

Kehilat Hanahar Endowment Fund and  
Investment Policy Statement

First Reading 3/17/16

Authority: The Board of Directors hereby adopts the following Investment Policy and Guidelines. These guidelines relate to those gifts and donations in the form of long-term endowments, quasi-endowments, restricted and unrestricted funds, and contributions received for the current use of the fund. Donations that have not been specifically designated for the Endowment by the Donor shall be deposited in an Operating Account and may be transferred to the Endowment at the discretion of the Board of Directors.

Purpose: The purpose of the Kehilat Hanahar endowment is to support the synagogue's objectives over the long term. Accordingly, the purpose of this statement is to establish a written policy for the investment of the synagogue's funds and to ensure that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for future generations. Additionally, this statement will outline the guidelines meant to preserve the principal reserve while producing a market return. This statement will establish appropriate risk and return objectives as well as asset allocation guidelines. The synagogue endowment will be managed in accordance with the prudent person rule, which requires that investments be made with the care, skill, and diligence that a prudent person, knowledgeable in such matters and in the objectives of the fund, would employ.

Responsibility: The ultimate responsibility for the management of the synagogue's investments rests with the Board of Directors. This responsibility is discharged through the Finance Committee, guided by the investment policies and objectives established by the Board as a whole. The Finance Committee will have the authority to initiate and implement those investment policies. The authority should include the authority to

retain and terminate investment managers, increase or decrease existing investments, establish checking and custodial accounts, and effect other changes as necessary to meet the overall goals of the synagogue.

Investment Goals and Objectives: The primary goal of the synagogue investment policy is to maximize total return on assets entrusted to it while controlling risk exposure to a level consistent with the interests reflected in Sec. 2, Investment Policy Purpose.

Brokerage Accounts: Kehilat Hanahar shall maintain a Brokerage Account with a discount broker (Fidelity, Vanguard, etc.) for the purpose of accepting donations of Stocks and other Securities. Donated Securities shall be converted into cash at the discretion of the Finance Committee.

Endowment Investment Managers: The Finance Committee, with the approval of the Board of Directors shall have the responsibility of choosing an outside investment manager for the Endowment.

Equity Investments: The purpose of the equity investments is to provide capital appreciation, with the recognition that this asset class carries with it the assumption of greater market volatility and increased risk of loss.

Limitations and Restrictions: Equity holdings shall be restricted to marketable securities of U.S. and/or foreign corporations via American Depository Receipts which are actively traded on the U.S. stock exchanges. Mutual funds are allowed provided their holdings meet the aforementioned standard. No single holding of an individual security shall exceed 5% of the total market value of the asset class. Prohibited investments include, but are not limited to: Letter stock, restricted securities, unregistered securities, commodities, futures contracts, private placements, derivatives, and companies in operation for fewer than three years.

Fixed Income Investments: The purpose of the fixed income investments is

to generate a source of current income while reducing the funds overall volatility.

Limitations and Restrictions: The investment managers may select from appropriately liquid investment grade preferred stocks, corporate debt securities, and obligations of the U.S. government and its agencies. Investments in a single issue, with the exception of the U.S. government and its agencies, may not exceed 10% of the total market value of the asset class. The bond portfolio should have a maturity not to exceed ten (10) years. Any investment vehicle beyond the limitations of these restrictions should be individually evaluated by the board.

Cash and Cash Equivalent Assets: The selected money managers and/or treasurer may invest in certificates of deposit, high quality commercial paper, treasury bills, repurchase agreements, and money market funds. Uninvested cash reserves should be kept to a minimum. However, the above vehicles are appropriate as a depository for income distributions from longer term investments, the temporary placement of funds intended for future investment in longer term capital markets, or for funds needed to meet current operating expenses.

Asset Allocation Parameters:

	<u>Target</u>	<u>Range</u>
Equity:	60%	50% to 70%
Fixed Income:	35%	25% to 45%
Cash:	5%	

Evaluation and Reporting of Investment Results:

It is expected that the investment managers responsible for the investment of synagogue assets will report quarterly on the performance of the portfolio, including gross returns for the funds versus their respective benchmarks, and returns net of fees. Also included will be a complete

accounting of all transactions involving the endowment during the quarter, together with a statement of the beginning value, fees, capital appreciation, and income and ending market value for each account. The Finance Committee will in turn report to the Board as a whole no less than once per year on the endowment and fund evaluation.

Market conditions may influence the ability of a manager to meet year to year goals and objectives. Accordingly, the Board expects to monitor performance through absolute, relative and comparative terms over annualized time periods. Absolute results will determine the rate of fund growth, while relative results will provide the fund with a view of investment performance compared to the securities markets and comparative results will present performance as compared to other investment managers.