Short-Term Investment Policy: Working Capital

January, 2012

Introduction

The objective of the Short-Term Investment Policy for Working Capital is to preserve principal, provide sufficient liquidity to satisfy operating and working capital requirements and earn a competitive market rate of return based on the policy parameters and market conditions.

A Three Tier structure based on a primary objective will be used as detailed below.

Investment Responsibilities

The Investment Responsibilities of the Short-Term Investment Policy for Working Capital are the same as those set forth in the Statement of Investment Policy for the University of Miami Growth Pool, last amended in May, 2011.

Operational Structure:

The University will institute a three-tier organizational structure for its cash holdings. Funds in excess of those required to meet monthly operational cash flows – including at seasonal low points in the annual cash cycle – will be invested in tiers II and III according to the risk/return framework as set by the Investment Policy, as well as by market conditions. Treasury Operations (University administration) will communicate any changes that would impact the flow of funds between the various tiers on a timely basis to the investment manager.

Tier I: **Primary Objective**: Principal preservation/Daily Liquidity

A minimum of one month's operational cash flows and in consideration of seasonal low points in the annual cash cycle

Tier II: **Primary Objective**: Enhance returns to cash. Seek to outperform the returns of a money market fund. Daily Liquidity is secondary in Tier II.

Tier III: **Primary Objective**: Grow cash balance over long-term. Seek to achieve a total return consistent with the applicable benchmark and market conditions through investment in an actively managed diversified portfolio of fixed income securities.

For balances greater than 1.5X the balance in Tier I and in consideration of seasonal low points in the annual cash cycle.

Eligible Securities:

Government obligations: including Treasury Bills, Notes and Bonds and Agencies. Mortgage-Backed Securities ("MBS") and Collateralized Mortgage Obligations ("CMO") of the US Government and/or Agencies supported by the US Government.
Concentration Limit: None

Money market investments: money market funds, commercial paper, certificates of deposit, bankers' acceptances, notes or time deposits. Investments must have a short-term rating of at least A-1/P-1 or the equivalent or a long-term rating of at least A-/A3 or the equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). All money market funds must be rated AAA or the equivalent. For split rated securities, the lowest rating shall prevail.
Concentration Limit: Not to exceed 30% of the portfolio and no single issuer is to exceed 5% at the time of purchase.

Corporate bonds: for maturities greater than one year, fixed and floating rate of at least A-/A3 or higher by at least one NRSRO. For split rated securities, the lowest rating shall prevail.
Concentration Limit: Not to exceed 30% of the portfolio and no single issuer will exceed 5% at the time of purchase.

Repurchase Agreements: must be collateralized by US Government Securities and should be considered only when other investment alternatives are not cost effective. Repurchase agreements must be tri-party and carry a counterparty rating, if rated, of at least A-1/P-1 or A-/A3 or the equivalent by at least one NRSRO. For split rated securities, the lowest rating shall prevail.
Concentration Limit: None.

Asset-Backed Securities: limited to those collateralized by auto receivables and credit cards that are rated AAA/Aaa or better by at least one NRSRO. For split rated securities, the lowest rating shall prevail.
Concentration Limit: Not to exceed 30% of the portfolio and no single issuer will exceed 5% at the time of purchase.

Municipal Debt: must carry one short term rating of at least VMIG-1 by Moody's or the equivalent or one long term rating of Aa1 by Moody's or the equivalent. For split rated securities, the lowest rating shall prevail.
Concentration Limit: Not to exceed 30% of the portfolio and no individual issuer will exceed 5% at the time of purchase

Applicable benchmarks:

BofA/Merrill Lynch 3-month US Treasury Bill Index	(Tiers I and II)
Barclay's Capital 1-3 year Govt/Credit Index	(Tier III)

Average Portfolio Statistics

Portfolio average credit quality:	AA- or the equivalent
Portfolio maximum duration:	90-day weighted average maturity (Tier I) 1 year (Tier II)
Portfolio duration:	+/- 0.50 year benchmark duration (Tier III)

Security Level Maturity/Duration:
No individual security whether fixed or floating rate may have a final maturity of more than five years from settlement date. For securities that have put dates, or that trade based on their weighted average maturity date, a five year maximum put date or weighted average maturity will be used.

Downgraded Securities:
In the event a security is downgraded by any of the NRSROs after being purchased, and as a result is lower than the above standards, the Investment Manager will provide the University with a recommended course of action within a reasonable period of time under the circumstances, which may include selling the security.

Prohibited Securities:
The purchase of foreign securities payable in foreign currencies and the purchase of equity or equity-hybrid securities are prohibited