



Investment Policy Statement

Captain's Educational Enrichment Fund

Endowment Portfolio

Executive Summary

The Captain's Educational Enrichment (CEE) Fund, was created to promote financial literacy for students attending Christopher Newport University (CNU) by allowing them to manage a portfolio of equities. The purpose of this investment policy statement is to establish guidelines for the portfolio funded by the endowment of CNU. This statement will create reasonable expectations for allocation of the portfolio's assets. This statement is not a contract, but a summary of the investment philosophy, which provides guidance to Christopher Newport University and the CEE Fund.

Portfolio

Breakdown

The Endowment portfolio will be invested in a combination of Securities and ETFs. It is a growth portfolio with 95-97% invested in securities selected by the fund's analysts, with the remaining value to be held in cash. Therefore, the portfolio's assets will be highly liquid.

Investment Objective:

This portfolio is maintained to maximize returns in the long term while minimizing short term risk. To do this the portfolio managers will conduct macroeconomic analysis as well as sector analysis and make adjustments to the portfolio weightings. Technical analysis will also be used to determine entry and exit points for positions.

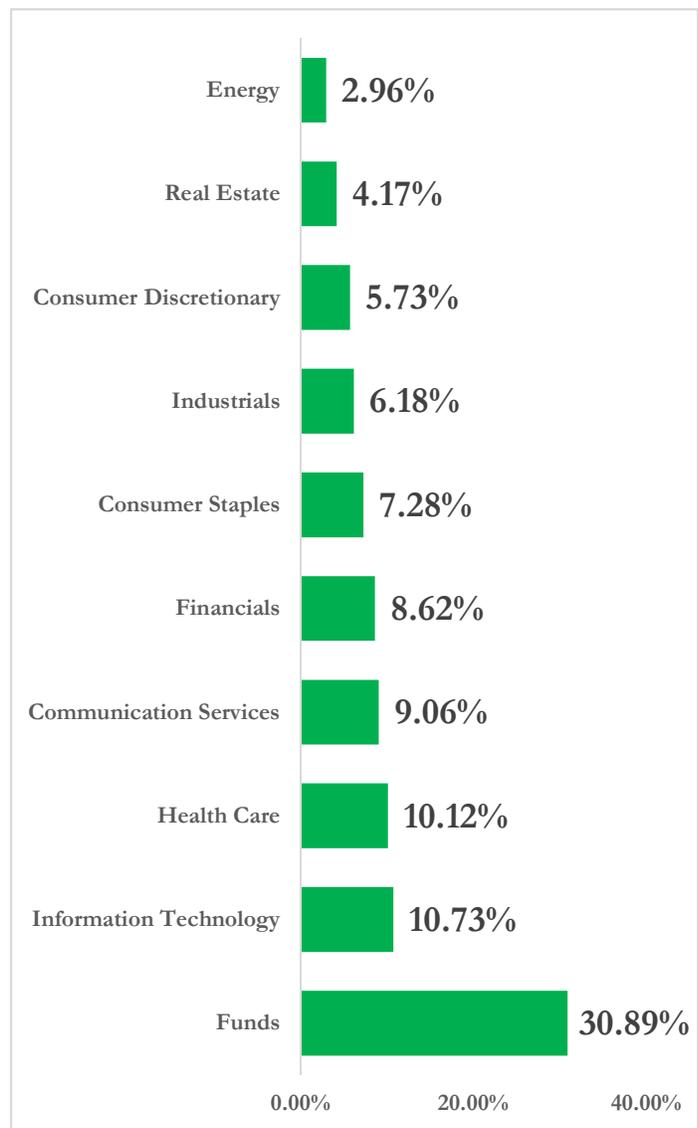
Current Portfolio Statistics

Sharpe Ratio: .43

Tracking Error: 3.27%

Target Beta: .86

Asset Turnover: 20%



Time Horizon

This will be a long-term growth portfolio with a time horizon of five years. Investors should take notice that capital values do fluctuate over short periods of time and need to recognize that no matter the time horizon, there is a potential for capital loss. Historical asset class return data does suggest that the risk of principal loss over a holding period of more than five years can be minimized with a long-term investment horizon.

Objectives & Risk

Risk Tolerances

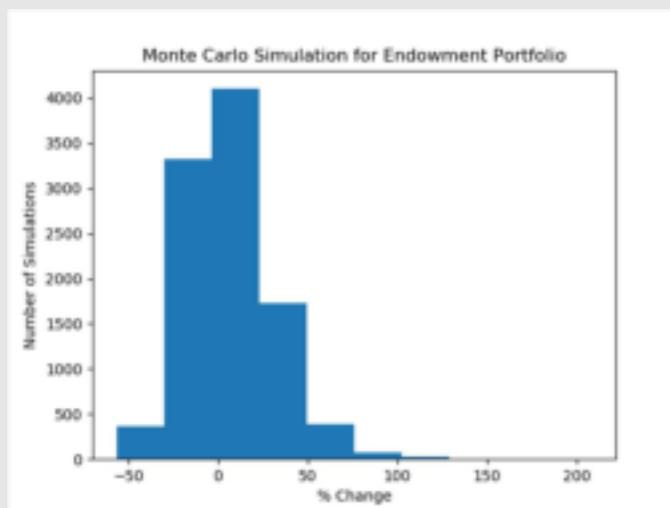
In order to adequately diversify the portfolio from stand-alone risk, but avoid diminishing returns from holding too many positions, we will keep the number of holdings around 21 equities. These companies will cover a majority of the GICS sectors with weightings similar to the S&P 500. The portfolio has a target beta of .86 that was calculated using the Capital Asset Pricing Model with a target return of 8.8% annually.

Tracking Error

Our tracking error for the portfolio will be a maximum of 10%. To achieve this goal we will set a stop loss of 15% for each of our positions, and will take profit if any asset reaches a return of 30% within one year.

Value at Risk

This graph represents the distribution of our portfolios annual returns given that each equity in the portfolio performs within a normal distribution of returns. The mean returns of the portfolio are 6% on an annual basis.



Rebalancing

It is expected that the market conditions will vary over time, and the portfolio will need to be rebalanced in order to achieve its stated objectives. Portfolio analysts will review each asset held quarterly. We will also review the outlook of the GICS sectors on a quarterly basis. The portfolio will be rebalanced annually to be in line with the risk metrics outlined in this statement.

Governance

Duties and Responsibilities

Chief Executive Officer: The CEO of the CEE Fund is to advise on and implement the goals and objectives set to further the growth of the fund's net asset value. He/she shall head the Portfolio Management Committee, which consists of the executive board members and whose objective is to analyze recommendations relating to changes in the portfolio. Finally, he/she shall act upon said analysis, and in conjunction with the Chief Investment Officer, will authorize adjustments to the portfolio.

Chief Investment Officer: The CIO shall head the investment research division of the Fund, which seeks to provide credible recommendations and strategies designed to grow the net asset value of the Fund. He/she will also work in parallel with the Chief Financial Officer in the organization of the portfolio's assets.

Chief Financial Officer: The CFO is responsible for the management of financial risks and the current assets of the Fund. This includes collaboration with the CIO and the Investment team in the analysis of financial statements.