

Lewis-Clark State College Foundation

Investment Policy Statement

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between the Lewis-Clark State College Foundation ("Foundation") and the Foundation's professional "Advisor" as to the investment objectives and policies applicable to the Foundation's investment portfolio. This Investment Policy Statement will:

- Establish reasonable expectations, objectives and guidelines in the investment of the portfolio's assets
- Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes
- Encourage effective communication between the Advisor and the Foundation.
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long term returns at a level of risk suitable to the Foundation.

This IPS is not a contract. This IPS is intended to be a summary of an investment philosophy that provides guidance for the Advisor.

ADVISOR CONTRACT

The Advisor Contract will typically be awarded for an initial three (3) year period, beginning July 1, with an option for one additional three (3) year renewal. The decision to enter a new contract or engage in an RFP process or other process shall be at the sole discretion of the Foundation Board. The Board may, at its discretion, choose to forego an RFP process or other process in favor of entering into a new contract with the existing advisor. All fees shall be firm for the term of the contract and will be included in any contract agreement. A performance review will be conducted annually at the Fall meeting, by the Foundation Finance & Investment Committee, or by any of its designated subcommittees.

If, for any reason, the Foundation should wish to discontinue the professional's services, the Foundation, with sixty (60) days' written notice, may terminate the contract.

INVESTMENT OBJECTIVES

The primary investment objective for the Foundation's assets is to seek long term growth. However, the Foundation does intend to withdraw 4% annually to provide for required distribution. The cash flow intentions of the Foundation are detailed in the Foundation's Spending Policy.

TIME HORIZON

For the purposes of planning, the time horizon for investments is perpetuity. The Foundation recognizes that capital values fluctuate over shorter periods and the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a

holding period of at least ten years can be minimized with the long-term investment mix employed under this IPS.

RISK TOLERANCE

The Foundation is a moderate risk taker with regard to these investment assets. The portfolio will be managed in a manner that seeks to minimize principal fluctuations over the established horizon and is consistent with the stated objectives. Financial research has demonstrated that risk is best minimized through diversification of assets.

ASSET ALLOCATION

Academic research suggests that the decision to allocate total assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Foundation's Portfolio.

Table 1-1

Asset Category	Target Allocation	Acceptable Range
CASH	2%	1% - 10%
FIXED INCOME	28%	20% - 40%
STOCKS	70%	60%-80%
TOTAL	100%	

*International stocks not to exceed 10% of the total portfolio.

Updated Allocations

From time to time, it may be desirable to amend the basic allocation policy or calculations. When such changes are made, updates will be attached to this Investment Policy Statement as Appendix A and will be considered part of this Investment Policy Statement. The Advisor will provide to the Foundation the recommended or desired targeted allocation percentages. The recommendation will fall within the acceptable range as indicated in table 1-1.

Portfolio Rebalancing

From time to time, market conditions may cause the portfolio's investment in various asset classes to vary from the targeted allocation. To remain consistent with the asset allocation guidelines established by this IPS, each asset class in which the portfolio invests shall be reviewed annually by the Advisor and rebalanced back to the recommended weighting if the actual weighting varies by 3% or more from the recommended weighting (e.g., if the targeted allocation for a particular asset class is 10% and the actual is less than 7% or more than 13%, that asset class will be adjusted back to the targeted 10% allocation by either adding assets or distributing assets to or from the other asset classes.)

DIVERSIFICATION

Investment of the Foundation's funds shall be limited to the following categories:

Permitted Investment Categories

1. Cash and cash equivalents, including money market funds, or certificates of deposit
2. ETF or Index Funds
3. Stock or Bond Mutual Funds

Excluded Categories for Investment

1. Derivatives
2. Natural resources
3. Precious metals
4. Venture capital

Investment Concentration

At all times there must be a minimum of three investment categories represented among the Foundation's assets. There shall be no maximum limit to the number of categories. No individual security held shall represent more than 15% of the total portfolio.

INVESTMENT MONITORING AND CONTROL PROCEDURES

Reports

1. Advisor shall provide the Foundation with a monthly report that lists all assets held by the Foundation, values for each asset and all transactions affecting assets within the portfolio, including additions and withdraws.
2. Advisor shall provide the Foundation on a quarterly basis and within 30 days of the end of each calendar quarter, the following reports:
 - a) Portfolio performance results over the last quarter, year, 3 years and 5 years
 - b) Performance results of comparative benchmarks for the same periods; performance shall be reported on a time-weighted basis.
3. Advisor shall assist in the development of investment policies, objectives and guidelines.
4. Advisor shall prepare asset allocation analyses as necessary and recommend asset allocation strategies with respect to the Foundation's objectives.
5. Advisor shall provide research on specific issues and opportunities and assist the Foundation Finance & Investment Committee in special tasks.
6. Advisor shall make tactical implementation decisions, including rebalancing, within the asset allocations ranges set by the Foundation and among investment managers with communication of such decisions and the rationale at the next Foundation meeting. Such decisions will be tracked by the Advisor who will report the results of each of those decisions in its Investment Review provided to the Foundation for its quarterly meetings.
7. Advisor shall notify the Foundation Finance & Investment Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm hired by the Foundation.
8. Advisor shall, overall, be proactive with the Administration of the Foundation in the management of the Foundation's investments.

Meeting

Advisor shall meet with the Foundation's Finance and Investment Committee at least annually (or semi-annually if the Foundation chooses) in order to give a detailed report as to activity in

the investment account, manager selection, tactical changes in the asset allocation weightings or other information the Foundation shall require.

Advisor shall also meet annually with the Foundation Board in January of each year to give a detailed report on the Foundation's investments.

ADOPTION

Adopted and Revised by the Foundation on this 21st day of December, 2021.