

Delta Chi Educational Foundation Investment Policy

Three (3) portfolios shall be created where the non-real estate assets of the Educational Foundation will be held.

Portfolio One, which is also referred to as the “short term portfolio,” will hold the funds that will be needed in the next eight (8) months.

The short term needs shall factor in the monthly re-occurring expenses, grant request fulfillment, marketing expenses, fund raising expenses, etc.

The amount to be in this portfolio shall be determined by the Chief Administrative Officer (CAO), Treasurer, and the Board appointed representative from the Board to the Investment Advisory Committee (IAC).

These funds shall be held in a checking account and/or money market account managed by the CAO.

Portfolio Two, which is also referred to as the “conservative portfolio,” shall hold funds that may be requested in the period between eight (8) months and twenty-four (24) months.

The assets in Portfolio Two shall be invested 80% in low risk and income investments, and 20% in growth investments.

Portfolio Three, which is also referred to as the “long term portfolio,” shall hold funds that should not be needed in the next 24 months.

The assets in Portfolio Three shall be invested 40% in low risk and income investments, and 60% in growth investments.

The management of Portfolio Two and Portfolio Three is overseen by the IAC of the Delta Chi Educational Foundation.

Income investments will be primarily invested in U.S. Treasury securities, investment grade corporate bonds, bond mutual funds and/or exchange traded funds, FDIC insured certificates of deposit, money market funds, and cash equivalents.

Some income investments will be structured in a laddered format and held until maturity after purchase.

The IAC has the discretion to lengthen or shorten the average maturity of the income investments depending upon the interest rate environment at any given time.

Growth investments will be invested with the primary objective of moderate capital appreciation within an acceptable aggregate risk level. Income will be a secondary objective with the growth investments.

The growth investments may include domestic and foreign stock mutual funds and exchange traded funds, risk managed mutual funds or similar investments, real estate investment trusts, dividend paying domestic and foreign stocks, etc.

Portfolio Three may contain cash from time to time for adequate liquidity, due to the maturity of an income investment, or a reasonable objective.

Performance Evaluation – Performance of all growth investments will be reviewed at least quarterly against appropriate benchmarks.

Rebalancing – The growth and some other investments will increase and decrease in value with market fluctuations. The IAC may, at its discretion, rebalance the investments in Portfolio Two and Portfolio Three to bring the balance between low risk, income, and growth investments back to the targeted allocation. The current climate of the financial markets and the needs of the Foundation will be considered with this decision.

The IAC may, at its discretion, rebalance the investments in Portfolio Three to bring the balance between low risk, income, and growth investments back to the targeted allocation when there is a variance of approximately 3% from the targeted allocation.

The IAC may, at its discretion, decide to postpone a rebalancing due to current market conditions, needs of the Foundation, and/or a reasonable objective.

It will be the responsibility of the Executive Committee of the Educational Foundation to determine placement of specific funds into Portfolio One, Portfolio Two, Portfolio Three, or a combination of two or three of these Portfolios. The Executive Committee's decision about placement of funds within the three Portfolios will dictate how the funds will be invested and the resulting on-going management.

The CAO shall inform the IAC and the Executive Committee when funds are needed at least 30 days in advance of any need so that the IAC may make those funds available while minimizing penalties and disruption to prudent investment management.