

Investment Policy

1. POLICY STATEMENT/PURPOSE

The philosophy of Sonoran University of Health Sciences (the “University”) is to ensure that all available funds are invested to the maximum extent possible at the highest possible rates obtainable at the time of investment with maximum security while meeting the daily cash flow requirements of the University. Effective cash management is recognized as essential to good fiscal management. The investment of the University’s funds shall be designed and managed in a manner to promote the best interest of the University.

This policy is established by the President and approved by the President's Council and shall remain in effect until amended or cancelled by such or their successors. This policy shall be reviewed on an annual basis.

The objectives and priorities of the Investment Policy of the University, in order of importance, are as follows:

- a. To balance the imperative to grow while maintaining the safety of the principal of all funds.
- b. To ensure that adequate cash is available to meet operating requirements.
- c. To earn the highest possible rates of return on investments consistent with the foregoing objectives and guidelines.
- d. To allow for diversification in the types, issues, and maturities of investments so as to avoid incurring unreasonable and avoidable risks.
- e. To maintain the highest professional and ethical standards as custodians of the public trust.

2. HISTORY/BACKGROUND

3. SCOPE/KEY STAKEHOLDERS

The Investment Policy shall apply to all financial assets and funds in use by the University as well as any future funds created by the University unless specifically exempted by the Board and/or its adopted policy. These funds are accounted for in the University's annual financial report.

4. POLICY ITEMS

a. Strategy

The general investment strategy of the University is based on its objectives. The strategies created for individual funds are all designed to:

Safeguard the invested principal. The preservation and protection of investment principal is the foremost objective of the investment program. In order to ensure the safety of the principal invested, the University will seek to mitigate credit risk and interest rate risk.

Meet the liquidity needs of the University. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. In order to meet liquidity needs, The University will seek to understand and predict cash needs through an analysis of cash flow patterns. Furthermore, the University shall invest operating funds primarily in investment

pools, shorter-term securities, or money market mutual funds to ensure adequate liquidity to meet operating requirements.

Achieve a fair return relative to the risk assumed. The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives. The investment portfolio shall be diversified in anticipation of earning a fair return relative to the risk being assumed.

b. **Monitoring Market Prices**

Monitoring shall be done quarterly and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment. The Investment Officer shall keep the President informed of significant declines in the market value of the University investment portfolio.

c. **Standard of Care – Prudent Person Standard**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence would be expected to act, not for speculation, but for investment, considering the probable safety of capital as well as income to be derived.

The University will refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. The University shall adhere to the conflict of interest laws as set forth in policy.

This standard of prudence is to be used by the Investment Officer and shall be applied in the context of managing the overall portfolio. The Investment Officer acting in accordance with written procedures and this Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit or market price fluctuations provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

d. **Safekeeping and Custody**

Authorized Financial Dealers and Institutions: The University will only conduct investment transactions with financial institutions that are licensed as may be required by law to do business in Arizona.

Internal Controls: The University shall establish and maintain a system of internal controls designed to ensure that the assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Delivery versus Payment: All security transactions shall be conducted on a delivery versus payment basis to ensure the securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts will hold securities.

Safekeeping: All securities owned by the University shall be held in safekeeping by the University's depository bank or an authorized third party financial institution under an executed safekeeping agreement.

RESPONSIBILITY FOR IMPLEMENTATION

The President is responsible for reviewing the Investment Policy on no less than an annual basis. The President is responsible for designating an Investment Officer or an

Investment Adviser responsible for the management of the portfolio(s). The President must receive and review quarterly investment reports. The President retains ultimate fiduciary responsibility for all funds.

Evaluation and monitoring of investment performance is the responsibility of the Chief Financial Officer who is required to submit a quarterly investment report to the President within a reasonable time period following the end of the quarter covered by the report.

The report shall include the following:

- a. Listing of individual securities or mutual funds held at the end of the reporting period and their market value
 - b. Realized and unrealized gains or losses
 - c. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
 - d. Listing of investments by maturity date
 - e. Investment income received during the quarter
 - f. Statement indicating the ability to meet the cash flow needs for six months
 - g. Statement indicating compliance with this investment policy
- 5. RELATED DOCUMENTS**
Board of Trustee's Policy Governance Manual

- 6. NEXT REVIEW DATE**
Annual

- 7. POLICY AUTHOR/CONTACT**
Chief Financial Officer

- 8. REFERENCES**
Include if applicable.

9. VERSION CONTROL AND CHANGE HISTORY

Version	Approved by	Date Approved	Date Effective	Amendment Information
1	President's Council	03/23/2011	03/23/2011	
2	President's Council	06/26/2013		Amended
3	President's Council	05/27/2020		Minor Changes
4	N/A		7/12/2024	Branding Updates