

## INVESTMENT POLICY

### Statement of Policy and Objectives

The purpose of this statement is to establish a clear understanding of the investment policy, guidelines and the objectives of the Endowment Fund (hereinafter called the "Fund") established by the Independence Area Dollars for Scholars. (hereinafter called the "Chapter") The intent of this investment policy is to be sufficiently specific to be meaningful but flexible enough to be practical.

### INVESTMENT OBJECTIVE

The investment objective of the Fund is to maximize total return (appreciation and income) and minimize risk within the fiduciary character of the Fund and to maintain a level of liquidity that is sufficient to meet the normal needs of the Chapter.

### FINANCIAL RESPONSIBILITY

The Board of Directors of Independence Area Dollars for Scholars shall appoint an Investment Committee charged with the responsibility for the investment of the assets of the Fund. The Investment Committee shall conduct their duties solely for the interest of the Chapter. They shall discharge their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting 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.

### DELEGATION OF INVESTMENT MANGEMENT

The management of the Fund and the responsibility for investment decisions for the Fund are to be made by the Investment Committee. The Investment Committee will have complete discretion within the investment policies and objectives set forth in this statement or as may be modified from time to time by a majority vote of the Board of Directors.

The Investment Committee shall review records and transaction activity within the Fund and issue reports as required by law or as requested

by the Board of Directors. The Investment Committee will also perform or have performed any audits as may be required by request of the Board of Directors or by law.

#### **PRESERVATION OF THE FUND**

The principal of the Fund shall not be invaded to make awards unless designated by the donor.

#### **INVESTMENT OBJECTIVES**

The investment objective of the Fund will be to attain a favorable relative return for the entire Fund, consistent with the preservation of capital emphasizing income generation and long term growth. The Investment Committee should be aware that the Chapter recognizes that the cash flow generated from the portfolio will be a combination of dividends and interest which will be used for annual Chapter scholarship awards.

#### **INVESTMENT GUIDELINES**

1. Asset Allocation: The general policy shall be to invest in both equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.
2. Any cash reserves should be invested in interest bearing securities which are free of risk of loss and are highly liquid.
3. As defined or described herein, the following are acceptable asset classes for authorized investments:
  - a. Mutual Funds
  - b. Common Stock
  - c. Preferred Stock
  - d. US Government Securities
  - e. Corporate Bonds
  - f. Money Market Funds
  - g. Certificates of Deposit
  - h. Checking or Savings Accounts
  - i. Donated Real Estate
4. The Investment Committee shall be permitted to invest in publicly

traded mutual funds, common stock and preferred stock listed on the New York, American, principal regional and NASDAQ stock exchanges.

5. The following are prohibited assets or investments:
  - a. Commodities and Futures Contracts
  - b. Options
  - c. Private Placements
  - d. Limited Partnerships
  - e. Short Selling
6. Derivatives: Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment but to form a general policy on derivatives. Unless a specific type of derivative security is allowed in this document, the Investment Committee must seek permission from the Board of Directors to include derivative investments in the Fund's portfolio. The Investment Committee must present detailed information as to the expected return and risk characteristics of such investment vehicles.

## INDEMNIFICATION

The Chapter shall indemnify each person who is or has been a member of the Investment Committee and each person who is serving or who has served at the request of the Chapter in some other capacity under the Fund against all costs and expenses (including, without limitation, attorney's fees, judgments, fines, and amounts paid in settlement) paid or incurred by such person to the fullest extent to which such individuals may be indemnified under the provision of State Statutes, or any amendments thereof or substitutions therefore. However, no indemnification shall be made to any person against willful malfeasance or gross negligence.

The Chapter may purchase and maintain such insurance as it deems appropriate to insure it against the costs and expenses it may sustain in making indemnification under this section and may purchase and maintain insurance on behalf of any person who may be indemnified to the extent of his right to indemnify under this section.

## PROCEDURES

The Investment Committee shall review the investments of the Fund at least semi-annually to discuss the results, status and prospects for the Fund relative to the formulated policies and objectives.

At least annually, the Investment Committee shall report the results, status and prospects for the Fund to the Board of Directors. As the value of the Fund could change dramatically at any time, the Board of Directors shall at least annually review the results and status of the Fund and recommend any changes to the Investment Policy's Procedures.

The Investment Committee may upon approval of the Board of Directors hire, consult with or direct a professional money manager to manage the Fund. This "Investment Policy, Statement of Policy and Objectives" shall then be the guideline to be used by any such professional money manager.