

# **The Paxton-Buckley-Loda Education Foundation Endowment Fund Investment Policy**

**Revision No. 1**      **Adopted:** August 8, 2017

## **Investment Policy Purpose**

- \* Provide a philosophy and strategy for investing endowed funds to enable The Paxton-Buckley-Loda Education Foundation (“The Foundation”) to meet its objectives.
- \* Provide a clear understanding of the responsibilities of and relationships between the following groups:
  - The Foundation Board of Trustees
  - The Foundations Endowment Fund Committee (“The EFC”)
  - The investment advisor and The Foundations representative (“IAR”) to Midwestern Securities Trading Company (“MSTC”) and their Investment Advisory Committee (“IAC”).

## **Goal of Investment Policy**

- \* To achieve an investment return consistent with our risk tolerance and objectives. The allocation of assets is determined by The EFC and based upon recommendations from the IAR.
- \* Accumulation of assets to provide income, capital appreciation and growth and income to supplement district-wide programs.
- \* Maximize returns on investments while minimizing risk and expenses.
- \* Investment objectives are subject to change with increasing principal buildup.

## **Investment Profile Guidelines**

- \* The PBL Education Foundation’s investment priorities are capital appreciation and income.
- \* At this time The Foundation’s Board of Trustees believe The Foundation will continue in perpetuity and as such wishes to employ a five (5) year investment timeline.
- \* The EFC accepts a moderate investment risk tolerance with a 70% equity and 30% fixed income mix.
- \* Reasonable diversification of investment assets among asset classes and investment categories shall be maintained.
- \* A cash account shall be included within the investment portfolio. Annual account fees will be paid from this cash account.
- \* A copy of these guidelines will be provided to the IAR.

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## Permitted Asset Classes

1. Cash and cash equivalents
2. Fixed income-domestic bonds (including investment grade, high yield, and municipal bonds)
3. Fixed income-non-U.S. bonds
4. Equities – U.S.
5. Equities – non-U.S.
6. Equities – emerging markets
7. Equities – REIT's
8. Alternative investments

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Lower/Upper Limits</u>
Cash & Equivalents.....	5%.....	0-10%
Fixed Income .....	30%.....	25-35%
Equities: Domestic Large Cap ...	50%.....	40-55%
Equities: International.....	15%.....	10-20%

## Investment Policy General Provisions

- \* Currently, The Foundation has chosen to use the investment services offered locally by First National Wealth Management in Paxton ("FNWM"). FNWM uses the brokerage services of MSTC, East Peoria, IL. The Foundation will pay an annual fee of 1.2% to MSTC.
- \* Any issues not addressed within this policy will initially be reviewed by The EFC, however, The Foundation will have final authority in all issues not addressed within this policy. Initial reviews will be conducted at the earliest convenience of The EFC.