

# BEAUMONT ROTARY FOUNDATION

## INVESTMENT POLICY STATEMENT

JULY 1, 2020

### Introduction and Purpose

The purpose of this policy is to establish guidelines for the investment of assets of the Rotary Foundation's funds by the Investment Advisor to insure such investments are duly authorized, properly managed and adequately protected. With the primary purpose of the Rotary Foundation being to promote the charitable and civic projects of the Rotary Club of Beaumont, this policy is not intended to limit authorized investment opportunities, but rather seeks to accomplish the following objectives:

1. Determine the allocation of dollars to be invested in short-term and long-term type investments.
2. Assure that the assets of The Foundation are adequately safeguarded.
3. Establish prudent investment procedures for each type of investment.
4. Establish a reporting mechanism to insure the Board of Trustees is informed of the investment position of the organization and has an opportunity to make modifications to that position as considered appropriate.
5. Provide appropriate oversight through the Board of Trustees.

### Investment Criteria

1. Investments should be made with the goal that seeks a long-term investment strategy of capital appreciation and it must also be flexible to provide for distributions from the invested funds that may be expended during the fiscal year.
2. Distributions are permitted from the Fund equal to not more than 5.0% of the average invested balances on March 31 of the three preceding years. However, in any year that the fair market value of the invested funds falls below \$400,000 on March 31 immediately preceding the new year beginning July 1<sup>st</sup>, no distribution shall be made for the new fiscal year beginning in July. The calculation of funds available for expenditure during the new fiscal year shall be made as soon as possible and communicated to the investment advisor managing the investments. The investment advisor shall be provided a schedule of anticipated withdrawal for the new fiscal year – dates and amounts of withdrawals. The investment advisor is to either accumulate these funds in cash or have investments that can be converted to cash at the appropriate times.
3. The goal of the invested funds is long-term growth at a growth rate over the long-term equal to at least 5.0% + Inflation + Advisory fees, while comparing said results to the following market benchmarks, with the goal to exceed these market indices:

#### **Blended Performance Benchmark for the Foundation's Funds:**

Asset Class	Benchmark	Weight
U.S. Large Cap Equity	Russell 1000 Index	37%
U.S. Mid Cap Equity	S&P MidCap 400 index	8%
U.S. Small Cap Equity	Russell 2000 Index	6%
International Developed	MSCI EAFE Index	6%
International Emerging	MSCI Emerging Market	3%
Core Bonds	BofA ML 1-10Yr G/C A+ Index	39%
Cash	90 Day T-Bill	1%

4. The **portfolio** will have a long-term allocation target of 60% domestic and international equity investments and 40% fixed income securities and cash. The Investment Advisor will generally maintain an asset allocation within a 10% of the long-term allocation target (for example the maximum allocation to equity investments is generally 70% and the minimum allocation to equity investments is 50%) but the portfolio may occasionally stray from these ranges for short periods of time or under direction from the Investor.
5. The Portfolio will be invested in publicly traded common stocks, ADRs, exchange traded funds (ETF), mutual funds, bonds, certificates of deposit and cash. Cash may be held in the core cash account of the Custodian of the Investor's brokerage account as well as money market mutual funds.
6. Individual stock investment positions should be limited to companies with a market capitalization over \$1 billion. Further, no more than 10% of the funds invested in equity securities will be included in the stock of a single company or 25% of the combined stocks of companies within the same industry sector. Also, no more than 10% of the account's value may be purchased in the bonds of any issuer other than the securities issued directly by the United States Treasury.


#### **Investment Advisor**

1. The Investment Advisor engaged by the Foundation shall provide at least quarterly management reports which provide in addition to the standard position reports, comparisons to the agreed upon benchmark reports on a one-quarter, year-to-date, 1 yr., 3 or 5 yr., 10 yr. and from inception basis.
2. The Investment Advisor engaged by the Foundation shall meet with the Trustees annually. Reports will be provided at least quarterly.

#### **Investor**

1. The Foundation's Trustees have implemented the process by which funds in excess of \$25,000 in the Foundation's general checking account will be transferred to the Foundation's investment account maintained by the Investment Advisor.
2. The Foundation's Trustees shall provide the Investment Advisor on a timely basis with relevant information on financial conditions and changes that may apply to the investment of funds in the portfolio managed by the Investment Advisor.

**Adopted on June 25, 2020**

  
\_\_\_\_\_, Secretary  
Henry Venta