The National Association for Kinesiology in Higher Education (NAKHE)
Investment Policy Statement

I. Statement of Purpose

The mission of the National Association for Kinesiology in Higher Education (NAKHE) is to foster leadership in kinesiology administration and policy related to teaching, scholarship and service in higher education.

The portfolios listed in section three were created to provide financial support to the National Association for Kinesiology in Higher Education (the “Institution”). The purpose of this Investment Policy Statement (the “Policy”) is to establish guidelines for the Fund’s investment portfolio (the “Portfolio”). The Policy also incorporates accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the contributions of any Investment Advisor(s) hired on behalf of the Fund and its beneficiaries.

II. Roles and Responsibilities

Role of the Foundations Committee (the “Committee”): The Committee is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to the Board of the Institution for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

The Committee’s primary responsibilities are as follows:

- Ensure the management and disbursement of the Fund’s assets are consistent with the mission of the Institution.
- Formulate investment policies for the Portfolio that are consistent with the Institution’s anticipated financial needs and in consideration of the Institution’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
- Retain, evaluate, and replace, if necessary, the Investment Advisor and/or Investment Manager(s).
- Review performance and fees, at least annually.
- Review this Investment Policy Statement at least twice per year.

Role of the Investment Advisor: The Investment Advisor exercises investment discretion over the Portfolio within the guidelines established by this Investment Policy Statement, including the selection of holdings and the implementation of the purchase and sale of those holdings. The Investment Advisor's primary responsibilities are as follows:

- Act in a co-fiduciary capacity in managing the assets.
- Adhere to the Investment Policy Statement.
- Present quarterly reports including portfolio activity, valuations at market, strategy updates and investment performance versus appropriate benchmarks.

III. Investment Objective and Spending Policy

Operating Fund

The Operating Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The Board will be responsible for approving distributions from the Operating Fund as it sees fit to further the mission of the organization. The Board will review its spending needs annually for the purpose of determining whether any changes to investment objective or asset allocation are needed.

General Donations Fund

The General Donations Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The Board will be responsible for approving distributions from the General Donations Fund as it sees fit to further the mission of the organization. The Board will review its spending needs annually for the purpose of determining whether any changes to investment objective or asset allocation are needed.

Lecture Fund

The Lecture Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The Board will be responsible for approving distributions from the Lecture Fund as it sees fit to further the mission of the organization. The Board will review its spending needs annually for the purpose of determining whether any changes to investment objective or asset allocation are needed.

Legal Fund

The Legal Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The Board will be responsible for approving distributions from the Legal Fund as it sees fit to further the mission of the organization. The Board will review its spending needs annually for the purpose of determining whether any changes to investment objective or asset allocation are needed.

Diversity Fund
The Diversity Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The Board will be responsible for approving distributions from the Diversity Fund as it sees fit to further the mission of the organization. The Board will review its spending needs annually for the purpose of determining whether any changes to investment objective or asset allocation are needed.

IV. Portfolio Asset Allocation Policy and Guidelines

The Committee recognizes that the strategic allocation of the Funds assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and portfolio asset value stability.

The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolios asset allocation, it expects to do so only in the event of material changes to the Institution's needs and objectives, to the assumptions underlying the Portfolio's spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

The assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of the portfolio's equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income and provide for more stable periodic returns against a prolonged decline in the market value of portfolio equity investments.

Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Funds long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Asset Classes	Lower Limit	Strategic Allocation Target	Upper Limit	Benchmark
Cash and Equivalents	0	0	10	90 Day T-Bill Index
Fixed Income	40	50	60	Bloomberg Aggregate Index
Equities	40	50	60	MSCI All Country World Index

V. Diversification Policy:

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

With the exception of fixed income investments explicitly guaranteed by the U.S. government, ETFs and mutual funds, no single investment security shall represent more than 5% of the Portfolio's total assets (at time of purchase).

VI. Rebalancing Policy:

It is expected that the Portfolio's actual asset allocation will vary from its strategic allocation target as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be rebalanced to its strategic allocation targets using the following procedures:

- The Investment Advisor will rebalance using incoming cash flows (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.
- The Investment Advisor may rebalance when asset allocations deviate from target allocations, including following large shifts in market performance that cause the allocations to shift from target.

VII. Prohibited Security Policy:

The selection of specific investment vehicles (stocks, bonds, other marketable securities) should be made with consideration of the objectives of the Fund.

Prohibited Assets:

- Private placement securities
- Closely held business interests
- Real or personal property
- Unlisted stock or other securities
- Options

Prohibited Transactions:

- Short selling
- Margin transactions
- Private loans

VIII. Performance Measurement and Review:

The Portfolio's total investment performance will be measured against investment return goals over a full market cycle. Individual strategies within the Portfolio will be measured against the benchmarks listed in the Asset Allocation Guidelines. Performance shall be monitored and reported by the Investment Advisor quarterly. The Committee shall evaluate the Portfolio and comparative benchmarks over a full market cycle to see if a change in the asset allocation is warranted to meet the investment goals.

IX. Socially Responsible Investing

Our policy is to invest in opportunities that are consistent with the mission of our organization and the individuals we serve. When there are appropriate options, we will look to invest in companies and investment vehicles that follow socially responsible investment principles.

X. Investment Policy Statement Review

To assure continued relevance of the purpose and guidelines of the Fund and of capital market expectations as established in this Investment Policy Statement, the Committee should review this Policy semiannually. If any material changes occur that impact the Institution or its Fund, a review of the Policy should be conducted promptly.

This Investment Policy Statement was adopted on 15 July 2023, by National Association for Kinesiology in Higher Education.