Title
_____ Date	_____ Date

**University of Guam Investment Policy Statement - Appendix B**

**Asset Allocation Review**

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The University of Guam Conservatively Managed Portfolio employs the Raymond James Freedom ETF Model Portfolios Platform for selection of the most appropriate asset allocation. The Board of Directors and Committee has selected the Freedom ETF Conservative Strategy as most appropriate. Please note the Freedom allocations are strategic in nature and may change over time. Attached is the Freedom Fact sheet as of December 31, 2022.