

## **Investment Policy**

*Effective Date: July 1, 2021*

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### **I. Purpose**

The Mid-Atlantic Region Commission on Higher Education (MARCHE), doing business as the Middle States Commission on Higher Education (MSCHE or the Commission), seeks to ensure that investment practices are sound and investment objectives are achieved. The purpose of this policy is to assist the Commission in effectively supervising, monitoring, and evaluating the investment and management of the financial assets (portfolio) of the Commission. This policy shall apply to the Commission, the Executive Committee, the Finance Committee, Commission staff, as well as all investment managers hired by the Commission to assist with the management of the portfolio.

### **II. Statement of Policy**

The Commission is a Pennsylvania nonprofit corporation and the investment of its funds shall be governed by Pennsylvania law. The Commission has ultimate fiduciary responsibility to collect, invest, and manage the financial assets and funds of the organization in good faith and with such care, including reasonable inquiry, skill, and diligence, as a person of ordinary prudence would use under similar circumstances. These fiduciary duties shall include the duty to incur only reasonable administrative costs in the investment of assets and the duty to reasonably diversify the investments to minimize risk.

### **III. Delegation of Authority**

Subject to any specific limitation set forth in applicable law, the Executive Committee acting on behalf of the Commission may delegate authority to an external investment manager the management and investment of the portfolio or a portion thereof. The Executive Committee shall act in good faith and make a prudent selection of any investment manager, based on the recommendation of the Finance Committee. The Executive Committee shall establish the scope and terms of the authority that it delegates consistent with the purposes of the Commission, the *Investment Procedures*, the accompanying *Investment Policy Statement (IPS)*, and the respective portfolio.

The Finance Committee shall be responsible for supervising the Commission's investment strategy including but not limited to monitoring the performance of the portfolio and the investment manager, reporting on investment performance to the Commission, and reviewing

and recommending modifications to the policy, procedures, and IPS pursuant to the *Investment Procedures*.

To accomplish the Commission's investment objectives, the investment manager shall be authorized to manage the portfolio according to the objectives, benchmarks, and performance expectations established in the IPS, including but not limited to risk tolerances and control, liquidity requirements, and target asset allocation preferences.

#### **IV. Specific Prohibitions on Investments**

The Commission shall establish the following prohibitions on investments. No portfolio may at any time:

- Acquire any security subject to any restriction on the sale thereof, or subject to any investment representation.
- Acquire or sell any commodity or commodity contract.
- Acquire any security on margin, or otherwise utilize borrowed funds for the acquisition of any security including but not limited to the use of reverse repurchase agreements.
- Sell any security not part of the portfolio.
- Make any investment for the purpose of exercising control of any corporation.

#### **V. Procedures**

The Commission staff will develop procedures as are necessary to ensure the consistent implementation of policies. See the Commission's *Investment Procedures* and *Investment Policy Statement (IPS)*.

#### **VI. Definitions**

The following definitions are used in this policy and/or procedures:

- A. **Fiduciary.** A person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests.

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Related Documents: *MARCHE Bylaws; Investment Procedures; Investment Policy Statement (IPS)*;