



# Investment Policy

Revised July 7, 2021

## INTRODUCTION

The purpose of the Foundation is to promote and foster the programs and activities of Moorpark College and to provide income for student scholarships, grants, foundation operations, and projects deemed appropriate by the Board of Directors.

This Policy Statement addresses the funds management functions of the Foundation. It specifies the goals of the Foundation in managing funds, provides the authority and responsibilities of certain parties with respect to the management of the Foundation's funds, and sets forth the procedures for these parties to follow in managing the Foundation's investments.

It is the intent of this policy statement to establish an attitude and philosophy which will guide the Foundation Investment Committee and the Investment Advisory Company toward the performance desired. It is intended that the objectives be sufficiently specific to be meaningful, but flexible enough to be practical.

This Investment Policy Statement will be reviewed and approved on an annual basis.

## OVERVIEW

The Moorpark College Foundation is a nonprofit, tax-exempt auxiliary organization which accepts and solicits gifts, donations, trusts, and bequests for college related use. The objectives of the Foundation are as follows:

- (a) To provide sufficient funds for the ongoing operations of the Foundation;
- (b) To support existing scholarships and programs, and to fund new scholarships into perpetuity;
- (c) To maintain reasonable inflation-adjusted spending into the future;
- (d) To provide a method for the college to interact with businesses, government, and other nonprofit agencies in the broader Southern California community.

## INVESTMENT OBJECTIVES

The Moorpark College Foundation investment objectives are three-fold: current income, preservation of capital and long-term growth. Investments shall be made to provide for the needs and activities of the Moorpark College Foundation and to provide a long-term total return consistent with a moderate level of risk. An important objective of the fund is to maintain and grow the purchasing power of the Foundation assets after inflation. The investment-specific objectives for these assets shall be to achieve relative returns for each asset class in excess of 5 percent or more over a period of five to ten years.

## Uniform Prudent Management of Institutional Funds Act (UPMIFA)

- (a) Purposes of the institution and the endowment fund
- (b) General economic conditions
- (c) Possible effect of inflation or deflation
- (d) Expected total return from income and appreciation of investments
- (e) Other resources of the institution
- (f) Institutional investment policy

Under UPMIFA the concept of “underwater” accounts no longer exists. However, to determine that spending is prudent the current market value will be compared to Historical Dollar Value (HDV), which the Board has defined as the donor gift amount.

## TIME HORIZON

For the purposes of planning, the time horizon for investments is to be 5 to 10 years. Capital values do fluctuate over shorter periods and the Moorpark College Foundation Board recognizes that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a short holding period can be minimized with the long-term investment mix and strategy employed under this IPS.

## RISK TOLERANCE

The Moorpark College Foundation Board has a low to moderate risk tolerance regarding the Moorpark College Foundation investment assets. On a scale of 1 to 10, the Moorpark College Foundation Board rates their tolerance for risk as a 5, or low-to-moderate. They recognize that higher returns involve some volatility, but they wish to minimize declines in the value of the Moorpark College Foundation portfolio over the short term, or 5 years.

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 by holding assets over time, and through diversification of those assets.

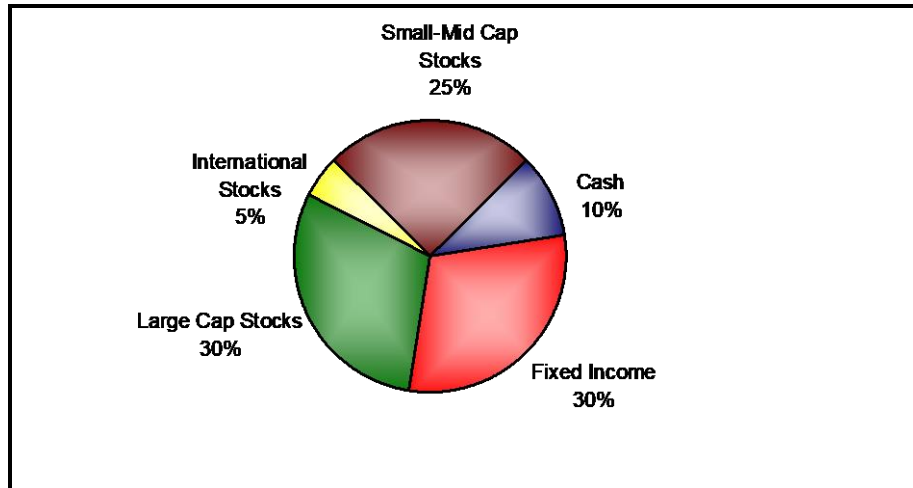
## ASSET ALLOCATION

Research suggests that the decision as to how to allocate total assets among various asset classes will far outweigh security selection and other decisions in impact upon 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 Moorpark Foundation portfolio:

<b>Asset Category</b>	<b>Acceptable Initial Target</b>	<b>Allocation Range</b>
<b>Cash &amp; Money Market</b>	10%	0 - 20%
<b>Fixed Income</b>	30%	25 - 70%
<b>Stocks/Mutual Funds</b>	60%	30 - 60%
<b>Large Cap U.S. Stocks</b>	30%	20 - 60%
<b>Small-Mid Cap U.S. Stocks</b>	25%	0 - 40%
<b>International Stocks</b>	10%	0 - 20%

TOTAL

100%



### Adjustments and Rebalancing

The above asset allocation indicates both an initial target allocation and a range for each broad investment category. From time to time, based on changing economic circumstances and the various relative investment opportunities as perceived by the Investment Committee, it may be desirable to make changes in the target allocation. The Investment Committee may determine such changes, as long as they are within the acceptable ranges. Changes in investment policy are subject to approval of the Board of Moorpark College Foundation

## FREQUENCY OF REVIEW

The Moorpark College Foundation Board recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific investments fail to meet their expected performance targets. On an overall portfolio basis, the Board establishes a goal of achieving the stated investment return objectives over a three to five-year period of time. With that in mind, the portfolio will be reviewed by the Investment Committee at least quarterly and by the Board on an annual basis.

## DIVERSIFICATION & OTHER RESTRICTIONS

Investment of the funds shall be limited to the following categories at time of purchase:

### A. Permitted Investment Categories

1. Cash and cash equivalents, including money market funds
2. Bonds (corporate, U.S. government, or foreign government)
3. Bank certificates of deposit that are government insured
4. Stocks (U.S.) rated B+ or better by Moody's or Standard & Poor's
5. Stocks (Foreign) rated ADR, similar quality to domestic A rating
6. Mutual Funds Morningstar Rated 3 or better

### B. Equity Guidelines

The portfolio shall invest in equity securities of publicly traded companies, subject to the following guidelines:

- Equity portfolio shall be diversified with no single issue representing more than 5% of the market value of the stock portfolio and no industry group representing more than 25% of the portfolio.
- No restricted stock or private placements are permitted.
- No short sales or margin transactions are allowed.
- Derivative securities for speculative purposes, including options, futures and commodities are not permitted

### **C. Fixed Income Guidelines**

The Foundation may invest in direct or indirect obligations of the United States government, publicly traded corporate bonds and notes, mortgage securities and preferred stock rated A or better by Moody's or Standard and Poor's.

- No single industry shall represent more than 25% of the fixed income portion of the portfolio and no single corporate issuer shall represent more than 10% of the market value of the fixed income portfolio.
- The fixed income portfolio shall be laddered with the average maturity to be no greater than 10 years.
- All investments shall be made in highly liquid, marketable securities.
- Cash equivalents and money market funds shall have a minimum quality rating of A1/P1 or the equivalent thereof.

### **D. Other Diversification Specifications**

The investments shall be properly diversified at all times consistent with the overall objectives and risk tolerance of the Foundation.

## **DUTIES & RESPONSIBILITIES**

### **The Moorpark College Foundation Board**

The Moorpark College Foundation Board should provide the investment manager(s) with all relevant information on financial condition, risk tolerances, liquidity requirements, and trigger events and must notify the investment manager(s) promptly of any changes to this information.

### **The Moorpark College Foundation Budget and Investment Committee**

The Moorpark College Foundation Investment Committee will implement the investment strategies approved by the Moorpark College Foundation Board and in accordance with the Investment Policy Statement. The Committee will have the authority to give the Investment Manager instructions on either purchasing or selling investments within the guidelines of this Investment Policy Statement. The committee will comprise of four members selected by the Moorpark Foundation Board of Director's. In order for an investment decision to be made, three of the four committee members must in favor of the decision.

### **Investment Manager(s)**

The investment manager(s) is(are) responsible for assisting the Foundation Board in making an appropriate asset allocation decision based on their particular needs, objectives, and risk profile.

In addition, the investment manager(s) shall be responsible for:

1. The identification and recommendation of securities suitable for the Foundation portfolio in accordance with the preceding guidelines.
2. Implementation of the investment instructions given by the Foundation Investment Committee.
3. Routine reporting to the Foundation Investment Committee and the Foundation Board of Directors.
4. Recommending and implementing changes to any of the above.
5. Periodically reviewing the suitability of the investments for the Foundation.
6. Being available to meet with the Foundation Investment Committee and/or the Foundation Board as requested.

Revised 7/7/21