INVESTMENT POLICY STATEMENT
POOLED ENDOWMENT FUNDS
MARQUETTE UNIVERSITY

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I. Introduction

The Investment Policy Statement (IPS) sets forth the principles and guidelines for the prudent management of Marquette University's endowment assets. This IPS is established by the Board of Trustees and governs the authorities involved in managing the investments of the endowment fund (collectively, the "Fund").

II. Investment Objective

The Fund's investment objective is to preserve its purchasing power, while providing a continuing and stable funding source to support the overall mission of Marquette University. To accomplish this objective, the Fund seeks to generate a total return that will exceed its annual spendable amount, all expenses associated with managing the fund and the eroding effects of inflation. It is the intention that any excess return (interest income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the Fund. The Fund will be managed on a total return basis, consistent with the applicable standard of conduct set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the state of Wisconsin in 2009.

III. Liquidity

The Fund has a long-term investment horizon with relatively low liquidity needs. For this reason, the Fund can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the Fund may take advantage of less liquid investments, such as private equity, hedge funds, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for forfeiture of liquidity. To ensure adequate liquidity for distributions and to facilitate rebalancing, the Chief Investment Officer will conduct ongoing reviews of total fund liquidity and report to Marquette's internal Investment Committee (IC) regularly.

IV. Asset Allocation

To achieve its investment objective, the Fund will allocate among several asset classes with a bias toward equity and equity-like investments. An equity bias is desirable as it provides a viable long-term hedge against inflation and has historically outperformed fixed income over longer periods of time. Other asset classes may be added in an attempt to enhance returns, reduce volatility through diversification, and/or offer a broader investment opportunity set.

The Domestic Equity allocation is intended to provide long-term growth and offer high expected real returns and liquidity. The International Equity segment is intended to enhance return and control risk by reducing the Funds' reliance on domestic financial markets. Private equity may provide even higher return potential by focusing on opportunities in less efficient and more illiquid markets. Diversified hedge strategies are employed to offer market comparable returns with lower expected volatility. Fixed income provides stability and protection in deflationary environments. Real assets provide the portfolio with a diversified hedge against inflation as well as a strong yield component. Lastly, Cash provides short-term liquidity and serves as a funding source for contributions and rebalancing.

The Fund will be diversified both by and within asset classes. The purpose of diversification is to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on the performance of the total fund. As a result, the risk level associated with the portfolio investment is reduced.

The Fund's long-term, strategic asset allocation is presented in the following table, which also lists the long-term policy target allocations for each asset category and the permissible ranges of actual investment exposure.

Asset Class	Policy Target	Policy Range
Public Equity	35.0%	25.0% - 45%
Private Equity	10.0%	0.0% - 20.0%
Flexible Capital	30.0%	20.0% - 40.0%
Inflation Hedging	15.0%	5.0% - 25.0%
Fixed Income	10.0%	5.0% - 20.0%
Cash	0.0%	0.0% - 10.0%

V. Rebalancing

The IC will review the Fund's asset allocation periodically. The IC will review deviations from asset class policy targets outside of the allowable ranges at any point in time and if necessary, rebalancing may occur.

In general, the Fund's average asset allocation should match the targets listed in the table above. However, there may be times when tactical over or underweights are maintained to take advantage of favorable market conditions or disequilibria in certain asset categories. In addition, the IC recognizes that investing in certain illiquid investments (i.e. primarily Private Equity, and Real Assets) makes it more challenging to quickly adjust those allocations. Furthermore, the pace of commitments to these investments must be measured to construct an optimally diversified portfolio. As a consequence of these constraints, deviations from policy targets may occur.

Cash receipts shall be invested as soon as practical and in accordance with the current asset allocation policy, unless otherwise approved.

VI. Performance Evaluation Benchmarks

Benchmarks are useful to gauge the performance of the fund, but they are best viewed over longer periods, generally three –to five years. Benchmarks for each of the broad asset classes are presented in the table below.

Asset Class	Benchmark
Public Equity	MSCI All Country World Index
Hedge/Absolute Return	HFRI Fund Weighted Index
Private Equity	Venture Economics All Private Equity Index
Real Assets	CPI+5% / Customized Benchmark*
Fixed Income	Barclays Aggregate Index
Cash	Citigroup 90 Day T-bill index

*Equally weighted between Barclays US TIPS 1-10 Year, 70%NCREIF/30%NAREIT, and equal sector-weighted S&P Goldman Sachs Commodity Index

The Fund will be compared to its Policy Benchmark, which represents the optimal "Policy Portfolio". The Policy Benchmark is defined as the sum total of all the policy target weights for each of the asset classes multiplied by the returns of their respective benchmarks. Significant performance deviations from the Policy Benchmark will be explained and appropriate actions taken if necessary.

In addition to the Fund and asset-class benchmarking, all managers within each asset class will be compared to their own relevant style index benchmarks. While a horizon of at least three years is the preferred comparison period, significant short-term differences will be highlighted and, if warranted, action steps recommended to the IC.

VII. Investment Limitations and Restrictions

In order to define the level of risk that is acceptable in the investment portfolios, the following investment limitations and restrictions should be used as a guide. Investment managers selected to manage assets must adhere to these parameters, unless the IC has authorized modifications in writing. Investments in commingled funds are not subject to these restrictions; however, these parameters will be considered when selecting the appropriate investment manager.

General

The following categories of investments are **not** permitted for investment without the IC's prior written approval or as specifically authorized in the implementation of alternative strategies: (i) private placements or restricted securities, other than Rule 144A Securities; (ii) commodities including gold, precious gems or commodity futures; (iii) uncovered options; (iv) short sales or margin transactions; (v) use of derivatives or leverage (see Section XI); and (vi) securities of the investment manager or its respective parent, subsidiaries or affiliates.

The manager will attempt to obtain the "best available price and most favored execution" with respect to all portfolio transactions.

Equity

The maximum position in any security may not exceed 10% of the portfolio. The allocation to any one economic sector or country (for international equity portfolios) should not be excessive and should be consistent with the portfolio's benchmark index and with managers of similar investment styles.

Fixed Income

Not more than 10% of a manager's portfolio may be invested in the securities of any one issuer, with the exception of the U.S. Government, its agencies, or other sovereign government issuers. Securities denominated in foreign currencies are limited to not more than 10% of the total fixed income portfolio.

Investments rated below BBB- by Standard & Poors Corporation, or comparable nationally recognized rating services, are limited to not more than 10% of the fixed income portfolio. Unrated securities considered by the manager to be within the quality guidelines of the account may be purchased. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager's discretion. The duration of the fixed income portfolio may not differ by more than two years from the duration of its benchmark index.

VIII. Manager Selection & Retention

The Chief Investment Officer, Consultant, and select members of the Office of Finance will interview and evaluate potential investment managers for recommendation. The final decision to hire or terminate an investment manager will ultimately be determined by the IC. In an attempt to provide almost daily monitoring of investment managers, the IC will rely heavily on the Chief Investment Officer and the Consultant.

Marquette University seeks managers who demonstrate effective strategies, sustainable advantages, and high-quality organizational structures. The Fund expects its active managers to generate superior, relative risk-adjusted performance, net of all expenses. Passive mandates may be used in more efficient (occasionally in less efficient) segments of the capital markets, for the purpose of gaining market exposure. The IC shall determine the respective maximum allocations to single, active managers.

Attractive firm characteristics include:

- strong reputation in the marketplace and a meaningful, high-quality, institutional client base;
- aligned interests (e.g. significant amount of principal/employee dollars invested in the funds);
- stable and experienced professional team and principals/employees own equity in the firm
- controlled growth and a manageable level of assets under management; and
- competitive long-term performance among peers.

The Chief Investment Officer and Consultant will conduct extensive due diligence prior to recommending each external manager to the IC. Evaluations include meetings with key personnel and typically include at least one on-site visit to the principal office. Research also includes reviews of audited financial statements, reference checks with other clients and business associates, and comparison to competitors. When deemed appropriate, background checks will be conducted. The Chief Investment Officer and Consultant will use their respective networks of contacts to gain further confirmation of a manager's abilities and business practices. New firms have additional business risk and are subject to a more rigorous level of due diligence and more stringent ongoing monitoring. Selection of investment managers is not geographically restricted.

The ongoing review and analysis, both quantitative and qualitative, of existing investment managers is just as important as the due diligence implemented during the manager selection process. In addition to performance measurement noted below, the Chief Investment Officer and/or the Consultant will monitor for consistent implementation of investment strategy and philosophy, appropriate risk controls, adherence to any stated guidelines, and any material changes in the manager's organization and/or personnel.

The performance of the Fund's investment managers will be actively monitored by the Chief Investment Officer and/or the Consultant, who will report any meaningful observations and performance deviations to the IC in a timely manner. Performance will be evaluated versus appropriate benchmarks and peer universes, but emphasis will be placed on relative performance over longer investment periods (Typically, a full market cycle).

The IC has the discretion to take corrective action by replacing a manager if the IC deems it appropriate at any time. Corrective action typically occurs as a result of meaningful organizational or process-related change, and, in some cases, sustained relative underperformance. Significant short-term underperformance will also trigger a review.

Manager fees are expected to be reasonable. Incentive performance fees are common in the illiquid asset categories and, in some cases, more traditional asset classes.

Socially Responsible Investing and Sustainability

The endowment's investment objectives are long-term, and Marquette University will prudently integrate ethical and social values to align mission-related considerations while achieving maximum risk-adjusted returns. The university will consider an investment manager's integration of environmental, social and governance as part of the investment process. In addition, the university will seek to invest alongside investment managers that reduce carbon emissions and greenhouse gases, promote social responsibility, and seek solutions to climate change. Specific to fossil fuels, the following outlines the university's policy and considerations:

- Marquette prohibits direct investments in public securities whose primary business is the exploration or extraction of fossil fuels.
- Marquette will monitor the indirect exposure to fossil fuels via commingled funds and will prudently evaluate these managers on a case-by-case basis.

- Marquette will allow private investments in fossil-fuel related strategies to wind down in accordance with the terms of the partnership agreement.
- Marquette will direct investment managers to vote shareholder proxies in favor of carbon-reduction resolutions.

Marquette University understands the global economy transition to sustainable energy from fossil fuels will be a gradual replacement, but without delay, and retains the ability to maintain exposure to fossil fuels on a case-by-case basis where companies are transitioning their business models to incorporate climate solutions.

IX. Roles & Responsibilities

Various parties contribute to the successful management of the Fund. The IC is responsible for implementing the strategic direction, with Board approval, and for overseeing the investment of the assets. The Investment Managers make the day-to-day investment decisions for their portfolio of assets, subject to the guidelines contained herein. The Custodian is responsible for holding and accounting for the Funds investments, while the Consultant serves as a resource to the Chief Investment Officer regarding investment strategy and manager selection and assists in the performance evaluation process. More specifically, the parties have the following responsibilities:

Board of Trustees

The Board of Trustees (Board) plays an instrumental role in defining the strategic investment objectives and ensuring the appropriate governing policies are in place. As a fiduciary, the Board should promote the development of best practices and provide prudent oversight on all aspects of endowment management. To fulfill these responsibilities, the Board sets and approves the Investment Policy Statement and delegates the direct Fund management to Marquette's internal IC. In addition, the Board is responsible for approving the Spending Policy and reviewing annual spendable amounts received from the Office of Finance.

Investment Committee

The IC is responsible, subject to Board approval, for implementing investment objectives and directly monitoring that recommendations are consistent with the Fund's investment goals. They will evaluate and approve investment managers, custodians and investment consultants, as needed, and deploy existing assets and new monies to investment managers. The IC will review and evaluate investment results and take whatever action is deemed prudent when an investment manager fails to meet performance standards or violates the investment guidelines. They also are responsible for compliance with all federal and state regulations.

Chief Investment Officer

The Chief Investment Officer has the responsibility of administering all aspects pertaining to the management of the Fund and will report to the IC on all matters relating to the investment and stewardship of the assets. The Chief Investment Officer will serve as the primary contact for the Fund's investment managers, consultants, and custodian. The Chief Investment Officer will maintain detailed knowledge of the Fund and its managers and monitor performance of the investments routinely.

Investment Consultant

The Consultant is responsible for providing proactive advice and education pertaining to investment guidelines, asset allocation structure and investment managers. The Consultant will assist in the selection of new investment managers and will alert the Chief Investment Officer any important developments at the current managers' firms. In addition, the Consultant will provide performance evaluation reports for the Fund on a monthly basis. Reports will include the performance of each of the investment managers and the total fund compared to appropriate market indices and peer groups.

The Consultant will meet with the Chief Investment Officer at least quarterly to discuss fund performance and other pertinent matters.

Investment Managers
Investment managers retained by Marquette University are expected to comply with the following list of duties and responsibilities. These items will be communicated in writing to all retained managers, along with any specific guidelines or constraints to the investment mandate.

- Promptly inform the Chief Investment Officer in writing regarding all significant and/or material matters and changes pertaining to the investment of Fund assets, including, but not limited to:

    - investment strategy
    - portfolio structure
    - tactical approaches
    - ownership/organizational structure
    - financial condition
    - professional staff
    - guideline changes
    - all SEC and other regulatory agency proceedings affecting the firm

- Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.

- Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting, in a like capacity and fully familiar with such matters would use in like activities for like funds with like aims in accordance and compliance with applicable local, state, and federal laws, rules, and regulations, including but not limited to, those pertaining to fiduciary duties and responsibilities.

Custodian
The custodian's role is to receive, hold, manage, and invest, to the extent directed by the Chief Investment Officer, the fund assets. The custodian will make payments from the funds to such persons or organizations as designated in writing by authorized Marquette University personnel. It will keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions and will provide the Chief Investment Officer and the Consultant with a written account of all holdings and transactions on a monthly basis.

X. Use of Derivatives and Leverage

In general, the Fund will **not** make use of derivatives or leverage on a direct basis. However, the Fund may and will likely have exposures through certain investment managers, such as those in the Private Equity, Hedge/Absolute Return, and Real Assets. When prudently used, derivative instruments and strategies can represent an important element of a diversified portfolio. Derivatives offer investment management firms effective alternatives to trading physical securities, provided firms have the technical knowledge of the market factors, the quantitative skills to analyze the securities over a range of scenarios and the ability to determine reasonable valuation before purchasing. Portfolio management agreements or manager guidelines must explicitly authorize the use of derivatives, or clearly state when their use is permitted.

XI. Conflict of Interest

If any member of the IC, staff, or the Consultant shall have, or appear to have, a conflict of interest that impairs or appears to impair the respective member's ability to exercise independent and unbiased judgment in the good faith discharge of his or her duties, he or she shall disclose such conflicts prior to meaningful discussion. All Parties must also comply with any other conflicts of interest policies adopted by Marquette University.

Implementation

In order to keep the Investment Policy Statement current, this information is subject to no less than annual review.