**Friends of the Arc Foundation, Inc.**

**245 Genesee St.**

**Utica, NY 13501**

*Statement of Investment Policy*

*Objectives and Investment Guidelines*

*Originated: September 2003*

*Revised: March 2011*

Introduction

This statement of investment objectives and policies is set forth in order to:

1. Establish a clear understanding of the trustees’ investment policies and objectives for the plan.
2. Develop specific guidelines and limitations for the investment manager to insure that assets are being managed in accordance with the investment policies and objectives.
3. Provide a basis for the evaluation of the investment performance of the plan.

It is the intent of this statement to provide investment objectives which are sufficiently specific to be meaningful, but sufficiently flexible to be practicable. These objectives are designed to establish an attitude and philosophy which will guide the investment manager toward the desired performance.

**Trustees’ Responsibility**

The trustees are charged by law with the responsibility for the investment assets of the fund. The trustees shall discharge their duties solely in the interest of the plan, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

In accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA), the Finance Committee will consider the purpose of both the Foundation and its assets in managing and investing institutional funds. All individuals responsible for managing and investing Foundation funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the investment of institutional funds, the following factors will be considered:

* General economic conditions;
* The possible effect of inflation or deflation;
* Tax consequences, if any, of investment decisions or strategies;
* The role of individual investments in context of the overall portfolio;
* The expected total return from income and appreciation of the investments;
* The overall resources of the Institution;
* The needs of the Institution to make distributions and preserve capital; and
* An asset’s special relationship or value, if any, to the purpose of the Institution.

**Investment Management**

The trustees are authorized and permitted by agreement and declaration of trust to engage the services of an investment manager who possesses the necessary specialized research facilities and skilled manpower to meet these objectives and guidelines.

Policy guidelines will be determined by the trustees after considering the advice and recommendations of the investment manager and others. All modifications of policy guidelines shall be in writing and signed by the Trustees.

Investment Objectives

1. To achieve a favorable relative return as compared with \_\_CPI\_\_
2. Preservation of capital
3. Long-term ~~capital~~ growth of principal
4. Achieve returns consistent with a moderate tolerance for risk;
5. A~~n~~ reasonable rate of return of \_\_8 – 10\_\_% per annum

The primary investment objective of the foundation is to preserve, protect and increase its assets by earning a total return (dividend and interest + realized and unrealized capital gain/loss – expenses) for each class of assets appropriate to its time horizon, liquidity (available as cash) needs, and risk (fluctuation in investment value) tolerance.

**Delegation of Authority**

The investment manager will be held responsible for making all investment decisions regarding the assets in these funds and will be accountable for the objectives indicated herein, with the exception of 1) any specific limitations set forth in this memorandum and 2) provided that the manager observes the guidelines and philosophies stated herein.

Guidelines

A. Investment Philosophy – Asset Allocation

The trustee believes it should be the function of the investment advisor to allocate the plan’s assets among common stocks, bonds and cash reserves. Accordingly, it is the philosophy of the trustees that the asset mix of the fund should be reasonably within the following ranges:

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset** | **Minimum** | **Target** | **Maximum** |
| Cash | 0% | 5% | 15% |
| Fixed Income | ~~0%~~ 25% | 40% | ~~45%~~ 50% |
| Equities | ~~0%~~ 40% | 55% | ~~60%~~ 70% |

The trustees have only one criterion, by which the manager(s) may choose investments. The trustees would require that any companies chosen as investments should meet a criteria of social responsibility. This should reasonably limit companies involved in tobacco and alcohol as much as possible.

B. Cash and Cash Equivalents

All cash wherever and whenever possible should be invested in interest bearing securities.

These securities should be free of loss or risk of price fluctuation and should be instantly salable.

C. Preservation of Principal

It is the intention of the trustees that the investment manager make reasonable efforts to preserve the principle provided the investment manager, but preservation of principal shall not be imposed on each individual investment.

D. Types of Assets

In order to provide the investment manager with the freedom to invest in various types of assets, the following items are expressly approved for investment purposes:

*Equities*- Common and preferred stocks and convertible bonds of publicly traded companies (domestic and international), REITs are considered equities.

*Fixed Income-*Bonds and notes issued by corporations, governments and their agencies and municipalities.

*Cash and Cash Equivalents*- US currency or any investment that can be converted to cash or matures (i.e. converts or redeems to cash) within three months, or money market funds.

Acceptable vehicles include mutual funds, both closed and open end, consisting of the above asset classes. Therefore, the above types may be purchased individually for a custom designed portfolio or may be acquired through mutual funds.

E. Prohibited Transactions

All assets selected for inclusion in the portfolio must have a readily ascertainable market value and must be readily marketable. The following types of assets or transactions are expressly prohibited: selling short, direct real estate investment, letter stock, Securities of foreign issuers other than those regularly traded in U.S. Markets. If a type of asset or vehicle is not specifically mentioned in Section D, i.e. commodities, derivatives, private placements, etc., use of such is prohibited.

F. Restricted Account Use – Spending Policy

The income generated by the funds in the Restricted Account are to be used for upkeep

and maintenance of The Arc Oneida- Lewis Chapter, NYSARC. As a need arises to this

related purpose, the Executive Director of The Arc Oneida-Lewis Chapter, NYSARC will

make a request to the Finance Committee that a distribution be made not to exceed

the earnings on the account. The Finance Committee in turn will bring its proposal to the

Board for resolution.

G. Diversification of Equity Securities

In the trustee’s opinion, equity securities held in the portfolio need not represent a cross section of the economy. The investment manager will have discretion to choose the degree of concentration (or lack thereof) in any industry group or sector. However, sector diversification must be maintained that no more than 25% of the entire portfolio, at cost may be invested in the securities of any one sector.

H. Investment Markets – Equities

In order to broaden the investment opportunities for the investment manager to achieve the objective set forth herein he is permitted to invest in equity securities listed with the New York Stock Exchange, the American Stock Exchange, principal regional exchanges, and over the counter securities for which there is a strong market providing ready salability of the specific security.

I. Investment Manager Accountability

Reporting Requirements-

Monthly, the committee will be provided a written monthly statement containing all transaction details for each separately managed portfolio for the preceding month, including but not limited to,

* name and quantity of each security purchased or sold with the price and transaction date
* an analysis for each security of its description, percentage of total portfolio, purchased date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market:
* and an analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed income and cash and cash equivalents).

At least quarterly, the committee will be provided with detailed information about asset allocation, investment performance compared to indices deemed appropriate, future investment strategies, and any other matters of interest to the committee.

Annually the full board will be provided with a summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio.

Investment Policy Review

This statement of investment policy is adopted by the Friends of The Arc Foundation, Inc. whose signatures appear below.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_

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