

# Investment Policy Statement

**Introduction:** Outline of Investment Objectives, Review of Procedures to be used as a guide to the Investment Committee (and the Investment Consultant) to review all aspects regarding the COS Foundation & Scholarship portfolios. It is intended to be sufficiently specific to be meaningful yet flexible enough to be practical.

- a) Objectives
- b) Selection and Retention Standards
- c) Performance Evaluation
- d) Diligence Review

**Responsibilities of Investment Committee:** The COS Foundation Board of Directors have delegated to the Foundation Investment Committee the authority and responsibility to invest and monitor available assets for the Foundation.

**Investment Objectives:** It is the Investment Committee's objective to create a broad range of diversified investments. This range should provide the cash flow necessary to generate funds to:

- Support the College and the Foundation's programs;
- Sufficient growth opportunity to offset inflation and over time to enlarge the assets.

The combination of investment asset classes should produce a "Balanced Portfolio" of approximately 25% -50% fixed income securities and 50% - 75% equities.

**Management Company Selection:** The Investment Committee is authorized to engage professional investment management assistance in attempting to achieve the best investment objectives.

The Committee has determined to utilize Mutual Funds in an effort to achieve the investment objectives. To be considered, a Mutual Fund candidate must belong to a fund family which:

- a) Displays consistent and superior long-term performance
- b) Manages at least \$30 billion
- c) Has continuously managed for at least twenty-five years
- d) Maintains an average relative performance rating of Morningstar 3 over a ten-year period or other industry-recognized standards that the Investment Committee may select.

**Investment Options:** The Investment Committee will arrange to provide a broad range of mutual funds with the following objectives:

- a) Current income and stability of principal
- b) Current income with potential growth of income and capital
- c) Capital appreciation
- d) Access to foreign investment opportunities
- e) Includes Real Estate
- f) Includes Small Cap Value

**Investment Consultant's Responsibilities:** The Committee may appoint an Investment Consultant. The Consultant will guide the Committee with:

- a) Specific fund selection;
- b) Regular investment and fiduciary overview;
- c) Propose amendments to this policy statement.

**Performance Standards:** The Committee will meet with the Investment Consultant at least quarterly and review the fund family and the funds absolute and relative performance. The review will detail comparison of funds with a similar category and appropriate indices. Consistent underperformance versus indices will prompt an in-depth analysis.

The Committee understands the long-term nature of these investments and will normally consider a business cycle (4 to 5 years) as an appropriate time measure for purposes of achieving the appropriate standards.

**Annual Review** This statement will be reviewed annually at mid-year. Amendments to be considered are:

- a) Economic and Political Outlook
- b) Portfolio risk levels
- c) College support requirements

### **Investment Restrictions**

The following investments will not be considered at this time:

- a) Commodities
- b) Derivatives
- c) Hedge Funds
- d) Limited partnerships

**Investment Consultant:** Edward Jones in Mt. Shasta, CA is the Plan's Investment Consultant.

### **Conclusion**

This statement is to be used only as a guideline to formulate and monitor the investment practices of the COS Foundation. It is not a contractual statement. It is to be used as a flexible document to assist the Investment Committee in the management of its fiduciary duties.

*Approved by:      Adopted by COS Foundation Board – January 8, 1997 – Regular Meeting  
COS Board of Trustees – February 4, 1997 – Regular Meeting  
COS Foundation Board Revised: 1/5/01; 1/2004; 1/25/06; 3/12/13; 1/20/15*