

# Investment Policy Statement

Prepared for CRAFTON HILLS COLLEGE FOUNDATION  
As of 12/14/2020

## Introduction:

This Investment Policy Statement (IPS) is intended to be a summary of the understanding between you and Bank of America N.A. regarding your investment objectives, risk tolerance, and liquidity needs. This information is being used to maintain an appropriate and effective investment plan. It is important that you review the information set forth below and notify us promptly if any of the information is incorrect or incomplete.

## Portfolio Purpose and Background:

Bank of America, N.A. serves as Agent of the Crafton Hills College Foundation. In this capacity, the bank provides fiduciary investment management and trust administrative services for assets held by Foundation.

## Investment Objective:

We understand that the overall investment objective for the portfolio listed below is **Customized Objective**:

This custom objective has been selected to address your unique investment needs that do not align with our standard investment objectives, based on your discussions with us regarding your goals and risk tolerance. We will be investing your portfolio, as detailed in the Asset Allocation section.

In implementing an investment program, we will treat the assets in the following accounts as constituting the overall portfolio.

Please note: If the portfolio is invested utilizing separately managed accounts (both internally managed and third party), each strategy (or advisor) being used will be associated with an account in the table below. Because separate account strategies may be changed, added or deleted, the associated accounts that comprise your overall portfolio may change over time.

Account Name	Account Number	Account Type
CRAFTON HILLS COLLEGE FDN-WDP		AGENCY

## Time Horizon:

We understand the investment time horizon to be in excess of ten years.

## Liquidity Needs:

The portfolio has no specific requirements to maintain liquidity for short-term cash flow needs.

## Distribution Needs:

There are no significant known distribution requirements for this portfolio.

## Income Tax Considerations:

This portfolio is constructed without a need to consider taxability of ordinary income and capital gains from investments. Unrelated business tax income may be a consideration.

## Investment Authority:

We will have complete investment authority over the following account(s) and will manage it (them) in accordance with the governing instrument and this investment policy statement.

Account Name	Account Number
CRAFTON HILLS COLLEGE FDN-WDP	

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## Investment Philosophy:

At Bank of America, we believe several critical components drive investment management success. Our philosophy is embodied by a goals-based, proactive investment management approach, adherence to fiduciary standards, and ultimately, the use of our insights, strategies, and solutions. Our approach encompasses diversification among and within asset classes, allocating from the top down and the bottom up, within the context of strategic planning, tactical management and, when applicable, tax efficiency. Investments in individual securities, funds, and managed accounts are guided by our due-diligence process that draws insights from internal and external resources.

## Investment Restrictions and Special Instructions:

Unless there are constraints described elsewhere in this document, none of the current portfolio assets are subject to a client defined restriction that prevents Bank of America from selling any assets in whole or in part.

Bank of America is restricted from purchasing investments in the following asset class(es): Real Assets, Hedge Fund Strategies and Private Equity.

Bank of America is restricted from purchasing investments in the following security type(s): Future and Option.

No hedging, No margin, No short-selling is permitted in this portfolio.

The average portfolio credit quality of all fixed income instruments must be rated A2 or better by Moody's or A or better by S&P or the equivalent rating by Fitch at the time of purchase.

Fixed income portfolio should have a minimum of A rating with weighted average duration that does not exceed 10 years.

Bank of America will be bound by its policies and procedures in making investments consistent with pursuing your investment objective, but you have not placed any additional restrictions on Bank of America of the following types: Sector/Industry; Issuer; Country of Issuer; U.S. State of Municipal Issuer; use of Un-Rated Municipal Bonds; Maximum Maturity; Government Issuer; limits by Sector/Industry; or limits by Issuer.

Note: Bank of America may not be able to fully implement such restrictions when mutual funds and other pooled investment vehicles are utilized. Additionally, items such as market volatility, changes in company focus and foreign operating businesses result in a degree of subjectivity in classifications such as capitalization, sector or country. Bank of America intends to follow these restrictions as closely as possible given these constraints.

Client-imposed restrictions may affect Bank of America's ability to perform its stated investment strategy and, therefore, investment performance may deviate from that of other clients managed in accordance with the same strategy but absent such restrictions.

## Customized Asset Allocation:

After considering long-term performance and the risk characteristics of various asset classes and any restrictions shown previously, the following customized asset allocation with ranges has been selected to pursue your unique investment needs.

Asset Class	Strategic Target	Range
Cash	0.00%	0.00%-10.00%
Equity	65.00%	55.00%-75.00%
Fixed Income	35.00%	25.00%-45.00%

## Asset Allocation Related Information:

Level II Asset Class Ranges:  
High Yield Debt: 0% to 10%

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## **Rebalancing Strategy:**

The actual investments may at times fall outside of these ranges for a variety of reasons. In determining whether to rebalance we will assess the current situation and take appropriate action consistent with the investment authority of the account. Rebalancing timing and magnitude will reflect considerations that may include (1) tactical targets that may be tilted toward the upper or lower end of the stated range (2) the expected risk and return of the portfolio (3) liquidity terms of subject investments (4) tax considerations (5) distributions needs in the portfolio and (6) other appropriate factors.

## **Performance Benchmarks and Measurement:**

Investment performance will be compared against a Policy benchmark based on the investment objective.

The Policy benchmark against which the portfolio's performance will be measured is Custom Policy Benchmark. 39% MSCI All Country World Net Total Return Index, 26% MSCI Developed US Net Total Return Index, 35% Barclay's Capital US Universal Index

## **Implementation:**

The portfolio is fully invested and managed according to the asset allocation guidelines.

## **Portfolio Review and Communication:**

Investments, performance and portfolio objectives can be reviewed and discussed periodically.

## **Updating Information:**

To enable Bank of America to manage your portfolio effectively to ensure the investment plan is still suitable, it is important to notify us of any significant changes to your current financial condition, net worth, employment situation, changes in your risk tolerance, tax jurisdiction or status, family situation, and any other considerations that may have an impact on how your portfolio is managed.


Bank of America will make adjustments to this IPS consistent with our understanding of the purpose, return objectives, and risk tolerance appropriate for this portfolio. When those changes are material we will deliver a revised copy of this IPS and if appropriate ask for your confirming signature. Bank of America will seek to affirm verbally that this IPS is still valid and correct on at least an annual basis. Every three years Bank of America will supply the current version of the IPS and if appropriate ask for your confirming signature.

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Please carefully review the information contained in this Investment Policy Statement. If any of the information is incorrect, does not accurately describe your needs and objectives or you feel that you need additional explanation, please contact us. Otherwise, please sign this Investment Policy Statement below and return the signed Statement in the envelope provided.

## Client Acknowledgment

I have carefully reviewed the information set forth in this Investment Policy Statement including the Investment Restriction Specifications, along with the various investment objective choices and asset allocation guidelines described in the following pages. I understand and agree with the stated investment objective for the portfolio, along with any other unique restrictions and limitations that are described in this Investment Policy Statement.

 _____	1/21/21 _____	_____	_____
CRAFTON HILLS COLLEGE FOUNDATION	Date	Kevin J. Arruda Sr. Portfolio Oversight Manager	Date

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### Investment Objective Descriptions

Your IPS lists the portfolio's current investment objective of record. Investment objectives range from those that are more conservative and have potentially less investment risk and more inflation risk, to those that are more aggressive and have potentially more investment risk and less inflation risk. The investment objective may be listed as one of the following.

#### **100% Debt**

This objective is limited to fixed income & cash investments only.

#### **Conservative**

This objective seeks portfolio stability and preservation of capital; adjusted for inflation. Investment returns may be very low, or in some years, negative, in exchange for high liquidity, lower level of portfolio volatility and reduced risk of principal loss.

#### **Moderately Conservative**

This objective seeks to obtain a continuing income stream from dependable debt and equity sources. In order to satisfy current yield requirements, an investor using this objective should be willing to absorb some level of portfolio volatility and risk of principal loss.

#### **Moderate**

This objective seeks to strike a balance between portfolio stability and capital appreciation. Despite the relatively balanced nature of the portfolio, an investor using this objective should be willing to assume a moderate level of portfolio volatility and risk of principal loss.

#### **Moderately Aggressive**

This objective seeks to achieve portfolio appreciation, over time, rather than current income. An investor using this objective should be willing to accept a high level of portfolio volatility and risk of principal loss in seeking to achieve growth.

#### **Aggressive**

This objective seeks to achieve above-average portfolio appreciation over time; income is of little, if any, concern. An investor using this objective should be willing to accept a significant level of portfolio volatility and risk of principal loss in seeking to achieve above-average returns.

#### **All Equity**

This objective is limited to equity & cash investments only.

The above descriptions are presented for comparative purposes only. In addition, from time to time, tactical decisions may result in your actual asset holdings differing from your long term investment objective. Asset class ranges for each portfolio objective are reviewed regularly and may change over time.

In addition to the above objectives, individual client circumstances may result in a specialty objective being used, including Customized, Settlement and Monitored Settlement.

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## STRATEGIC ASSET ALLOCATION GUIDELINES DISCLOSURE - LOW TAX SENSITIVITY

	100% DEBT	CONSERVATIVE	MODERATELY CONSERVATIVE	MODERATE	MODERATELY AGGRESSIVE	AGGRESSIVE	ALL EQUITY
	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range
Cash	0%-30%	0%-21%	0%-10%	0%-10%	0%-10%	0%-10%	0%-17%
Equity	0%-0%	0%-41%	28%-58%	44%-74%	59%-89%	73%-100%	83%-100%
Fixed Income	70%-100%	48%-100%	40%-70%	24%-54%	9%-39%	0%-25%	0%-0%
Real Assets	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%
Hedge Fund Strategies	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%
Private Equity	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%