



## **Endowment Fund - Investment Policy**

### Introduction

This policy governs the investment management of the Achievekids Endowment Fund. The purpose of this policy is to outline a framework within which the endowment assets shall be invested. Specifically, this investment policy has been established to:

1. Define the Board's expectations, objectives and guidelines regarding investments
2. Set forth an investment structure for managing Achievekids' assets in the Endowment Fund that will include the selection of asset classes and strategic asset allocation
3. Establish the criteria for evaluation of investment performance

It is intended that the guidelines stated herein shall be meaningful enough to guide the portfolio toward the desired performance, yet flexible enough to allow the achievement of the objectives as outlined herein. The Endowment Committee and the Board shall review and revise these policies whenever appropriate to ensure the policy continues to reflect expectations and objectives.

All undesignated bequests and other funds designated by the Board of Directors (e.g., annual operating surplus) will be added to the Endowment Fund subject to this Investment Policy.

### Investment Goals and Objectives

The primary investment objectives are the preservation of capital and purchasing power, and long-term growth of assets.

Achievekids will manage their assets from the perspective of a total return approach and shall seek to optimize the risk-adjusted return. It shall be the objective to achieve a total annual return equal to or greater than the rate of inflation.

All assets in the Endowment Fund will be managed either through local community foundations or financial institutions as recommended by the Endowment Committee and approved by the Board of Directors. If managed through the local community foundations, the fund established by Achievekids will be subject to the investment policy,

guidelines and asset allocation of the community foundation with which the fund resides. The fund manager must:

1. Exercise a high degree of professional care, skill, prudence and diligence in the management of assets under their direction
2. Perform thorough professional analysis and judgment
3. Diversify securities by industry, geography, type and maturity of investments
4. Fully comply with all provisions of any governmental regulations and decisions

### Risk Tolerance

Given that Achievekids is a non-profit organization and that the assets of the Endowment Funds have been gifted to Achievekids for long term preservation and organizational stability, accordingly Achievekids is seeking medium volatility of returns. Some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

### Asset Allocation

Achievekids' broad investment strategy for its Endowment Fund shall seek diversification across multiple markets and assets classes.

In managing the assets allocation policy, Achievekids will establish long term targets and ranges to provide a structure for implementation, ongoing decision-making and evaluation. These targets are expressed in percentages and shall be reviewed annually, and revised only as necessary to accommodate changes in the goals and objectives of the funds. Total endowment funds shall remain diversified among various asset classes.

### Spending Policy

Until changed by Board action, the annual payout from the Endowment Fund will not exceed an amount equal to the prior year income of the Endowment Fund. The payout on this basis may exceed current income, but in no case will donor-designated gifts to the Endowment Fund be expended (i.e. principal will not be invaded). Over time, it is expected that the annual payout will constitute only a portion of the Endowment Fund's total return (income and appreciation), thus building up the Endowment Fund over time, offsetting inflation, and preserving the purchasing power of the fund. The Finance Committee shall annually review the Endowment Fund spending policy and may recommend changes to Board.

Generally, and subject to further action of the Board, the annual payout from the Fund for the Future will also not exceed an amount equal to the prior year income of the Fund for the Future. However, by a supermajority vote of 2/3 of the directors at two consecutive

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regular meetings of the Board, the Board may invade and disburse the principal of the Fund for the Future for any purpose it deems appropriate. The Finance Committee shall annually review the Fund for the Future spending policy and may recommend changes to Board.

#### Use of Endowment Principal

The Endowment Fund principal shall remain in perpetuity and shall not be invaded for use by Achievekids. In the event that Achievekids ceases to exist the fund will be distributed to a suitable nonprofit organization as determined by the Board of Directors.



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