

**LAKE GEORGE CLUB HISTORIC PRESERVATION FOUNDATION INC
FOUNDATION INVESTMENT POLICY DRAFT 3/5/21**

The Foundation Board of Directors has a responsibility for the fiscal management of resources entrusted into its care. This includes, but is not limited to, management and investment of resources (over both short and long terms) to achieve the goals of the Foundation. The following investment goals, objectives, and strategies will be implemented to fulfill the responsibility of the Foundation Board.

The following are the stated investment goals of the Foundation.

1. To achieve a proper balance of investments between current investment income and future growth so as to:

- A. Generate sufficient income and capital growth to fund the goals of the Foundation;
- B. Maintain future purchasing power of Foundation assets through capital growth

2. The stated investment goals may be affected adversely by investment or market conditions over which the Board of Directors has no control.

Expectations and responsibilities of the Foundation

1. The Foundation shall establish a relationship with a professional money manager/financial advisor/financial services firm under the prudent professional standard, which shall be responsible for managing the Foundation's resources under this investment policy and under the following, but not limited to, conditions.

a. Detailed monthly investment reports shall be mailed or otherwise delivered to the Foundation's Treasurer.

b. Annually, or more often if the board deems advisable, the Foundation shall review the performance of the professional money manager/financial advisor /financial services firm and receive a report in person concerning the historical performance of the Foundation's portfolio, general financial health, financial concerns, if any, and suggested strategies to achieve the Foundation's stated goals.

c. Every five years the Foundation shall conduct an evaluation and in-depth review of its relationship with the financial service firm. The purpose is to seek assurance that factors such as investment performance, cost, services and expertise are satisfactory for the Foundation's goals. The review may include an examination of other financial service firms. The Foundation may seek Requests for Proposals (RFP)'s from financial managers for the purpose of reviewing qualified money managers available and interested in working with the Foundation's investments. At the conclusion of the review the Board may elect to extend its relationship with the current financial service firm or establish a new relationship with another firm. This will be done by a 2/3 majority vote of its members.

d. Notwithstanding c, the Foundation may terminate its relationship with the money manager/financial advisor/financial services firm without cause at any time.

Risk: Fluctuating rates of return are characteristic of the securities markets and the primary concern will be the long term total return of the Fund's assets and the consistency of total portfolio performance. It is understood that short term fluctuations will cause variations in the Fund's performance and will not be the focus for the Fund. Risk parameters should be established to minimize the likelihood of sharp declines in principal values. The possibility of moderate declines in total value is a risk the advisory accepts as necessary to achieve the desired long term results.

Investment Objective: The primary objective is to provide growth of principal and income while attempting to outperform a suitable target index. The objective should be pursued as a long-term goal to meet the requirements of the Distribution Policy. Therefore, a target return of 4.5% plus inflation as defined by the Consumer Price Index will be the total return objective for the

business cycle. A business cycle is defined to include a peak and a trough in the capital markets. On an annual basis, the fund's total return should be in line with the average total return for money managers with similar investment objectives.

Asset Allocation: The Foundation expects the Fund's asset allocation policies to reflect and be consistent with the investment objectives and risk tolerances expressed throughout this Statement. The Asset Allocation Guidelines are as follows:

- Equities (60%, with a range of 50-70%)
 - 30% Large Cap Growth and Value Equities
 - 20% International/Foreign Equities
 - 10% Mid Cap/Small Cap Equities
- Fixed Income (40%, with a range of 30-50%)
- Cash Equivalents (0% with a range of up to 5%)

Such allocations will be monitored on a periodic basis by the Foundation. These allocations are based on the market value of assets. If changes in asset class market values should lead to allocations exceeding these boundaries by 5% of the Fund, the Foundation should endeavor to rebalance back the stated allocation within 90 days.

Investment Guidelines:

A. Equities- Generally, mutual funds, ETF's and/or separate money managers will be used to implement the investment policies of this Fund. Individual equities may be purchased and held only at the direction of the Foundation. Equity investments will include a mix of domestic and international markets. The definition for the various asset classes listed will be defined by Morningstar research. The Fund will not invest directly in private placements, assets without an ascertainable market value, venture capital funds, futures, and uncovered options. It will not engage in margin transactions, short sales, or other specialized investment activities. However, to the extent that mutual funds or separate account managers utilize such investments and strategies, then such activity will be acceptable within the general confines of this statement.

B. Fixed Income- Generally, mutual funds, ETF's and/or separate money managers will be used to implement the investment policies of this Fund. Individual debt instruments with up to 10 year maturities may be purchased and held at the direction of the Foundation in managed accounts. The Fund may choose from appropriately liquid corporate debt securities, obligations of the U. S. Government and its agencies, and certificates of deposit. Reasonable efforts will be made to have some of these debt instruments mature every year to take advantage of liquidity needs and changing interest rate environments. The Fund is prohibited from directly investing in municipal bonds, private placements or financial futures.

C. Cash Equivalents- Cash equivalents are securities or bank accounts that mature in less than 1 year. As such, the Fund may invest in U. S. Government Treasury Bills, savings and checking deposits, and money market funds. The Fund is prohibited short term financial instruments with speculative characteristics and/or personal loans.

Permitted Assets:

- Mutual Funds
- Individual Stocks, listed on NYSE, AMEX, or NASDAQ exchange
- Individual debt instruments, investment grade with up to 10 year maturity
- Closed end funds
- Unit Investment Trusts
- Exchange Traded Funds
- FDIC(equivalent) accounts

Prohibited Assets:

- Limited Partnerships
- Precious Metals
- Short Sales
- Private Placements
- Leveraged Transactions
- Commodities
- Private Equity Transactions
- Direct Real Estate purchases

Quarterly Review: The Treasurer will be responsible for providing to the Foundation a quarterly Fund review detailing investment performance, current asset allocation, and the Fund's total value. Investment performance will be measured on a real and on a relative basis consistent with a "target" index. Quarterly review will include:

- Fund performance and risk in relation to stated policies.
- Changes (if any) in the Committee's objectives, risk tolerance, and time horizon.

Additional meetings may be held if significant concerns arise about market conditions, liquidity needs, investment strategy, or performance.

Non cash donations shall be liquidated at fair market value upon being entrusted into the professional money manager's care and reinvested immediately into the Foundation's portfolio.