YMCA of Northern Middlesex County INVESTMENT POLICY

September 25, 2008

Revised January 2015

Scope

This policy encompasses the YMCA of Northern Middlesex County ("YMCA") objectives and guidelines for endowment investments. This policy replaces all previous investment policies and guidelines.

Purpose

This statement of investment policy is set forth by the Board of Directors of the YMCA in order to:

1. Define and assign responsibilities.
2. Establish investment goals and objectives.
3. Establish a basis for evaluating results.
4. Define the use of endowment funds to support annual operations.

Authority

The Board of Directors, acting through its Investment Committee, is responsible for directing and monitoring the management of investment securities.

Assignment of Responsibility

# Responsibility of the Board of Directors

1. Determine investment strategy, policy and procedures.
2. Establish reasonable and consistent investment goals, policies and guidelines.
3. Adopt an investment policy at least annually.

# Responsibility of the Investment Committee

To make all investment decisions for the assets placed under its direction, while observing and operating within all policies, guidelines and constraints as outlined in this statement. Specific responsibilities of the Investment Committee include:

1. Select qualified mutual funds and ETF’s.
2. Evaluate the performance of those mutual funds and ETF’s at least annually.
3. Report investment performance to the Board of Directors at least quarterly.
4. Recommend strategy changes to the Board of Directors.

# Responsibility of the Investment Chair

Upon approval of the BOD the Investment Chair will be responsible for the rebalancing of the funds at least semi-annually. All transactions will require two signatures.

Investment Goals & Objectives

The investment guidelines are based on the long term, in accordance with the YMCA's status as a perpetual entity. The endowment's asset allocation is based on this perspective.

The desired financial objective is to earn a long-term rate of return equal to or exceeding the spending rate plus the inflation rate. Based upon the assumption that future returns will approximate the historical long-term rates of return experienced for each asset class in the Policy, this target should be achievable. The Board of Directors recognizes that market performance varies widely in the short-term and that any specified rate of return will not be obtained during all periods.

# The YMCA will achieve these results while prudently diversifying among well known, high quality, low cost, passively managed index mutual funds. The funds must maintain at least a top decimal performance over a 3 and 5 year performing period, For the purpose of diversification, the Investment Committee may recommend, for Board approval, the selection of a well-known high quality, low cost, actively managed mutual fund. (amended by BOD, 9.25.08}

*Asset Allocation*

The funds will be diversified by asset class.

**Class** Equities

Bonds & Cash

**Maximum**

80%

45% **Minimum**

 20%

 5%

*Amended by the BOD 10.27.07*

Within each class, the following targets will be observed:

Equities

Large cap Blend

Mid cap

Small cap Blend International

Bonds

invested in a reasonable balance designed to achieve

diversification across Investment styles

 **35% 0%**

Government/Credit

Cash

 0%

MMDA

 15% 0%

 REITS 10% 0%

**Evaluating Performance**

Relative performance benchmarks for each asset class are set forth below.

**Equities**

Large capitalization

**Mid Caps**

Small cap Blend International

**Bonds** Government/Credit

**Cash** MMDA

**Benchmark Index**

S&P 500

Russell2000

MSCI EAFE

LBGC Intermediate

90 day Treasury Bill

 REITS

The funds must maintain at least a top decimal performance over a 3 and 5 year performing period

**Spending**

Withdrawals from the Endowment shall be permitted each fiscal year, to the extent that those funds are available and that a financial need exists. The Finance Committee, during its annual budget deliberations, will determine whether and to what extent, funds from the Endowment are needed to support the operations and projects contemplated in the following year's budget. If necessary, the Finance Committee will recommend to the Governance Committee an

amount to be used from the Endowment, including an explanation as to the use of those funds. This amount shall be between 0% and 5% of the amount derived by determining the average portfolio balance of the endowment over the previous 12 quarters.