

EGERTON UNIVERSITY

INVESTMENT POLICY STATEMENT 2013

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Introduction

This policy statement provides a framework for the management of the assets of

and reports any recommended changes in the investment policy to the Board

A. Duties of the Board of Trustees

The Board is charged with the following powers and responsibilities:

- (I) Formulation of overall investment policy and strategy framework;
- (ii) Determination of long-term policies for risk tolerance and asset mix;
- (iii) Determination of the permissible assets;
- (iv) Approving principles for asset class selection;
- (v) Approving principles for asset class selection;
- (v) Approving principles for credit risk management;
- (vi) Setting of performance evaluation standards/benchmark and deviation limits;
- (vii) Selection and review and revision of this Investment Policy Statement.

B. Duties of the Investment Committee

- (i) Establish investment objectives for the Endowment Fund.
- (ii) Set asset allocation and managerial structure policies for the investments.
- (iii) Establish and continue to update the investment policy,

and report the recommended changes

A. Investment objective

For the long-term, the primary investment objective for the Endowment Fund is to earn a total return (net of portfolio management fees), within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the Endowment's assets and support the defined spending policy.

B. Asset Allocation

To achieve its investment objective to the extent provided by the law, the Endowment's assets will be allocated among five asset classes. The asset classes are interest bearing classes, money markets, quoted markets, offshore and property. The purpose of allocating assets to these asset classes is to ensure the proper level; of diversification within the Endowment Fund.

The recommended strategic asset allocation is:

Asset Classes	Target allocation	Range
Interest Bearing Assets	50%	30%-60%
Money Markets	15%	rs35.7962 0.0000e7

C. Asset Allocation Review and Rebalancing Procedure

- (i) The Investment Committee will review the strategic allocation in the five asset classes, as well as the allocation to various styles of managers within these asset classes, at least annually.
- (ii) Cash flows into and out of the portfolio (i.e., new gifts and spending) shall be allocated to the investment manager each month in a manner that will rebalance the portfolio consistent with asset allocation policies. Rebalancing the portfolio by means a liquidating assets managed by investment manager will be the exception, and only done, when recommended by the Trustees. Assets allocation and performance reports will be provided to the committee on a quarterly basis.

D. Performance Measurement, Monitoring, and Evaluation

- (i) Performance (net of fees) will be calculated on a quarterly basis by the Investment Manager.
- (ii) In addition to reporting time-weighted total returns for the Manager and the Pool, a comparison is made with relevant market benchmarks as well as the composite returns for other Manager with similar philosophies to the Manager investing for the Fund. The Manager should add value above these benchmarks. Reports will include historical data in order to evaluate short-term results against longer-term strategies.

E. Guidelines for Corrective Action

Corrective action should be taken as a result of an ongoing

the committee may engage a Consultant to provide insight regarding the appropriate length of time. The manager's performance will be viewed in the light of the firm's particular style and approach, keeping in mind at all times the Fund's diversification strategy and, as well as, other organizational and relationship issues.

- (v) Investment Managers may be replaced at any time as part of the overall restructuring of the Endowment Fund.
- (vi) Other events or circumstances that are deemed to be in the best interest of the University.

F. Endowment Spending Policy.

In this policy 60% of the annual net return, will be available for University use and 40% be invested in the fund.

G. Custodian and Depository Activities

The custodian and depository activities of the Fund, including agreements with any banks

who makes the investment decision.

- (ii) A brief summary of the overall objectives and strategy.
- (ii) A brief explanation of the risk profile of the Fund.
- (iii) A summary of the characteristics of the investment portfolio, and should include an explanation of possible negative returns over the short term and the rationale thereof.

Signatories:

This document represents the Investment Policy Statement of Egerton University Endowment Fund (Fund)

1. Signature:

Name:

Chairman_____ Date_____

2. Signature:

Name:

Member:_____ Date_____

3. Signature:

Name:

Member:_____ Date_____

4. Signature:

Name:

Member:_____ Date_____

5. Signature:

Name:

Member:_____ Date_____

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