

## Utrecht University Fund investment charter, adopted on 7 February 2023

### 1. Investment charter

The investment charter of the Utrecht University Fund, with its registered office in Utrecht, provides a clear and unambiguous framework for the management of the Fund's investable assets. This charter elaborates the framework of restrictions and conditions within which the asset manager can operate freely to make investment decisions. The charter is a written statement of the multi-year strategic investment policy for the management of the Foundation's assets.

### 2. Objective of the Utrecht University Fund

The objective of the Utrecht University Fund is to further the growth of Utrecht University. The Utrecht University Fund aims to achieve this mainly by raising funds to enhance teaching, research and the academic living environment at UU. The Utrecht University Fund uses the raised funds to give financial support to the university, its students, student organisations and alumni (or groups of alumni), in the latter case for the benefit of projects that bind the alumni and their alma mater more closely together. A large part of the fundraising activities are targeted at UU alumni. With regard to alumni relationship management, the Utrecht University Fund cooperates closely with the university for the purpose of fostering a tight-knit community of students, alumni and staff.

### 3. Assets

The Foundation's assets have accumulated gradually since its foundation in 1886, mainly thanks to donations from private individuals. The assets include reserves that may be considered for investment. The purpose of these reserves is to support the objects stated in the Foundation's articles of association. The board has drawn up an investment charter for the management of the reserves. This investment charter also applies to the portfolios of investments in a number of named funds.

### 4. Governance

- The board of the Foundation is responsible for the investment policy.
- The board fulfils its social responsibility by considering sustainability criteria in addition to financial criteria.
- The board reviews the investment policy and amends it if necessary on an annual basis.
- The board appoints an external asset manager and supervises the asset manager's implementation of the investment policy.
- The board adopts the framework within which the external asset manager manages the assets.

### 5. Investment goals

The investment goals are to achieve an acceptable rate of return, according to a responsible degree of risk, within the parameters of the framework. To this end, the Foundation distinguishes between three portfolios.

| Portfolio                                     | Target   | Horizon  |
|---|--|----------|
| Initial assets of the Utrecht University Fund | Asset growth in the very long term, making 3% available on an annual basis for specific goals. | Infinite |
| Earmarked endowed assets                      | Asset growth in the very long term, making 3% available on an annual                           | Infinite |

|  |  |                   |
|--|--|-------------------|
|  | basis for specific goals.  |                   |
| Earmarked direct-spend assets (allocated assets) | Diminution possible, depending on donations received and allocations from the named funds. | Five to ten years |

The Foundation distinguishes between its unearmarked initial assets, earmarked endowed donations and the assets earmarked for/allocated to specific goals.

Combined, these three asset categories comprise the cumulative assets of the Foundation. How the assets are distributed across these three categories is shown in the Foundation's annual accounts.

The assets are managed differently in the sense that a higher degree of risk is acceptable for the initial assets and the earmarked endowed assets than for the allocated assets. The reason for this is that the investment horizons of these portfolios lie further ahead than the horizon of the allocated assets.

The Foundation distributes the assets strategically across the three portfolios on the basis of the goals outlined above. Portfolio 1 contains the Utrecht University Fund's initial assets, portfolio 2 the earmarked endowed assets and portfolio 3 the earmarked direct-spend assets (allocated assets). When determining its strategy, the board solicits advice from an asset manager.

#### A. Asset allocation and range agreements: initial assets

The asset manager is free to implement a tactical policy within a predefined investment range. The investment ranges below are guiding.

| Investment category     | Strategic allocation | Tactical scope |
|-------------------------|----------------------|----------------|
| Fixed-income securities | 20%                  | 10% to 40%     |
| Shares                  | 80%                  | 30% to 90%     |
| Alternative investments | 0%                   | 0% to 20%      |
| Liquid assets           | 0%                   | 0% to 60%      |

#### B. Asset allocation and range agreements: earmarked endowed assets

The asset manager is free to implement a tactical policy within a predefined investment range. The investment ranges below are guiding.

| Investment category     | Strategic allocation | Tactical scope |
|-------------------------|----------------------|----------------|
| Fixed-income securities | 40%                  | 20% to 50%     |
| Shares                  | 60%                  | 10% to 70%     |
| Alternative investments | 0%                   | 0% to 20%      |
| Liquid assets           | 0%                   | 0% to 70%      |

#### C. Asset allocation and range agreements: earmarked direct-spend assets

The asset manager is free to implement a tactical policy within a predefined investment range. The investment ranges below are guiding.

| Investment category     | Strategic allocation | Tactical scope |
|-------------------------|----------------------|----------------|
| Fixed-income securities | 75%                  | 0% to 100%     |
| Shares                  | 25%                  | 0% to 40%      |
| Alternative investments | 0%                   | 0%             |
| Liquid assets           | 0%                   | 0% to 100%     |

The distribution above is in accordance with the risk tolerance and long-term goals of the Foundation.

## 6. Additional restrictions

The following restrictions apply to real assets:

- A maximum of 70% of the earmarked endowed assets may be invested in a combined total of shares and alternative investments.

- Investments in derivatives, direct property and guarantee products are not permitted.

The following restrictions apply to fixed-income securities:

- When investing in individual bonds, the asset manager may only invest in financially sound securities rated at least BBB or similar at the time of investment.
- A minimum of 30% of the fixed-income securities must consist of government bonds, government-guaranteed bonds, government-related fixed-income securities and liquid assets.
- A maximum stake of 10% per debtor may be invested in non-government bonds.
- In addition to individual bonds, the asset manager may invest in widely spread fixed-interest funds.
- The maximum percentage of high-yield and emerging markets debt bonds in the bonds category has been set at a combined 10%.

## **7. Sustainable and socially responsible investing**

The Foundation is conscious of its role in society and aware that its investments may have both a negative and a positive impact on the world left to future generations. It strives for a positive impact in the long term. Consequently, it has chosen to adopt an investment policy that must also meet certain non-financial criteria. The Foundation subscribes to UN covenants such as the Sustainable Development Goals (SDGs) and the Paris Climate Accords.

The Utrecht University Fund does not invest in the fossil fuel industry.

## **8. External asset manager**

The external asset manager must meet the following conditions:

- The external asset manager must perform their duties conscientiously and make every effort to achieve the goals agreed with the Foundation, whilst observing the current version of the investment charter and successive versions at all times. They may only deviate from this charter with the explicit prior permission of the Foundation in writing.
- The external asset manager must render account for the pursued investment policy at least once per quarter. This account (which may take either paper or digital form) must contain at least a portfolio statement and a transaction statement. Additionally, the achieved rate of return must be compared to a number of benchmarks that illustrate the relative development of the investment portfolio.
- The external asset manager must provide the Foundation with this quarterly account within one month from the end of the relevant quarter.
- At least once per year, the external asset manager will meet in person with a delegation of the Foundation's board, or with the full board if necessary – the latter at the discretion of the board – to render account for the rate of return and the pursued investment policy.
- To prevent conflicts of interest, the external asset manager must pay any reimbursements received from third parties in relation to the Foundation's portfolio to the Foundation, deducting only the administrative expenses they incurred.

*This investment charter was adopted on 7 February 2023 and will remain in force indefinitely, taking effect no later than 21 February 2023. The contents of the charter will be reviewed and assessed against the current state of affairs at least once every three years. This is a translation of the original Dutch text, subject to errors. In case of ambiguities or a dispute, the original Dutch text applies.*