ROTARY CLUB OF CHICO SUNRISE FOUNDATION

Investment Policy Statement

Date of Board Resolution: 8/14/2020

**Purpose of the fund:** The purpose of the Rotary Club of Chico Sunrise Foundation Investment Fund is to solicit, receive and invest assets to then distribute as grants for the educational, sociological, cultural, and civic interests of Butte County and surrounding areas.

**Purpose of Investment Policy:** The purpose of this policy is to create a written strategy to guide decisions regarding the management of the foundation’s invested assets. The assets are expected to grow from investment returns and through additional contributions.

Investment Objectives: Balanced Growth with emphasis on capital appreciation over current income. Returns should exceed the totals of the spending rate, inflation, management fees and a modest increment for growth.

**Investment Management:** Three trustees of the foundation will be appointed as the Investment Committee with staggered three-year terms. The Fund will have professional outside management to avoid conflicts of interest and achieve the desired rates of return. A single recognized fund manager (Vanguard) is used to invest the assets.

Risk Tolerance: The investment allocation will be based on liquidity needs. The foundation acknowledges the potential for large losses in the short term on those assets invested for long term.

Time Horizon: Short, medium & long term (greater than ten years).

Asset Allocation Strategies: The assets will be segregated as necessary based on the asset’s intent and time horizon. Assets will be invested using asset class diversification that matches the liquidity needs.

Liquidity Needs: Assets available for distribution in the short term will be maintained in a money market or equivalent vehicle that has a goal of principal preservation. Assets available for perpetual use, e.g. annual scholarships grants, will be maintained in long-term vehicles. Other assets may be invested in medium term investment vehicles. Annually, the Investment Committee will meet and consider the time horizon for the entire portfolio and adjust accordingly.

Permissible Investments: Mutual Funds, Exchange Traded Funds and Target Date Funds can be used to provide good asset class diversification. Individual stocks or bonds will not be held in the Fund. Other accounts may be used to receive then immediately sell these non-compatible donations with proceeds invested with the fund manager.

Spend Policy: For perpetual assets, the spend policy will be 4% of the last 12 quarters ending asset values. The spend policy on other assets will be based on asset’s purpose and intended spend date.