

NUMBER: 1636
TITLE: Current Funds Portfolio
APPROVED: September 27, 1990; April 25, 2019

PURPOSE

Earnings from current funds investments provide an important source of unrestricted revenue for the university. Funding for this program includes all current funds held by the university beyond those required to meet the daily cash needs of the university. Current funds may include funds that are either donor-restricted or unrestricted funds that are held by the university for current operations.

Policy

Current funds investments will be governed in whole or in part by the Uniform Prudent Management of Institutional Funds Act, the Virginia Security for Public Deposits Act, and the Virginia Investment of Public Funds Act.

Authority

The Vice President for Administration and Finance, or designee, shall be responsible for interpretation, implementation and compliance with this policy and is empowered to open accounts and invest the funds in according with the investment objectives presented below.

Investment Objectives

The primary investment objective of the fund is to maximize investment income consistent with the need for safety of principal and liquidity. A secondary objective is to realize incremental income or principal appreciation consistent with the primary objective through active management of the portfolio. A target total return for the portfolio is to generate a return in excess of a composite index consisting of 60% of the 91 day T-bill index and 40% of the BofA Merrill Lynch 1-3 year U.S. Treasury Index over rolling one year periods.

Investment Philosophy

All investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Portfolio management and trading may be used to achieve the objectives. Strict quality standards have been established to minimize credit risks. Emphasis will be placed on short term, highly marketable securities to ensure adequate liquidity. Investments made under the provisions of this policy may be retained even though they cease to be eligible for purchases under the provisions set forth in this policy and the Code of Virginia.

Investment Guidelines

1. Funds shall be invested in securities which are considered lawful investments as provided by the Investment of Public Funds Act. Lawful securities include, but are not limited to:
 - a. Obligations of the Commonwealth
 - b. Obligations of the United States
 - c. Obligations of other states
 - d. Obligations of Virginia counties, cities, etc.
 - e. Obligations of cities, counties, etc. of other states
 - f. Obligations subject to repurchase
 - g. Bonds of Virginia educational institutions
 - h. Obligations of and preferred stock of public utilities
 - i. Obligations of and preferred stock of industrial corporations
 - j. Obligations of and preferred stock of industrial corporations
 - k. Federal housing loans
 - l. Certificates of deposits of and savings accounts in federally insured banking institutions
 - m. Shares and share certificates in any credit union lawfully authorized to do business in the Commonwealth of Virginia whose accounts are insured by the National Credit Union Share Insurance Fund or the Virginia Credit Union Share Insurance Corporation.
 - n. Additionally, funds may be invested in:
 - i. Common Fund for Short Term Investments
 - ii. Common Fund Intermediate Cash Fund
 - iii. Common Fund for Bond Investments
2. Maturities are restricted to no more than five years for commercial notes and no more than 270 days for commercial paper.
3. The portfolio shall be diversified between different sectors (government agencies and corporates) and different issues within each sector. No more than 35% of the portfolio shall be invested in commercial paper and no more than 5% of the portfolio shall be invested in commercial paper of any one issuing corporation.
4. Securities selection shall be governed by the quality standards set forth in the Investment of Public Funds Act.
5. All securities will remain in the custody of the university or its custodian bank.

References

[Uniform Prudent Management of Institutional Funds Act, Section 64.2-1100, et.seq.](#)
[Investment of Public Funds Act, Section 2.2-4500, et.seq.](#)
[Virginia Security for Public Deposits Act, Section 2.2-4400, et.seq.](#)