

The Investment Policy Statement of the Bloomsburg Investment Group

I. Introduction

- A. The Bloomsburg Investment Group (hereafter referred to as "BIG") was created to provide students with an educational experience in the principles and techniques of equity analysis, portfolio management, and market research. BIG is intended to manage The BIG Fund ("The Fund"). The purpose of the Investment Policy Statement is to establish guidelines for The Fund's investment portfolio.
- B. This Investment Policy Statement defines investment objectives, distribution policies, and investment guidelines to which The Governing Body, as defined in the Constitution, and any other parties shall follow.

II. Investment Objective

- A. The Fund is to be invested with the objective of preserving the long-term growth of assets while maintaining a predictable stream of distributions from capital gains, dividends, and interest.
- B. The Governing Body expects The Fund to generate a long-term rate of return no less than that of the S&P 500.
- C. The Governing Body expects to grow The Fund's net new assets by a rate of 1% of total assets under management per year after taxes.
- D. The distributions from The Fund are limited to realized capital gains, dividends, and interest. Distributions will be paid out from the Cash holdings of The Fund.
- E. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the Asset Allocation Policy.
- F. The Bloomsburg Investment Group is expected to maintain a Portfolio beta of 1 ± 0.3 .

III. Portfolio Investment Policies

- A. Portfolio Holdings Guidelines
 - 1. The Bloomsburg Investment Group can invest assets of The Fund in Equity and Fixed Income securities.
 - 2. All equity holdings within The Fund must be listed on the Russell 1000 Index. Holdings bought prior to the delisting of the security from the Russell 1000 Index is not required to be liquidated.
 - 3. All Fixed Income holdings must have a rating at or above all of the following; Moody's Baa3, S&P BBB-, and Fitch BBB-.
- B. Asset Allocation Policy
 - 1. The Bloomsburg Investment Group's Governing Body recognizes that strategic portfolio allocation of assets that is diversified across defined financial asset classes and sub-asset categories with varying degree of risk, return, and return correlation, will result in the best long-term investment returns of The Fund.
 - 2. The Bloomsburg Investment Group's Governing Body expects that actual returns and expected return may vary from return objectives over time. The

Bloomsburg Investment Group holds the right to retain flexibility in regards to making periodic changes to The Fund's asset allocation. BIG only expects to do so in the event of material changes (i.e., economic data changes and outlook corrections, market events, policy changes, etc.) to the Fund.

3. Cash investments will, under normal circumstances, be considered a temporary holding, and will be used for liquidity needs.
4. The Fund's long-term strategic asset allocation is outlined in the Strategic Asset Allocation Model. This allocation strategy is deemed the most appropriate to achieve the Fund's Investment Objective. Portfolio assets, under normal circumstances, will be allocated following the Model. The Strategic Asset Allocation Model will be reviewed at least once per semester and in the event of material changes, as stated above.

C. Rebalancing Policy

1. It is expected that the Fund's actual asset allocation will vary from the target asset allocation as a result of various material events. The Fund will be rebalanced to its target normal asset allocation under the following procedures:
 - a. BIG will use incoming cash flows and outgoing monies to realign the current weightings to the target weightings of The Fund.
 - b. BIG will review The Fund at least once per semester. During a review, if any asset class is unreasonably over or underweight, The Fund will be rebalanced.
 - i. If any holding within The Fund nears the agreed upon price target of that holding, the security must be considered for rebalancing.
 - ii. If any holding within The Fund falls below 10% of the average unit cost of that holding, the security must be considered for rebalancing.
 - iii. Prior to ending the academic semester, trailing stop orders will be placed on all securities held in The BIG Fund. Each trailing stop order will be placed at 10% below market value. The Executive Board holds the right to alter the percentage limit of trailing stop orders from certain securities they deem appropriate.
 - c. BIG may propose a rebalancing recommendation of The Fund or any holding within The Fund at any time. BIG must act within a reasonable period of time to evaluate rebalancing proposals.

IV. Semester Intermission Policy

- A. Prior to the conclusion of the Fall and Spring Semesters, The Bloomsburg Investment Group will put in place trailing stop orders on current holdings within The BIG Fund. The Executive Board holds the right to exclude placing trailing stops on certain securities.
- B. No security shall be bought during the Winter and Summer breaks.

V. Other Investment Policies

- A. BIG is prohibited from:
 1. Purchasing securities on margin or executing short sales.

2. Purchasing or selling derivatives, options, currencies, or futures for speculation or leverage.
3. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of the Investment Objective.