**University Enterprises, Inc. – Investment Policy**

This policy statement outlines the assumptions and understandings under which Sand Hill Global Advisors, LLC. (the “Advisor” or “SHGA”) is to manage the capital account of University Enterprises, Inc. (UEI). The content herein has been composed based upon meetings with the Board of Directors and staff in which discussions covered UEI’s goals, attitudes, expectations, risk tolerance, desires for liquidity, and present and future cash flow requirements.

It is agreed that the Advisor will meet with the Investment Committee on a quarterly basis and with the Board of Directors on an annual basis to report on the status of the portfolio and to receive and provide information that will aid in the management of the portfolio. This investment policy statement will be reviewed at least annually as to its appropriateness given any significant changes in UEI’s needs or in light of significant shifts in the economy or the investment markets. Day-to-day contact with UEI will be made via the telephone and e-mail.

I. **ACCOUNT CIRCUMSTANCES**

The investments in UEI’s Primary and Mid-Term Accounts represent a major asset of UEI, and as such, are each intended to be managed separately in a manner that will promote: in the case of the Primary Account; their growth in excess of inflation over the long-term, and in the case of the Mid-Term Account; provide the cash reserve necessary to fund operations in the event that UEI finds their cash reserve is not adequate.

UEI’s management team will advise Sand Hill Global Advisors of the timing of any anticipated distributions. The liquidity of the portfolio will be maintained at a high level. The Fund shall be invested in high-quality, liquid, interest-bearing securities with a short-intermediate average duration. The securities to be held in the portfolio represent the primary source of liquidity to cover periodic distributions.
II. INVESTMENT OBJECTIVES

UEI seeks to achieve growth of the portfolio at a moderate rate in excess of inflation. While, preservation of capital is a consideration; portfolio volatility should be held similar to that of the evaluation benchmark as a whole as growth of capital is the primary objective.

1. Portfolio Return Objectives -
   • **Target Return:** Achieve a time-weighted, rate of return of 3% to 4% over CPI, after fees and program costs. This return will be sought using a diversified style of investment management, providing an average annual return that will be measured over a complete market cycle which is defined as five years.
   • **Blended Benchmark Return:** Over rolling five-year cycles, to achieve a return that exceeds the Blended Benchmark, net of fees with similar risk.

2. Portfolio Risk Tolerance - The risk to the portfolio must be moderate, since the portfolio provides a source of funds that allows UEI to perpetuate its mission.

3. Withdrawal Requirements - No major withdrawals. The UEI staff will provide Sand Hill Global Advisors with notice when a withdrawal is necessary.

4. Time Horizon - Overall portfolio will be allocated with a long-term time-horizon in mind.

5. Tax Considerations - None, since this organization is tax exempt.

6. Illiquidity - The overall portfolio should maintain at least 90% daily liquidity.

III. POLICY & ASSET ALLOCATION

1. Diversification - Given the objective for moderate risk with growth, the portfolio will be managed as a diversified portfolio. We believe that diversification of assets is sound investment policy and that allocation of assets across various sectors as well as types of securities will minimize risk while improving performance. Accordingly, Sand Hill Global Advisors will at no time invest more than 15% of the portfolio with a single active fund family.

2. Investment Vehicles - The portfolio’s investments will be allocated over various asset classes, either directly or through pooled or commingled investment accounts (mutual funds and index funds), that might include domestic and foreign equities, bonds, real estate, alternative investments, and cash or cash equivalents. With each asset class, Sand Hill Global Advisors will weigh factors including expense, market efficiency, transparency of information, and diversification to determine whether direct investments or commingled investments are in UEI’s best interests.
3. **Asset Allocation:**

<table>
<thead>
<tr>
<th>Asset Allocation</th>
<th>Bottom Range</th>
<th>Target</th>
<th>Top Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EQUITY</td>
<td>53%</td>
<td>70%</td>
<td>88%</td>
</tr>
<tr>
<td>(Large Cap, Mid Cap, Small Cap, International &amp; Emerging Market Equity)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL FIXED INCOME</td>
<td>12%</td>
<td>18%</td>
<td>25%</td>
</tr>
<tr>
<td>TOTAL REAL ESTATE (REITs)</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>TOTAL COMMODITIES</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>CASH/CASH EQUIVALENTS</td>
<td>0%</td>
<td>2%</td>
<td>15%</td>
</tr>
</tbody>
</table>

- The portfolio, at inception, is more aggressive than is typical among similar endowments. In consideration of the outside cash assets, the risk allocation is suitable for an account of this type with limited withdrawal requirements.

- Generally, the allocation will be within the ranges shown above; however, SHGA is permitted to have a more defensive position that may result from significant cash inflows. The ultimate implementation will be achieved over a transitional period of time involving staggered commitments.

- **Rebalancing:** The portfolio will be reviewed regularly by SHGA and rebalanced whenever the weighting of a major asset class deviates or a tactical opportunity presents itself.

4. **INVESTMENT GUIDELINES**

Sand Hill Global Advisors, LLC. may utilize an appropriate combination of individual securities in a direct account and specialized third party, commingled fund or mutual fund alternatives to implement the asset allocation. Third-party offerings will be used to enhance the portfolio’s diversification in certain asset classes that require specialized expertise or where liquidity may be limited. In each case, the potential for added value, institutional share class fees and cost effectiveness will be a major consideration. Such categories will include passive strategies such as index funds or exchange-traded funds (ETFs), and active strategies such as international, emerging markets or REIT mutual funds.

1. **Individual Equity Securities in the Direct Account:**

- Each directly owned security position, at the time of purchase, will normally represent about 3% to 5% at cost of the direct investment account equity portion of the large cap equities. In no case will an individual security, at the time of purchase, represent more than 10% of the total cost of the direct account portfolio. Over time, individual securities will not exceed more than 10% of the total market value of the direct account portfolio and specific sectors/industries will not represent any more than 30% of the direct portfolio market value.

- The majority of any direct equity position in the portfolio will meet the Advisor’s primary quality guidelines. These will be securities of U.S. companies or multinational companies. Individual securities are judged on the basis of several factors including debt, cash flow, market capitalization, and asset growth. In addition, several non-quantitative characteristics are considered such as management strength, dominance of market position, and product acceptance. It is important that the quality of the portfolio should be viewed as a whole. As
part of the allocation process, there may be occasions when smaller companies may be included because of the opportunities they offer without altering the risk profile of the portfolio.

- Direct investment in tobacco companies is prohibited but allowed within the context of a commingled active or index fund.

2. **Individual Fixed Income Securities in Direct Accounts:**

- With the exception of U. S. Government securities and Federal Government Agency securities, no more than 5% at cost of the portfolio may be invested in the securities of a single issuer.

- Corporate issuers will be U. S. or multinational corporations, and municipal issuers will be municipalities primarily located in the United States.

- Certificates of Deposit will be purchased only up to the applicable FDIC insurance limits.

- In the Primary Account up to 5% of the total account may be invested in below investment grade securities, commonly referred to as “high yield debt”, but only through adequately diversified investment vehicles.

3. **Commingled Funds, Mutual Funds and Index Funds:**

- The fund selection process will incorporate criteria such as investment style and process, experience of the investment team, organizational stability and performance analysis such as long-term, risk-adjusted returns, manager tenure, relative performance in up and down markets, consistency of management style, and relative expense ratios. Special care will be taken in the selection of the appropriate type of security or class of shares to minimize the expense ratio and and transaction costs. When appropriate, negotiations will occur with custodians for the waiver of loads, minimums, and transaction fees.

4. **Real Estate:**

- The real estate portion may be comprised of publicly held real estate investments.

5. **Alternative Investments:**

- Alternative investments will be broadly defined, but not limited to, as investments in commodities, and other commodity related investments. These categories are to be implemented only through diversified investment vehicles.

- Commodity investments will be in broadly diversified managed fund vehicles and direct precious metal investments are restricted. Broadly diversified funds may hold underlying positions in precious metals.

- The Investment Committee’s approval will be required prior to any purchase of an alternative investment that does not have daily liquidity.
6. **Cash/Cash Equivalents:**

- Cash equivalent positions will be instruments with ratings of A-2, P-2 or higher. U.S. Treasury Bills, ultra-short duration bond mutual funds, and money market funds are acceptable instruments.
SHORT-TERM ACCOUNT

V. INVESTMENT OBJECTIVES

It is our understanding that you seek to preserve your existing capital, and that you are willing to accept the possibility of only modest overall returns that may not be in excess of inflation.

1. Risk Tolerance - While you accept a high level of risk and illiquidity in some of your other investments held outside of this account, your intention is for the investments in this account to provide balance by reducing your overall risk and providing income and liquidity.

2. Target Return - The goal is to achieve total return on capital but the return may not be in excess of the domestic inflation rate as measured by the CPI. The return will be sought using fixed income and cash equivalent securities, providing an average annual return that will be measured over a complete market cycle in excess of five years.

3. Withdrawal Requirements - Periodic based on the timing of cash flows, upon reasonable notice by staff.

4. Time Horizon - Short-Intermediate Term
   a. Mid Term Account: 1 to 5 year average maturity,
   b. Short Term Account: maximum maturity of 2 years

5. Tax Considerations - Given the tax-free status of the organization, the majority of investments will be taxable.

6. Illiquidity - The overall portfolio should maintain 100% daily liquidity.

VI. POLICY & ASSET ALLOCATION

1. Diversification:

   While SHGA believes that diversification of assets is sound investment policy and that allocation of assets across various asset classes as well as types of securities will minimize risk while improving performance, this portfolio will not be fully diversified. It will instead represent a portion of your overall investment assets and will be invested only in fixed income, and cash equivalent securities.

2. Asset Allocation

<table>
<thead>
<tr>
<th>Tactical * Range</th>
<th>TOTAL EQUITY</th>
<th>TOTAL FIXED INCOME</th>
<th>CASH/CASH EQUIVALENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0%</td>
<td>85-100%</td>
<td>0-15%</td>
</tr>
</tbody>
</table>
Generally, the allocation will be within the ranges as shown above; however, circumstances and market conditions may dictate occasional exceptions and Sand Hill Global Advisors is permitted to take a defensive position when appropriate.

Given your desire for preservation of capital and liquidity, we will purchase income producing securities either directly or through representational investments (mutual funds and index funds), and cash or cash equivalents. SHGA will weigh factors including expense, market efficiency, transparency of information, and diversification to determine whether direct investments or representational investments are in your best interests. Issues will be selected for their intrinsic worth, as well as the value they bring to the composition of the portfolio.

* These target ranges relate to the ultimate implementation of our overall strategy, which will be achieved over a transitional period of time involving staggered commitments.

VII. INVESTMENT GUIDELINES

1. Individual Fixed Income Securities in Direct Accounts;
   • With the exception of U.S. Government securities and Federal Government Agency securities, no more than 10% at cost of the portfolio at time of purchase may be invested in the securities of a single issuer.
   • Corporate issuers will be U.S. or multinational corporations, and municipal issuers will be municipalities primarily located in the United States.
   • Certificates of Deposit will be purchased only up to the applicable FDIC insurance limits.

2. Cash/Cash Equivalents:
   Cash equivalent positions will be instruments with ratings of A-2, P-2 or higher. U.S. Treasury Bills, ultra-short duration bond mutual funds, and money market funds are acceptable instruments.

VIII. BROKERAGE AND PROXY POLICY

1. All transactions effected for UEI will be “subject to the best price and execution.” Securities and cash will be held in custody at Fidelity Investments.

2. Proxy voting has been delegated to SHGA. SHGA has retained Broadridge to vote proxies in the best interest of the shareholders.

IX. CONTROLS AND MONITORING

The UEI Investment Committee will monitor the total portfolio performance as follows:

1. Quarterly Reviews – The UEI Investment Committee will review the investment performance of SHGA and the individual managers (retained by SHGA) in the portfolio with respect to the risk and return objectives established for UEI. The review may include topics such as the overall business management, organizational changes and other relevant factors.

2. Watch list – In the event that any individual manager is significantly underperforming over the long-term, SHGA will maintain a higher level of oversight and may put the firm on a watch list.
**APPENDIX**

1. **Benchmark Composition**

   The Blended Benchmark will be used for the total portfolio review and to review SHGA. Individual asset classes will be reviewed using the indices most appropriate and assigned to each manager or investment style.

   The Blended Benchmark is composed as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Index</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Large Capitalization</td>
<td>S&amp;P500 Index</td>
<td>39%</td>
</tr>
<tr>
<td>Domestic Small Capitalization</td>
<td>Russell 200 Index</td>
<td>13%</td>
</tr>
<tr>
<td>Foreign</td>
<td>MSCI All-Cap World Index excl. USA</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td>Barclays Aggregate Index</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>NAREIT Index</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Commodities/Natural Resources</strong></td>
<td>Dow Jones UBS Commodity Index</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Cash/Cash Equivalents</strong></td>
<td>U.S. T-Bill 30 day Index</td>
<td>2%</td>
</tr>
</tbody>
</table>
APPENDIX

2. **Glossary**

   Market Indicators .................................................................
EQUITY MARKET INDICATORS

The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

Russell 2000 Index is composed of the 2000 smallest stocks in the Russell 3000 Index, representing approximately 11% of the U.S. equity market capitalization.

Standard & Poor's 500 Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

FIXED-INCOME MARKET INDICATORS

Barclays Capital Aggregate Bond Index is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

INTERNATIONAL EQUITY MARKET INDICATORS

Morgan Stanley Capital International (MSCI) All Cap World Index (ACWI) Ex-US Index is composed of approximately 6,000 equity securities representing the stock exchanges of Europe, Australia, New Zealand, the Far East and Emerging Market nations capturing 99% of the global investable market outside of the US. The index captures large, mid and small-cap companies. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

OTHER INDICES

National Association of Real Estate Investment Trusts (NAREIT) Index is the only REIT index to include all REITs currently trading on the New York Stock Exchange, the NASDAQ National Market System and the American Stock Exchange. It is also the first index to include monthly historical statistics from 1972. It is often used as a publicly traded approximation for the illiquid private real estate market.

Barclays 1-3 Yr Aggregate Bond Index is a combination of the Mortgage Backed Securities Index and the shorter duration components of the Government/Credit Bond Index.

Dow Jones UBS Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. Commodities as an asset class have historically demonstrated returns that are negatively correlated with returns of stocks and bonds and that are positively correlated with inflation measures.

U.S. T-Bill 30 day Index is the benchmark used to measure cash. It is also considered to be the “risk-free rate” for purpose of performance measurement.