

# 140.010 Policy for Management and Oversight of Selected University Investment Pools

Bd. Min. 5-3-91; Amended Bd. Min. 3-24-95; 1-21-98; Amended Bd. Min. 12-15-06; 7-22-11; Revised in entirety, Bd. Min. 6-26-12; (Note: Board approval on 6-26-12 replaced previous rules 140.010, 140.011, 140.012 and 140.013 with new language and reissued new rules 140.010 through 140.016.); Amended Bd. Min. 9-28-17; Amended Bd. Min. 9-7-22. [Amended Bd. Min. 6-27-24.](#)

A. **Introduction** -- This policy establishes guidelines for the management and oversight of certain University investment pools. This policy applies to the following investment pools:

1. CRR 140.012 General Pool
2. CRR 140.013 Endowment Pool
3. CRR 140.014 Fixed Income Pool
4. CRR 140.015 Retirement, Disability and Death Benefit Plan
5. CRR 140.016 Other Postemployment Benefits Plan Trust Fund

This policy does not apply to existing debt and commodities derivatives described in CRR Chapter 145, or to program-related funds and assets not held primarily for investment, including interests governed by CRR 70.070 "*Entrepreneurial Activity*."

B. **Authorities** – The Board of Curators of the University of Missouri has the ultimate authority to determine the proper means for the management and oversight of invested assets. Through this policy, the Board delegates certain specific authorities and responsibilities with respect to the management and oversight of invested assets, which it has determined, with the advice of counsel, to be appropriate as described herein.

1. The following actions shall require Board of Curators approval after consideration of recommendations from University staff:
  - a. Selection of master custodians for each investment pool. A master custodian provides a variety of services, including, but not limited to: safekeeping of securities, collection of income and other inflows, disbursement for investment management fees, and a monthly accounting of all transactions.
  - b. Selection of external investment consultant ("Investment Consultant") to assist the Board and University staff in management and oversight duties and to perform such duties as outlined in CRR 140.010 through CRR 140.016 ("Investment Pool Policies").

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- c. Selection of suitable asset classes with corresponding targets and allowable ranges for each investment pool, after consideration of recommendations in formal asset/liability studies conducted by the Investment Consultant not less than once every three years. Such asset/liability studies shall consider the balance between risk and return, taking into account the specific objectives of each investment pool and such other factors as appropriate in compliance with applicable law.
    - d. Selection of suitable spending policies for endowed funds.
  - 2. The following authorities and responsibilities are hereby delegated by the Board to the Executive Vice President for Finance and Operations, the Chief Investment Officer and the Investment Consultant, with any action hereunder requiring unanimous approval by all three persons. In the event that either of the two University staff positions is vacant, or the incumbent is otherwise unavailable, the President may, on a temporary basis, authorize actions upon the unanimous approval by the remaining two persons or appoint a replacement for the unavailable person until such time that the position is filled or the incumbent becomes available.
    - a. Hiring of external investment managers for any of the investment pools covered by this policy, consistent with the respective asset classes and targets established by the Board and the guidelines outlined in CRR 140.011 "*Policy for Investment Manager Selection, Monitoring and Retention.*"
    - b. Termination of external investment managers for any of the investment pools covered by this policy, consistent with the guidelines outlined in CRR 140.011 "*Policy for Investment Manager Selection, Monitoring and Retention.*"
    - c. Establishment and/or modification of policy benchmarks, consistent with the respective asset classes and targets established by the Board, for any of the investment pools covered by this policy.
  - 3. The following authorities are hereby delegated by the Board to the Executive Vice President for Finance and Operations or her/his designees:
    - a. Specific to the General Pool, the authority to manage funds internally, consistent with the guidelines outlined in CRR 140.012 "*Investment Policy for General Pool.*"

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- b. As appropriate, implementation of securities lending programs, provided that securities included in any program shall be fully collateralized and marked to market daily.
  - c. Execution of instruments in accordance with CRR 70.020 "*Execution of Financial Instruments.*"
- 4. In making the foregoing delegations, the Board has considered the purposes and circumstances of the investment pools, the qualifications and expertise of the persons to whom it has delegated such authorities, and the scope and terms of the delegated authorities. The Board shall continue to evaluate these and other relevant factors, including the overall performance of the investment pools, in conjunction with its ongoing reviews and monitoring as described herein.

C. **Responsibilities** – Persons responsible for managing funds in the investment pools shall, in rendering advice for a fee, exercising discretionary authority or control over investments, or taking other actions under the Investment Pool Policies: (i) act in accordance with the "prudent investor rule" and invest assets as would a prudent investor similarly situated, considering the circumstances of the investment pool and exercising reasonable care, skill, and caution, and (ii) fulfill fiduciary duties as required by contract and in accordance with the Investment Pool Policies and applicable law but at a minimum consistent with Sections 105.688 and 402.132 of the Revised Statutes of Missouri as amended from time to time or successor statutes, as appropriate. Each such person shall, by accepting his or her appointment or taking any action pursuant to the Investment Pool Policies, be deemed to have agreed to undertake such duties and otherwise perform in accordance with this policy and applicable law.

- 1. The Executive Vice President for Finance and Operations or her/his designees are responsible for the following:
  - a. Implement and monitor Investment Pool Policies.
  - b. Review Investment Pool Policies on an annual basis, with policy amendments submitted to the Board of Curators as necessary.
  - c. Evaluate and monitor master custodians and Investment Consultant; report to the Board as necessary.
  - d. Periodic reporting to the Board as outlined in Section D of this policy.
  - e. Monitor the effects of the spending policy with respect to endowment funds and recommend modifications to the Board as appropriate.
  - f. Management of endowed funds in accordance with any restrictions that may apply at the time

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of receipt, provided such restrictions do not conflict with applicable state statutes and University policies.

g. Maintain accurate records for the investment pools.

2. Generally, the University is and shall be deemed to be the corporate trustee for all funds held by the University in an express trust, such as funds in the Retirement, Disability and Death Benefit Plan and Other Postemployment Benefits Plan Trust Fund, as well as any other funds held by the University that are deemed to be trust funds under applicable law.

D. **Reporting** – At minimum, the following reporting to the Board shall be required:

1. Quarterly: Summary of performance for each investment pool as well as reporting of any actions taken to hire or terminate investment managers or modify investment pool benchmarks under the authority delegated within Section B(2) of this policy.
2. Annually: Performance review, including all underlying investment managers, for each respective investment pool, relative to established benchmarks and other relevant metrics, and including information relating to the authority delegated under Sections B(2) and B(3) of this policy, including recommendations for change, if any.

E. **Proxy Voting** -- Proxy voting power is an asset of the respective investment pool and is subject to the same management as all other investment pool assets. Accordingly, the investment manager has the responsibility and liability for voting proxies appurtenant to the securities under its management, owned by the respective investment pool. The voting of proxies must be done in a prudent manner and consistent with the investment objectives of the respective investment pool. [Voting shares for the sole purpose of furthering noneconomic environmental, social, political, ideological, or other goals is prohibited.](#)