

# Maple Valley-Anthon Oto School Foundation Investment Policy

## **Objective**

The objective of this investment policy is to maximize the Foundation's return on investment while maintaining risk at an acceptable level. In achieving this objective, consideration will be given to liquidity, quality of investment and diversification.

## **Purpose**

This portfolio is to provide a fund for use in the funding of Foundation programs and expenditures. It is expected that amounts invested will be held for six months or longer before withdrawn, and that they will be used only for scholarships and grants or, if absolutely necessary, to meet operating liabilities. Individual securities within the portfolio, however, may have maturities shorter than six months.

## **Authority**

The Board of Directors of the Foundation has the authority for establishing this investment policy. The Board will review performance of the fund and recommend changes if needed. The Board will monitor compliance and recommend changes to this policy.

## **Management**

Management of this investment portfolio within the limitations imposed by this Investment Policy is the responsibility of the Investment Committee of the Foundation. The Investment Committee will be appointed at the first regular board meeting following the Annual Board Meeting by the Board of Directors and will be made up of four board members, with the President and Treasurer being standing members. The Board shall have oversight of the Investment Committee and the Investment Policy. The Investment Committee will report to the Board of Directors at each meeting.

## **Guidelines for Investing**

The Board of Directors of the Foundation will make investment decisions taking into account, among other factors, projected cash flow, capital expenditure plans and liquidity requirements.

The assets of the Portfolio will conform to the following ranges of asset allocation:

	Minimum	Maximum
Fixed Income (a – g below)	30%	60%
Equities (h – j below)	40%	70%
Cash – checking & money markets	0	30%

Asset mix within the above ranges will be determined based on the outlook and strategy to maximize the return of investment monies taking into consideration market risks. In general, the object of the investment policy is to produce a balanced portfolio with an overall target mix of investments of 50% equity and 50% fixed income instruments. The committee may employ an investment manager who will invest a portion of the foundation's funds with guidance on the asset allocation mix from the investment committee.

Funds not held with the investment manager will be managed by the Investment Committee and are not the responsibility of the investment manager.

In order to provide diversification and to minimize risk, the following guidelines for individual securities are set to direct the investment committee and outside investment manager:

- a. U.S. Treasury Securities: No dollar limit
- b. Federal Agency Securities: No dollar limit
- c. Certificates of Deposit: No amount in any one institution shall exceed FDIC limitations for the duration of the CD. No other dollar limit
- d. Mortgage Backed Securities: No dollar limit
- e. Commercial Paper: Rated A1, P1 or better. No more than 5% of the total investment portfolio in any one corporation.
- f. Individual Corporate Bonds: Rated BBB or better by Moodys or S&P. No more than 5% of the total portfolio in any one corporation.
- g. Bond Mutual Funds: No more than 25% of the total investment portfolio. May use international, high yield and emerging market bonds in order to diversity our holdings, reduce concentration risk and improve yield.
- h. Equities/Stock Mutual Funds: Funds must be at least \$100 million size. Each fund will be evaluated by our investment manager to monitor returns and the quality of the fund. No fund should represent more than 15% of the total investment portfolio value.
- i. Equities/Preferred and Common Stocks: Domestic and international corporations: Investment in any one company's preferred or common stock (outside of a mutual fund) will not exceed 10% of the total portfolio value.
- j. Equities/Alternative investments may include: real assets in the form of marketable real estate securities (REIT's), commodity-based exchange traded funds, and other non-traditional asset classes to include funds investing in such alternative assets and market-neutral funds.
- k. Money Market Funds: minimum balances can be kept in high quality money market accounts.

## **Performance Measurement Standards**

The benchmarks to be used in evaluating the performance of the three main asset classes will be:

Equities: S & P 50 Index

Global Equities: MSCI – All Cap World Index

Fixed Income Securities: Barclays Global Aggregate Index

These indices will be used for comparative analysis only.

Funds managed by an outside investment manager are formally reviewed on a quarterly basis. The outside investment manager will make changes if necessary.

Performance of the entire Foundation Portfolio will be reviewed annually by the Board of Directors.

## **Local Investment**

Funds will be invested in local financial institutions when feasible.

## **Review**

The above strategies will be reviewed on an annual basis by the “Investment Committee”. Additionally, the Investment Committee will share statements and balances with the Board of Directors at each regular meeting.

Approved by the Foundation Board of Directors on 9-11-2014.