

# **INVESTMENT POLICY STATEMENT (IPS)**

## **CenDel Foundation (CenDel)**

**OBJECTIVE:** The objective of this policy is to assist CenDel in effectively supervising, monitoring and evaluating their investment assets. Those investment assets are held by the organization as a steward for the sake of carrying out its mission and purpose. This policy is consistent with the bylaws of the CenDel Foundation and has been formally set forth to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding for all involved parties of the investment goals and objectives including: the various asset classes, investment management styles, asset allocations, acceptable risk and total long term investment return.
- Provide guidance and limitations to all investment managers that, in total, are expected to produce sufficient levels of overall diversification, risk and liquidity within the portfolio, so that all assets are managed in accordance with the long-term objectives.
- Establish a basis for evaluating investment results.
- Ensure compliance with all fiduciary, prudence and due diligence requirements that experienced professionals would utilize, and with all applicable laws (Uniform Management of Institutional Funds Act and Uniform Prudent Investor Act for trusts), rules and regulations from various local, state, federal and international political entities that may impact the investments.
- Outline procedures and criteria to monitor, evaluate and compare the performance results achieved by investment managers on a regular basis, and report the performance to the Board of Directors.

### **DELEGATION OF AUTHORITY**

The Board of Directors of the CenDel Foundation (The Board) holds all funds as a fiduciary. In turn, the Board has delegated authority over its investment affairs to the Investment Committee (the committee) of the Board, and that committee is further authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- 1) **Investment Manager** – an individual or entity with discretion to purchase, sell or hold the specific investment vehicles authorized by the committee to meet the policy’s investment objectives.
- 2) **Custodian** - this entity is empowered to physically maintain possession of any investments owned by CenDel, which they opt to manage in-house, and can collect dividends and interest payments, redeem maturing securities, as well as effect receipt and delivery following purchases and sales.
- 3) **CenDel Treasurer** –The treasurer will maintain regular accounting of all assets owned, purchased or sold, along with a tabulation of all disbursements.

- 4) **Additional specialists** – experts such as attorneys, auditors and others that may be employed by the committee to assist in meeting its responsibility and obligations to administer investment assets prudently.

## **RISK TOLERANCE**

CenDel has a long-term horizon with (five) years expected to fully implement the selected style, and limited liquidity needs. Our risk level is categorized as moderate.

## **INVESTMENT GOALS**

The investment committee will use a passive approach to investing the assets, using index funds, or an active approach using individual managers. When using index funds, we would expect the performance to closely match the performance of each index. When using active managers, the following investment goals are benchmarks that we expect the investment managers to meet or exceed on a net of fees basis:

For the total portfolio:

To track the return of a balanced Market Index comprised of the Standard & Poor's 500 stock index (S&P), Morgan Stanley Capital International Index (EAFE), Barclays Aggregate Bond Index (AGG), and U.S. Treasury Bills, in the same proportion as our asset allocation.

Average ranking over a rolling period of (five) years is the performance criteria rather than the ranking achieved in any specific year (s).

## **ASSET ALLOCATION**

The Investment Manager is authorized to invest in assets within the following strategic asset allocation guidelines:

<b>Asset Class:</b>	<b>Lower Limit</b>	<b>Target</b>	<b>Upper Limit</b>
Equities	45%	50%	55%
International	5%	10%	15%
Fixed Income	35%	40%	45%

Cash and Equivalents are included in the fixed income target percentage.

**Prohibited investments** include, but are not limited to, commodities and futures contracts, private placements, options, non-registered securities.

## **Asset Quality**

**Equity Securities** – may invest in any unrestricted, publicly traded stock, ETF or index that is listed on a major exchange or a national, over-the-counter market that is appropriate for the portfolio objectives, asset class, and/or investment style.

**Fixed Income Securities** – the quality rating of bonds and notes must be “A” or better, as rated by Standard & Poor’s and/or Moody’s. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less.

**Cash and Equivalents** – The quality rating of commercial paper must be A-1, as rated by Standard & Poor’s, P-1, as rated by Moody’s or better. The assets of any money market mutual funds must comply with this standard and/or the quality provisions for fixed-income securities.

**Rebalancing of Strategic Allocation** should be adopted as a risk-management strategy. Once an asset allocation is implemented that matches the portfolio’s risk tolerance, rebalancing approximately annually should allow the maintenance of risk exposure at an appropriate level. Investment managers must inform the committee before rebalancing.

## **RESPONSIBILITIES OF THE COMMITTEE**

- A. The specific responsibilities of the Committee in the investment process include:
1. Expressing CenDel’s risk tolerance level.
  2. Developing sound and consistent investment policy guidelines, which the Investment Manager can use in formulating and recommending corresponding investment decisions.
  3. Establishing reasonable investment objectives.
  4. Selecting qualified Investment Managers.
  5. Communicating clearly the major duties and responsibilities of the Investment Manager.
  6. Determining CenDel’s projected financial needs and communicating such to the Investment Manager on a timely basis.
  7. Monitoring and evaluating performance results to assure that policy guidelines are being adhered to and that objectives are being met.
  8. Taking appropriate action to replace Investment Manager for failure to perform as expected.
- B. Selection and recommendation of specific investments and securities are to be delegated to the Investment Manager.

C. Custodial Services: The committee will select a suitable “Custodian” for all securities and brokerage transactions.

**AMENDMENT OF IPS**

CenDel reserves the right to amend the IPS at any time.