

# NORWIN SCHOOL DISTRICT COMMUNITY FOUNDATION INVESTMENT POLICY

## **Introduction**

The following guidelines have been adopted by the Board of Directors of the Norwin School District Community Foundation and are to be shared with active portfolio managers responsible for investing the long term investments held for endowment purposes. The intention of the Norwin School District Community Foundation is to use the funds to provide scholarships to students of Norwin School District, and to enhance educational programs offered by the Norwin School District.

## **Distributions**

The Board of Directors will make periodic distributions, consistent with the terms outlined in the Spending Policy.

## **Objectives**

The Norwin School District Community Foundation has adopted a long-term time horizon for the investment of the funds. The objectives are long-term capital growth, preservation of capital, income generation and the realization of acceptable investment returns commensurate with acceptable levels of risk. The Board of Directors believes that a balanced approach to portfolio management is required to reduce volatility and prudently maximize total return for the long term. It is expected that the Investment Manager(s) will manage the portfolio to seek to achieve these objectives at all times. The Board of Directors does not desire a high risk, high volatility approach that produces large gains as well as large losses. Rather, we seek a more consistent approach, limited to individual intermediate-term fixed income securities and/or fixed income mutual funds, which may include U.S. Government Treasuries and Agencies, Mortgage Backed Securities (High yield investments limited to no more than 5% of the portfolio), and Money Market Instruments.

## Asset Allocation

Category	Target	Range	Comment
Fixed Income Allocation	30-40%	30-60%	The maximum commitment to bonds for the overall assets of the portfolio is set at 60%.
Equity Allocation	50-60%	40-80%	The maximum commitment to equity for the overall assets of the portfolio is set at 80%.
Cash & Equivalent Allocation	0%-15%		

## Fixed Income Guidelines

1. The maximum commitment to bonds for the overall assets of the portfolio is set at 30-60%. Exposure to Corporate bonds should be limited to 15% (including no more than 5% in high yield corporates) of the portfolio. The minimum commitment to cash for the overall assets of the portfolio is set at 0%. These limits are subject to periodic review and adjustments by the Investment Manager with Board of Directors' approval.
2. The maximum remaining maturity (or estimated average life on the mortgage-backed issues, or secure mortgage backed securities held in Mutual Funds) on each bond is limited to 7 years.
3. There are no position limits or restrictions with respect to U.S. Government Treasury and Agency Issues.
4. Corporate securities are limited, by issuer, to 5% of the total fixed income assets under management.
5. At the time of purchase the minimum corporate bond rating shall be an A or better (Moody's or S & P). Should a bond fall below the minimum rating, the Investment Manager(s) will have discretion to sell the security.

6. Zero coupon bonds are not considered as acceptable investments.
7. International fixed income investments may be used if deemed appropriate by the Investment Manager(s).

### **Equity Guidelines**

1. The maximum commitment to common and/or preferred stocks for the overall assets of the portfolio is set at 40-80%.
2. Stock investment shall not exceed 1% of the total equity outstanding of that company.
3. International equity investments may be used if deemed appropriate by the Investment Manager(s).
4. Overall stock emphasis should be placed on stocks the Investment Manager(s) believe(s) are quality issues; the Investment Manager(s) should aim to manage risk by seeking to reduce volatility.

### **Restrictions**

1. No short sales or trading on margin.
2. No options including puts, calls, futures, swaps, derivatives or forwards.
3. No direct investment in commodities or commodity contracts.
4. No direct investment in real estate.
5. No pledging or hypothecating securities.

## **Investment Management and Accountability**

The Board of Directors of the Norwin School District Community Foundation shall oversee investment of the Norwin School District Community Foundation Fund and is authorized to review the performance of the Investment Manager(s) and compare their performance with relevant benchmarks.

The Treasurer will review and evaluate performance on a semi-annual basis and report to the Board annually. The Investment Manager(s) will be available for semi-annual meetings and will provide semi-annual reports detailing all asset information and performance results. The Board will receive information regarding fund performance at each quarterly meeting.

## **Investment Policy Review**

The Board of Directors will review the Investment Policy annually, and make any changes to the policy it deems necessary.

## **Board Approved:**

1-28-08