

Revised as a result of actions
taken at the Board meeting of
April 26, 1980

INSTITUTE FOR ADVANCED STUDY

INVESTMENT OBJECTIVES AND PORTFOLIO GUIDELINES

The investment objective of the Fund shall be to maximize the total investment return from interest, dividends, and capital appreciation in the long run within a framework of policies which seek to maintain investment risk within acceptable limits. The methods chosen to maximize returns, conserve assets, and maintain proper diversification in order to achieve the investment objectives shall be governed by portfolio guidelines approved by the Finance Committee and executed with discretion by the investment adviser.

PORTFOLIO GUIDELINES

Percentage Distribution (based on market values)

The distribution of funds between fixed income securities and equities will take into consideration an assessment of the future outlook for inflation, interest rates, company earnings and dividend policies with the following limitations which will be reconsidered at least semi-annually by the Finance Committee:

Investment Objectives and Portfolio Guidelines

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April 26, 1980

75% maximum percentage in common stocks and/or convertible securities excluding investment in United Parcel Service of America Inc. from the total portfolio valuation for calculating this percentage. Depending on market level, the percentage in common stocks and/or convertible securities may be less than 75% but not less than 50% without consent of the Finance Committee.

25% minimum percentage in fixed income securities excluding convertibles and excluding the investment in United Parcel Service of America Inc. from the total portfolio valuation for calculating this percentage.

Diversification

Both equity and fixed income corporate investments will be limited primarily to large and medium sized companies whose securities have excellent to good marketability.

Equity investments shall be primarily in common stocks with low price/earnings ratios and attractive dividend yields with some representation in common stocks of companies with established records of growth of earnings and dividends and high price/earnings ratios and low dividend yields. However, up to 5% of the total portfolio at cost might be invested in equities of smaller and emerging companies with limited marketability.

Fixed income investments will have a substantial representation in government and government agency paper and additionally include variable rate demand notes; commercial paper; certificates of deposit;

Investment Objectives and Portfolio Guidelines

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intermediate corporate notes and bonds.

Size of Holding

Maximum size of individual equity commitments shall not exceed 5% at cost of the total portfolio including fixed income investments.

Investments in government and government guaranteed securities will not be restricted in terms of size or maturity. Other fixed income investments will range between \$500,000 to \$1,000,000 for any one issuer including all maturities. Approximately 75% of corporate bonds should have an "AA" or better rating from Moody's and/or Standard & Poor's with none lower rated than "A."

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April 16, 1980

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April 16, 1980

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Size of Holding

Maximum size of individual equity commitments shall not exceed 5% at cost of the total portfolio including fixed income investments.

Investments in government and government ^{- guaranteed} agency ~~fixed income~~ securities will ^{not be restricted in terms of size or maturity} range between \$500,000 to \$5,000,000 (~~\$2,500,000~~ ^{other} would be acceptable) in any one issue or maturity. Fixed income ~~corporate~~ investments will range between \$500,000 to \$1,000,000 for any one issuer including all maturities. Approximately 75% of corporate bonds should have an "AA" or better rating from Moody's and/or Standard & Poor's with none lower rated than "A."

As amended September 27, 1975

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Approximately ~~65~~^{70*} percent in common stocks and/or convertible securities. Depending on market level, the percentage in common stocks and/or convertible securities may be less than 65%.

* amended 2/5/76

✓ 35% minimum percentage in fixed income securities excluding convertibles but including the \$2,500,000 face amount of Nuparmac and Parco Managers 7% preferreds.

Diversification

Both equity and fixed income corporate investments will be limited primarily to large and medium sized ^{public} companies whose securities have excellent to good marketability.

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July 17, 1975

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Memorandum to James R. Houghton
Donald C. Jenkins
Robert Simpson, Jr.
Gordon L. Bowyer

July 17, 1975

INSTITUTE FOR ADVANCED STUDY

Attached is a copy of the revised Portfolio Guidelines in which I have endeavored to incorporate all of your various suggestions. Please go over this document and make further changes as you see fit so that we may come up with final guidelines by our September 4th meeting.

R. E. H.

REH:BMG

RECEIVED

JUL 22 1975

JAMES R. HOUGHTON

July 17, 1975

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