

OKLAHOMA EDUCATIONAL TECHNOLOGY TRUST INVESTMENT POLICY

I. Investment Policy

The Investment Policy (“Policy”) of the Oklahoma Educational Technology Trust (“OETT”) is developed by the Investment Committee (“Committee”) and approved by the Board of Trustees (“Board”). The Investment Committee shall engage and oversee one or more professional money manager(s) (“Manager”) to implement this Policy.

The Committee shall administer the investment process of the Oklahoma Educational Technology Trust funds (“Funds”) in accordance with approved Policy. This Policy shall be reviewed annually by the Committee and revised as necessary. Revisions are subject to approval by the Board.

II. Purpose of the Investment Policy

The Committee desires to use the investment policies and restrictions presented in this Statement as a framework to guide the Manager in attaining the Investment Objective for the Funds and to define a level of risk that is deemed acceptable.

These policies and restrictions are not intended to impede the efforts of the Manager to attain OETT’s overall objectives nor should they exclude the Manager from appropriate investment opportunities. The Manager is allowed reasonable discretion in the asset allocation and diversification of the Funds, subject to this policy.

III. General Objectives

Investments will be made for the sole interest and exclusive purpose of helping meet the funding needs of OETT. Investments will be made in accordance with the Oklahoma Uniform Prudent Investor Act, currently found at 60 O.S. §175.60 et. seq.

OETT’s Investment Objective is “Growth and Income”. The intent of the objective is to provide both current income and future growth to accommodate OETT’s spending policy plus normal inflation; thereby, preserving the constant dollar value and purchasing power of OETT for future generations.

IV. Performance Expectations

Investment performance will be reviewed over a market cycle, using the most appropriate benchmarks for the types of investments held. The goal of each asset class is to achieve the total return of its benchmark while maintaining a risk level similar to, or less than, that of the benchmark. The overall goal for OETT is to achieve a five percent (5%) real rate of return after inflation.

A. Statement of Expectations

1. OETT views investment return in totality, to include all income and dividends earned, as well as realized and unrealized appreciation and losses, net of all investment-related costs.
2. OETT understands that past capital market experiences may not reflect future results, but expects the basic risk and return relationship between asset classes (to include equities, fixed income, cash, commodities and their components, etc.) to remain consistent with their past over long periods of time.
3. OETT expects that the realized rate of return after inflation will vary over short measurement periods.
4. OETT believes that overall portfolio return and risk is predominantly determined by asset allocation and will strive to control portfolio risk through proper diversification.

V. Asset Allocation

The Board expects OETT's asset allocation policy to reflect and be consistent with the investment objectives and risk tolerance expressed throughout this Policy. The following guidelines will be used by the Manager in determining the allocation of OETT's assets:

Equities - The equity component of the portfolio shall normally constitute 50% to 70% of total assets.

Fixed Income - The fixed income component, including cash and equivalents, shall normally constitute 20% to 50% of total assets.

Alternative Investments – Non-traditional assets and investment strategies may constitute up to 10% of total fund assets.

In the event that the allocations identified above should exceed the ranges allowed due to appreciation, the Manager is not required to automatically rebalance the asset class(es) that are out of compliance with the policy but must report any exception to the Investment Committee at least quarterly and obtain approval for the exception, which will be reflected in the minutes.

VI. Investment Authorization and Restrictions

A. Equities - The Board gives the Manager full discretion in security selection, sector selection, and portfolio turnover subject to this document and the following authorizations and restrictions.

1. The Manager is responsible for maintaining proper diversification of equities and sectors in the portfolio.
2. The Manager may invest in common stock, preferred stock, convertible preferred stock, and American Depositary Receipts (ADRs) issued by corporations domiciled in developed and emerging countries.

3. The Manager may invest in shares of equity mutual, exchange traded or commingled funds whose objectives are consistent with this Policy.
4. Investments in securities of a single issuer shall not exceed 10% of the total market value of fund assets.
5. The Manager is prohibited from investing directly in private placements, letter stock, and uncovered options, and from engaging in short sales, margin transactions or other speculative investment activities.
6. The Manager is permitted to invest in securities trading on foreign exchanges through diversified mutual, exchange traded or commingled funds. Further, the Manager is permitted to manage the dollar-denominated currency exposure inherent in owning foreign equity securities.

B. Fixed Income – The Board gives the Manager full discretion in security selection, sector selection, and portfolio turnover subject to this document and the following authorizations and restrictions.

1. Direct investment in obligations of, guaranteed by, or insured by the U.S. Government, its agencies, or government sponsored enterprises is allowed.
2. Direct investment in obligations of U.S. banks or Savings and Loan Associations that are fully insured by the Federal Deposit Insurance Corporation is allowed.
3. Direct investment in corporate debt issues which, at the time of purchase, are rated A-or better by Standard & Poor's or A3 or better by Moody's is allowed.
4. Investment in fixed income mutual, exchange traded or commingled funds is allowed. Securities that are rated below investment grade may only be held through diversified funds.
5. Managers are permitted to invest in fixed income securities issued in currencies other than the U.S. dollar. Allocations to dedicated international fixed income strategies are only allowed through a fixed income mutual, exchange traded or commingled fund which fully hedges its foreign currency exposure to the U.S. dollar.
6. Investments in securities of a single debt issuer, with the exception of the U.S. Government, its agencies, and government sponsored enterprises, shall not exceed 10% of the fixed income component's market value.
7. The weighted average maturity of the fixed income component shall not exceed 10 years and the weighted average credit rating of the portfolio shall be maintained at an investment grade level.
8. The Manager is prohibited from investing directly in private placements, fixed income or interest rate futures, and any other speculative investments.
9. The Manager is prohibited from investing in tax-exempt securities of any municipal debt issuer, as well as any fixed income mutual, exchange traded or commingled funds investing primarily in tax-exempt municipal debt issues

C. Cash Equivalents – The Board gives the Manager full discretion in allocation to and security selection of the cash equivalents component subject to this document and the following authorizations and restrictions.

1. To provide income, liquidity and preservation of principal, the Manager may invest in commercial paper, repurchase agreements, U.S. Treasury Bills, certificates of deposit, as well as money market funds and short-term collective trust funds which contain the above securities.
2. Uninvested cash reserves shall be kept at minimum levels.

D. Alternative Investments – The Board gives the Manager authority to invest up to 10% of fund assets into investment strategies that are uncorrelated to traditional equity and fixed income investments, subject to explicit authorization by the Committee.

1. Unconstrained fixed income strategies intended to replicate the volatility of an intermediate-term fixed income portfolio while exhibiting reduced correlation to traditional equity and fixed income investments are allowed.
2. All restrictions in sections VI.A, VI.B and VI.C shall not apply to investment allocations in this section.

E. Other Investment Restrictions

1. The Manager will not purchase assets other than those described above without the written consent of the Committee.
2. Investments in contracts of commodities are prohibited without prior written consent of the Committee.
3. The Committee will not authorize private equity investments, private loans or other investment-related activities with individuals and/or businesses beyond what is explicitly allowed in this Policy.
4. Investments not specifically addressed within this Policy are forbidden without the written consent of the Committee.

VII. Monitoring Procedures and Manager Evaluation

The Investment Committee shall meet with the Manager not less than annually for the purpose of discussing actual and comparative investment performance and strategy for meeting investment objectives. More frequent meetings with the Manager shall be on an as-needed basis. The Manager shall provide a periodic statement, the frequency of which shall be determined by the Investment Committee, showing transactions and current asset values.

Annually, the Board shall receive a comprehensive report on the performance and holdings of the Funds and on the performance of the Manager.

VIII. Conflict of Interest

For Trustees, Officers, Directors, Committee Members, Staff Members and certain Consultants:

None of the above shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with OETT. Each individual shall disclose any personal interest, which he or she may have in any matter pending before OETT and shall abstain from any vote on such matter.

**ADOPTED BY THE BOARD OF TRUSTEES OF THE
OKLAHOMA EDUCATIONAL TECHNOLOGY TRUST
on _____, 2017**

Chairman

Secretary