



## Investment Policy Statement LCRC Endowment Fund

<u>The Fund:</u>	Lombard CRC Endowment Fund Established February 13, 1996 Amended June 2006
<u>The Committee:</u>	See “Fund By-Laws” Section 5
<u>Responsibilities, Powers, and Duties of Committee:</u>	See “Fund By-Laws” Section 6.

### **Investment Policy Statement Introduction/Purpose:**

It is the intent of this statement to establish investment objectives and guidance for current and future Endowment Committees. Specifically, this Investment Policy Statement:

- Defines the Endowment Fund’s Investment Objectives and Risk Tolerance
- Defines the Fund’s Investment Discipline
- Provides the Endowment Committee with a basis for evaluating investment performance within the context of the fund’s risk/return profile and the Committee’s reporting requirements.
- Is designed to supplement the “Fund By-Laws”.

## **Investment Objectives/Risk Tolerance**

The following objectives are based on the initial meetings and discussions of the Endowment Committee (October 2006 to January 2007).

- The Fund seeks capital preservation and moderate growth by investing in a portfolio comprised of mostly fixed income investments and some equities. Generating income is very important as an objective. The fund's goal is to preserve the principal balance over a period of many years for the purpose of income for disbursements in accordance with the Fund's stated purpose.
- The Fund's risk tolerance can be described as follows: The Committee is comfortable with a low to moderate level of price fluctuation and prefer a balanced mix of investments with the principal balance of the fund invested with a low degree of risk, and the remainder of assets (accrued income) invested with moderate risk.
- The investment time horizon is long-term. That is, the LCRC Endowment Fund is designed to provide investment/interest income for many years, while maintaining the principal balance of the fund, in accordance with Section 4 of the "Fund By-Laws".
- Fund contributions are subject to donor support.
- Withdrawals are expected to occur on a regular basis to support the fund's goal and purpose (Section 3 of "Fund By-Laws"). These withdrawals are limited to the extent outlined in Sections 4 and 9 of the "Fund By-Laws".
- It is expected that total fees (expenses, misc. fees, and advisory fees) of the fund shall not exceed 2.0%.

Based on the risk tolerance and investment objectives stated above, the asset allocation for the LCRC Endowment Fund is:

20%-30% Equities  
80%-70% Fixed Income (Bonds & Cash)

## **Investment Discipline**

The Fund will utilize the principles of Asset Allocation. That is, investment asset classes (e.g. Cash, Bonds, Stocks, etc.) will be selected and weighted based on their historical correlations. The intention is to reduce portfolio volatility while achieving acceptable returns from combining assets classes with low correlations. The Fund will diversify within assets classes by using fixed income investments and equity investments.

### Fixed Income Investments

- Cash/Cash Equivalents (CDs, Money Markets, etc.)
- U.S. Gov't Bonds/Bond Funds (e.g. Treasuries)
- Agency Securities (e.g. FNMA, GNMA)/Funds
- Corporate Bond Funds

### Equity Investments

- LargeCap Value, Blend, Growth
- Mid/SmallCap Value, Growth
- International Growth and Income, Growth

*Asset classes/investments that are not allowed in the Fund are as follows: Options (Puts/Calls), Derivatives, Commodities, Hedge Funds, Penny Stocks, IPO's (Initial Public Offerings), or "Sin" stocks (alcohol, tobacco, gaming, etc.).*

It is the intention of the Endowment Committee to maintain the portfolio's initial allocation (within +/- 5-10%). To accomplish that, the fund may be re-balanced from time to time. That re-balancing will be the result of shifting among assets classes. This is not to be confused with market timing.

### **Investment Monitoring and Reporting**

The investment performance of the Fund should be monitored and reported no less than semi-annually, in accordance with the “Fund By-Laws” (Section 6). A review of the investment portfolio should be done to ensure that:

- a) it complies with the investment objectives of the Fund, including the allocation goal;
- b) the investment performance of the assets are comparable to current markets and/or respective benchmarks;
- c) any/all significant changes to investments within the Fund (i.e. mutual fund manager changes, name/objective changes, mergers, etc.) changes are noted and approved.

### **Coordination with Endowment Fund “By-Laws”**

This Investment Policy Statement is designed to supplement to the “Fund By-Laws” dated February 13, 1996, as amended June 2006. As with any of the policies and procedures adopted by this committee, future changes to this statement must be approved by the committee and reported to Consistory in accordance with Section 6 of the “Fund By-Laws”.