

UAB Green and Gold Fund
UAB School of Business Student Managed Investment Portfolio
Investment Policy Statement

VISION STATEMENT

The vision of the G&GF is to provide good stewardship of assets under management through the application of professional investment strategies and sound risk management principles.

MISSION STATEMENT

The mission of the UAB Green & Gold Fund (G&GF) is to:

- (1) provide undergraduate & graduate students with real-world portfolio management and security analysis experience;
- (2) provide teaching and research opportunities for UAB faculty;
- (3) enhance student/faculty recruitment, student job placement, and development efforts;
- (4) generate funds for student scholarships and programs.

ORGANIZATIONAL STRUCTURE & FUND OVERSIGHT

The student portfolio management team, also known as Blazer Asset Management, reports to the chair of the G&GF Investment Committee, and will provide a formal update to the Investment Committee and Advisory Board once each semester and informally as needed or when requested. (Please see attachment 1 for organizational chart.)

BLAZER ASSET MANAGEMENT

The student portfolio management team is comprised of undergraduate Finance and Business majors and graduate MBA students from the UAB School of Business. Course prerequisites and faculty recommendations are required for participation.

The student portfolio management team will function as the G&GF's Investment Strategy Committee (ISC), responsible for setting the asset allocation policy and investment strategy within each asset class subject to the provisions of the Investment Policy Statement. The ISC is responsible for the overall day-to-day operations of the fund and will work closely with the Faculty Advisor, Department Chair, Investment Committee, and the G&GF Advisory Board. Assignment of responsibilities within the team is based on experience and preference and is the responsibility of ISC members. One student will serve as the Chief Investment Officer (CIO) and is responsible for leading ISC meetings. In the absence of the CIO, the Chief Economist shall lead the meetings.

The ISC will:

- Coordinate and monitor the activities of the Fund;
- Collect status reports for the Fund;
- Verify that up-to-date documentation of trades is maintained;
- Compile a comprehensive annual report; and
- Present the official report of the Fund to the Investment Committee.

Individual Managers/Analysts

Individual Managers are responsible for day-to-day operations and decisions within assigned areas of responsibility.

Due to the transitional nature of the Fund's management team, a strong emphasis is placed on documenting the actions, perspectives, concerns, and reasoning of the outgoing manager. This documentation allows successor managers to maintain maximum continuity given the nature of a student managed portfolio.

The managers are responsible for the securities in their assigned area. They will research candidate companies, perform appropriate investment screens, and recommend either the purchase or liquidation of securities. Manager decisions must be consistent with the philosophy of the Fund. A partial list of the manager's responsibilities is given below:

- Monitor the securities in their respective section of the Fund;
- Perform fundamental research;
- Perform investment screens;
- Evaluate new investments;
- Document the basis for a trade;
- Construct status reports.

Voting

The following Fund members are entitled to vote on Purchases and Sales of Securities: Chief Investment Officer, Chief Accounting Officer, Chief Economist, and the 12 Portfolio Managers (15 total). A quorum for a vote is 8 out of 15, including the CIO must be present for a vote to take place.

INVESTMENT OBJECTIVES

Risk & Return

The investment objective of the G&GF is to achieve a long-run return in excess of 6% while meeting or exceeding relative benchmarks in the short-run. The need to distribute current income for student programs and scholarships is balanced with the need to outpace inflation and grow the portfolio. The G&GF's risk tolerance is considered moderate and is appropriate for an indefinite time horizon, a balanced return objective, and an

educational endowment portfolio. The Fund's risk tolerance would be described as 6 on a scale of 1-10, 10 being most aggressive and 1 being most conservative.

Payout Policy

The target distribution for student scholarships and programs is 5% annually and will be generated from interest, dividends, and capital appreciation, also referred to as a total-return approach. Distributions would not normally be permitted unless the Fund experiences positive returns over and above initial and subsequent contributions. Restricted funds will be maintained and distributed accordingly. The ACFN Department Chair will prioritize the distribution of funds based on need of student programs & scholarships.

ASSET ALLOCATION & DIVERSIFICATION

Asset Allocation is the primary responsibility of the ISC. The overall asset allocation objective is to diversify investments across non-correlated asset classes to minimize risk and enhance returns. Asset classes may include equity, fixed income/credit markets, cash, real assets, and alternatives.

To ensure broad diversification, asset allocation will be set within the following ranges:

Asset Allocation	Range	Target
Cash	0% - 10%	5%
Fixed Income/Credit Markets	20% - 50%	25%
Equities	40% - 60%	60%
Alternatives	0%-20%	10%

The portfolio shall observe the following diversification guidelines:

- The maximum allocation to any equity sector (as defined by Standard and Poor's) shall be 30% of equity assets.
- The maximum allocation to any single security shall be 5% of portfolio assets.
- The portfolio may include American Depository Receipts (ADRs); however, the combined investments in ADRs and other foreign securities traded on U.S. exchanges that are not ADRs may not exceed 20% of the equity assets.
- Deviations from the diversification guidelines shall be corrected by the end of each calendar quarter.

The ISC will monitor the asset allocation structure of the portfolio and will attempt to stay within the ranges allowed for each asset class. If the allocation exceeds the range of percentages for that asset class, the ISC will develop a plan of action; either for immediate rebalancing of the portfolio or a rebalancing that will occur over the subsequent months.

INVESTMENT STRATEGY

Core/Non-Core Approach

A core/non-core approach will be implemented for risk management purposes. The fund may utilize low cost, passively managed exchange traded funds (ETFs) and indexed mutual funds for core market & asset class exposure (Beta) and individual security selection to generate excess return (Alpha). The individual security selection approach will be based on top-down, economic, industry, and company analysis. S&P 500 sector allocations are used as a guideline to over/underweight individual sectors within the equity portion of the portfolio.

MARKET CAPITALIZATION

The emphasis within the equity portion of the portfolio is well established, large market capitalization companies. The portfolio may also invest in less established, small market capitalization companies. However:

- No more than 30% of the equity allocation may be invested in companies with market capitalization below \$1 Billion.
- Investment in companies with market capitalization below \$100 Million (at the time of investment) is prohibited. Positions that drift below \$100 Million in market capitalization after purchase shall not exceed 5% of the portfolio value.
- Any violations of the market capitalization guidelines shall be corrected by the end of each calendar quarter.

ELIGIBLE/PROHIBITED SECURITIES & STRATEGIES

Fixed Income & Credit Markets

Fixed Income investments will normally be in corporate, agency & government debt instruments rated at least investment grade (BBB/Baa or higher) by Standard & Poor's or Moody's. High Yield bonds are permissible; however, no more than 5% of the overall portfolio and no more than 10% of the fixed income portion of the portfolio may be allocated to non-investment grade bonds. Concentration of bond investments also shall not exceed 10% in any single company or organization (issuer). The Barclays Govt/Credit Index will be the primary fixed income benchmark.

Common Stocks

Common stock holdings will be made based on quantitative & fundamental analysis. Stocks must be listed on the NYSE, NASDAQ, or AMEX to be included in the portfolio. REITs are considered common stocks and are permissible. The S&P 500 will serve as the equity benchmark.

Alternatives

Alternative assets include direct real estate & timber, hedge funds, private equity, managed futures, and commodities. At present, managed futures ETFs and commodity ETFs are the only appropriate alternative vehicles.

Index Funds & ETFs

The G&GF may utilize equity index mutual fund or exchange traded fund (ETF). When determined to be necessary or prudent, the fund may be 100% in these vehicles. Inverse ETFs and leveraged ETFs are not permitted

Derivatives

Derivative strategies with total loss potential are not permitted. This includes unhedged short positions and short and long positions in uncovered (naked) options, futures, or forward instruments. Only managed futures, MBS, and covered call writing (as an income enhancing strategy) are permissible.

Foreign Securities

Foreign securities on non-U.S. exchanges are not permitted; however, foreign securities & ADR's available for purchase on U.S. exchanges are permitted. The MSCI EAFE (developed markets) will serve as the primary international benchmark. Emerging market securities are permissible, but should be limited to no more than half of the international allocation.

Margin and Short Selling

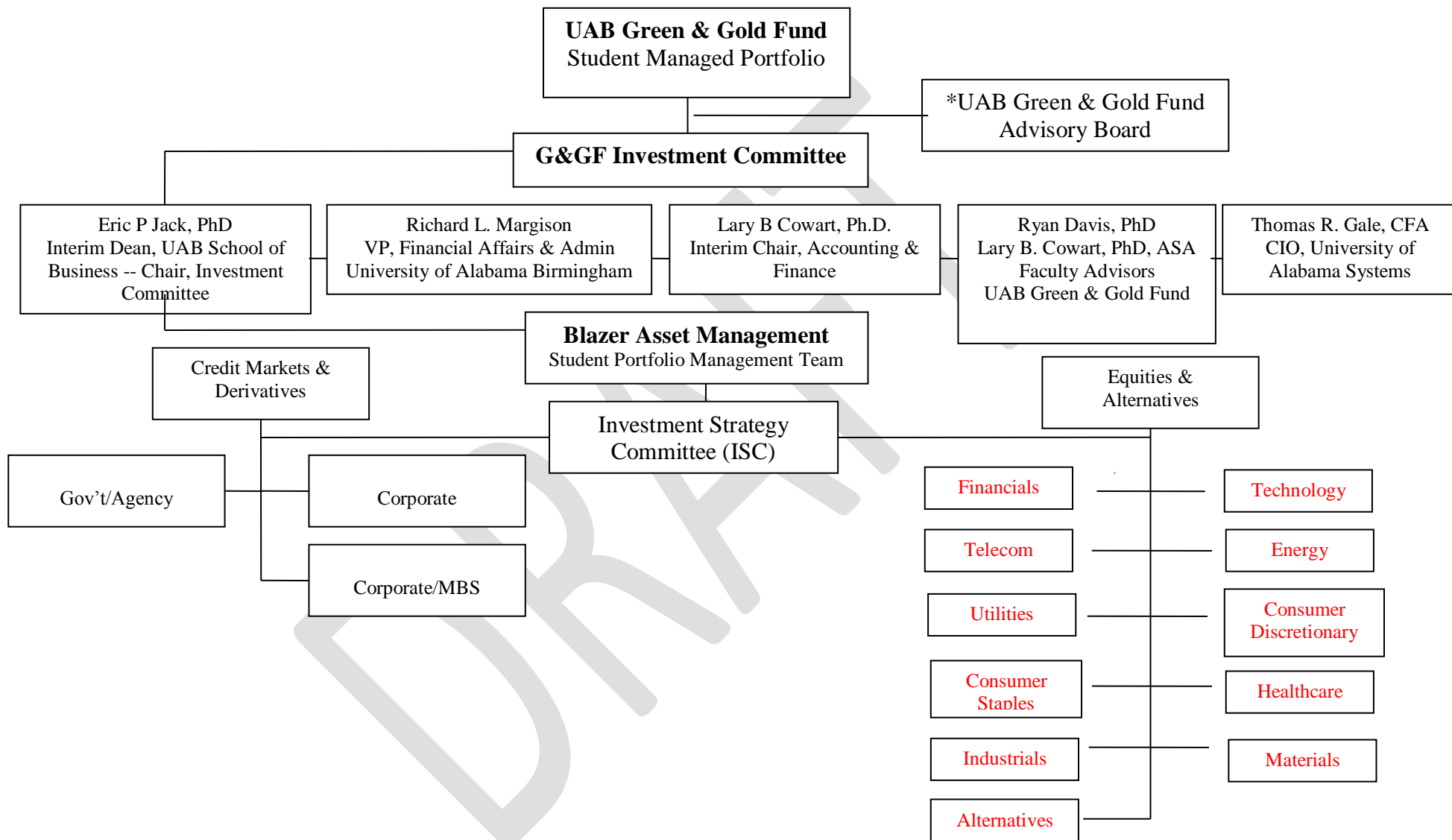
Margin purchases and short selling are not permitted.

Cash Equivalent

Money market funds and U.S. Treasury Bills may be used to maintain a minimal level of liquidity and as a temporary parking place for current income and realized capital gains. Holdings should not exceed the target asset allocation for cash.

TRADE EXECUTION

All transactions will be executed by the Faculty Advisor and/or ACFN Dept Chair, as approved by the Foundation. ProEquities, a division of The Protective Life Corporation, has agreed to provide trade execution at a discounted rate.



*UAB Green & Gold Fund Advisory Board Members:

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