Greater Lowell Community Foundation
Investment Policy

Adopted August 10, 1998
Amended March 22, 2012
Amended May 3, 2016

Goal

Provide the highest sustainable, consistent flow of funds to maximize charitable capital and support the activities of the Greater Lowell Community Foundation (GLCF).

Strategies

Protect the future purchasing power of the principal of the GLCF endowment by reserving an appropriate portion of investment return to offset the cumulative effects of inflation.

Manage the spending of endowment yield over time to reduce, so far as possible, undesirable annual variations in the level of support provided by the endowment.

Income from the Endowment - Availing Policy

The GLCF shall make available on an annual basis distribution from funds consistent with the Spending Policy. The Spending Policy in effect on the date hereof provides for the Foundation annually to spend up to 5% of the average market value at the end of each quarter for the previous 20 quarters. Prior to 20 quarters being reached, the average shall be obtained by dividing the sum of the number of quarterly observations by the number of said observations. Quarterly cash withdrawals may be made with the availing rate adjusted quarterly.

The total availing funds for annual distribution per the Spending policy shall be used to support charitable endeavors and up to 2.5% shall be used to offset administrative expenses of the GLCF.

When an endowed fund receives a contribution comprising 25% or more of the fund’s current balance, then calculations for subsequent distributions shall start from the trailing quarter in which the 25%+ contribution was received, unless there are less than four quarters to calculate. When there are less than four quarters to calculate, then additional trailing quarters shall be added until four quarters can be included in the distribution formula. Subsequent annual distributions shall drop the quarters prior to the quarter in which the 25%+ donation was made.

An endowed fund shall be eligible for a distribution at its inception or at any time during the life of the fund when its market value reaches $5,000, even if for distribution purposes, the average market value falls below the $5,000 level. Provided however, that Lowell High School may supplement distributions necessary to make $250 scholarship awards.

General Policy Statement

The Board of Trustees (hereafter "Board") of GLCF is aware of its responsibility to provide for prudent management of endowment funds. The Board hereby charges its Investment Management Committee with the responsibility of proposing fiscal policies and regulations for adoption by the Board, including investment policies and, when appropriate, recommendations for the employment of counsel.

The Investments Committee fulfills its responsibility by recommending an investment policy (hereafter, "Policy") containing its investment philosophy, objectives and guidelines. The Board will review the Policy annually.

Investment Management Committee Responsibilities and Authority

1. The Committee shall allocate funds to investment managers and/or establish investment funds. From time to time, the Committee may withdraw funds or reallocate funds between funds of managers, including dismissal of managers. Each manager will provided with a copy of this Policy defining expectations and limitations in their investment area.

2. The Committee will monitor each manager's performance by comparison to appropriate equity and fixed income market indices, and/or with mutual funds having similar objectives, and with other endowment funds. The Committee will monitor and review on at least a semi-annual basis the overall progress of the endowment fund and related asset allocation decisions.

3. The Committee may select and appoint a qualified, independent investment consultant, subject to approval of the Board.

4. Custodial responsibility for all securities will be determined by the Committee or its designee(s).

5. The Committee or its designee(s) will meet as necessary with investment managers. The frequency of these meetings will in part determined be the performance evaluation results compared to predetermined objectives. The committee or its designee(s) will meet with each manager at least once a year.

6. The Committee will report the results of the implementation of this Policy to the Board on a regular basis, but in any event no less frequently than semi-annually.

Investment Philosophy

1. As a permanent fund, the investment objectives for the endowment require disciplined and consistent management that accommodates all those events, which are relevant, reasonable, and probable. Extreme positions or variations in management style are not being consistent with these objectives.

2. The management of the endowment should ensure a total return (yield plus capital appreciation) sufficient to preserve and enhance, in real dollar terms, the principal funds endowed to support the activities of GLCF.

3. The investments of the endowment shall be appropriately diversified so as to maximize expected returns while controlling risks.

4. Unless otherwise indicated, investment managers will have complete investment discretion based on the expectation that the assets of the fund will be invested with care, skill, prudence and diligence.

Spending Policy

The Foundation shall make distributions from the fund in accordance with a "Spending Policy" adopted by the Board annually for “component funds” of the Foundation. “Component Funds” of the Foundation are endowed and non-endowed funds that are assets of the Foundation benefiting any tax exempt charitable organization or civic activity. The Spending Policy is designed to allow the funds to be invested on a "total return" basis to maintain and, if possible, increase the purchasing power of the funds, while at the same time providing a relatively steady and predictable level of funding for grantees. The Spending Policy in effect on the date hereof provides for the Foundation annually to spend up to 5% of the average value of the fund, computed monthly. However, acting through its Board of Directors, the Foundation in the exercise of its discretion may adjust distribution percentages and amounts from time to time.

Investment Objectives

Total Fund Objectives

1. The return objective is an annual total real (adjusted for inflation) rate of return of 8% as measured over a three to five year period.

2. The asset mix, consistent with the return objective, will range within the following limits:

Item/Description	Target	Range
Equity Securities	65%	50-80%
Fixed Income Securities, Cash & Cash Equivalents	35%	20-50%

Investment Manager’s Objectives

1. Equity Managers

    A. Sector and security selection will be based upon demonstrable analysis of prospects for above average returns over a three to five year period.

    B. Investment performance will be expected to exceed an appropriately assigned benchmark by at least 1% after fees during a market cycle.

2. Fixed Income Managers

Fixed income managers will be expected to achieve a total rate of return of at least 0.5% higher than the rate on short-term Treasury bills or other appropriate index as may be designated. The return will be calculated net of fees.

Guidelines and Duties of Investment Managers

1. Assets shall be invested with the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent person acting in like capacity and skilled in such matters would use in the investment of a fund of like character and with like aims.

2. The following investments and activities are permitted only with the prior written approval of the Board:

    A. Investments (as distinguished from gifts) in letter stock, unregistered, privately placed, or below investment grade securities.

    B. Options financial futures, and exotic derivatives.

    C. Warrants.

    D. The lending of securities.

    E. Short sales, margin purchases, or borrowing.

    F. Investing in commodities.

    G. Use of leverage.

3. All transfers of stock and other securities are to be *immediately* liquidated to cash into the account in a manner that does not create a taxable event for the donor, unless specifically approved by the Investment Management Committee on a case by case basis. Other transactions should be entered into on the basis of best execution, which normally means best-realized price. Commissions may be designated for the payment of investment services rendered to the Endowment upon approval of the Committee.

4. Investment managers are responsible for frequent and open communication with GLCF on all significant matters pertaining to the assets managed. Managers of established funds are expected to provide the Committee with current statements of the fund's investment guidelines and objectives and to advise the Committee of any changes in such statements in a timely manner. Managers are expected to provide quarterly investment performance analysis reports, which conform to established endowment-reporting standards.

5. The Committee or its designee(s) may require that a particular investment manager maintain, as a portion of their portfolio, investments, which the endowment has received as gifts. Such requirements will be communicated only in writing. These gift investments will be excluded from the measurement of the manager's performance.

6. The purchase of Exchange Traded Funds (ETF) is expressly permitted within the asset allocation guidelines of the GLCF fund.

7. Exposure to precious metals is expressly permitted through purchase of mutual funds, exchange traded funds or closed end funds. For allocation reporting, these investment positions will be categorized as alternative investments.