



Randolph Community College Foundation

Investment Policy

I. SCOPE, PURPOSE, AND CONTEXT

SCOPE

This investment policy applies to all financial assets of the RCC Foundation, excluding the general checking account and the carryover operating account.

PURPOSE OF POLICY

The purpose of this document is to provide guidelines for the management of funds of the Randolph Community College (RCC) Foundation. The investment policy seeks to translate the investment goals and objectives of the Foundation into a cohesive, long-term investment framework that is consistent with the overall mission of the Foundation.

This statement of investment policies is set forth in order to:

1. Establish and document the investment objectives, philosophy, policies, guidelines and goals for the investment funds of the Foundation.
2. Clearly communicate the roles, duties and responsibilities of the RCC Foundation's Investment Committee and the investment manager.
3. Establish a procedure and schedule for evaluation of the investment performance of the portfolio, evaluation of the investment manager, and review of this investment policy.

This policy is meant to be sufficiently specific to be useful, but also flexible enough to attain the objectives while allowing for changing economic conditions and securities markets.

CONTEXT OF POLICY

In developing the Investment Policy, the Investment Committee recognizes the following:

- Fluctuating rates of return are a characteristic of the investment markets, and
- Performance cycles cannot be accurately predicted as to their beginning, end or magnitude.

Therefore, the asset allocation decisions set forth in this policy are based on a careful examination of the mission of the RCC Foundation with the primary objective being safety of principal and secondary objectives being income and growth.

II. PERFORMANCE GOALS

The RCC Foundation expects to achieve competitive results on its investment portfolio. The following performance goals have been established to provide a basis upon which to evaluate the effectiveness of the investment objective and those responsible for implementing investment

decisions on a day-to-day basis. The investment manager will be evaluated over a cycle of three to five years.

- Preserve and protect fund principal while achieving a rate of return of at least 5% above the rate of inflation.
- Meet or exceed investment results for various asset classes as measured by indices selected from the following section. Comparison choices will be agreed upon between the Investment Committee and the investment manager.

INDEX COMPARISONS FOR INVESTMENT MANAGER

Large Cap Domestic Equities, Core Blend Style: Standard & Poor's 500

Large Cap Domestic Value Equities: Russell 1000 Value

Large Cap Domestic Growth Equities: Russell 1000 Growth

Mid Cap Domestic Equities, Core Blend Style: Russell Mid Cap Index

Mid Cap Domestic Value Equities: Russell Mid Cap Value Index

Mid Cap Domestic Growth Equities: Russell Mid Cap Growth Index

Small Cap Domestic Equities, Core Blend Style: Russell 2000 Index

Small Cap Domestic Value Equities: Russell 2000 Value Index

Small Cap Domestic Growth Equities: Russell 2000 Growth Index

Domestic Long Duration Fixed Income: Merrill Lynch Corp. & Govt. Long Term

Domestic Intermediate Duration Fixed Income: Lehman Intermediate Govt. & Corp.

Domestic Short Duration Fixed Income: Merrill Lynch 1-3 Master

Cash Instruments: Salomon Brothers 90 Day T-Bills

Foreign Large Cap Equities: MSCI EAFE

Foreign Emerging Market Equities: MSCI Emerging Markets

Real Estate Investment Trust (REIT) Securities: NAREIT

ASSET ALLOCATION GUIDELINES

Asset Allocation: The asset allocation of the portfolio will be maintained according to the following guidelines, and no more than 10% may be invested in emerging market funds.

Endowed Scholarship Fund

60% equities/40% fixed income assets

Associate Degree Nursing Fund

60% equities/40% fixed income assets

Photography Challenge Fund

60% equities/40% fixed income assets

R. Alton Cox Fund

60% equities/40% fixed income assets

General Fund

60% equities/40% fixed income assets

Howard & Mescal Ferguson Fund

60% equities/40% fixed income assets

General Endowment Fund

60% equities/40% fixed income assets

The Investment Committee recognizes that a rigid asset allocation would be both impractical and, to some extent, undesirable under various market conditions. Therefore, the investment manager has the flexibility to vary up to 10% from these guidelines as deemed necessary.

INVESTMENT GUIDELINES**Allowable Assets**

1. Cash Equivalents
 - US Treasury Bills and Notes
 - Money Market Funds
 - Certificates of Deposit
 - Commercial Paper (rated A-1 by Standard and Poor's and/or P-1 by Moody's)
 - Bankers Acceptances issued by a bank having a rating of A, A/B, or B
 - Repurchase Agreements
2. Fixed Income Securities
 - US Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Preferred Stock
3. Equity Securities
 - Domestic*
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - Foreign*
 - American Depository Receipts (ADRs) of Non-U. S. Companies
4. Mutual Funds
 - Mutual Funds that invest in securities as allowed in this statement.
5. Exchange Traded Funds (ETFs)
 - ETFs that invest in securities as allowed in this statement.

Prohibited Investments for Individual Securities

The following categories of securities and other investment activity are not permitted.

- Unregistered or restricted stock
- Foreign securities not traded on U.S. or NASDAQ exchange
- Commodities, precious metals or tangibles
- Private placements

- Initial public offerings (must have two year trading history)
- Uncovered options
- Futures trading
- Short selling
- Margin trading
- Hedge funds

III. MANAGER PERFORMANCE REVIEW

REPORTING AND REVIEW

The Investment Committee shall meet at least annually to review the returns of the Foundation versus its performance objectives. It is the responsibility of the investment manager to supply the Foundation with monthly statements which detail the specific assets of each account. The investment manager must also meet with the Investment Committee at least annually to present details of the performance of the accounts.

Any changes or deviations from this policy should be directed to the Investment Committee of the Foundation prior to the next scheduled Board meeting.

PERFORMANCE MEASURES

Manager performance will be evaluated according to the long-term asset allocation goals and guidelines specified in this policy.

RFP PROCESS

In an effort to maximize investment returns and minimize costs, the Investment Committee will solicit quotes through an RFP process from interested investment managers every 3 – 5 years. The Investment Committee will review RFPs, interview potential investment managers, and make a recommendation to the full Board of Directors, who will make the final decision.

IV. POLICY REVIEW AND MODIFICATION

The Investment Committee will review this investment policy at least annually. In particular, the Investment Committee will review the following.

- The Foundation's ongoing ability to tolerate downturns in asset value (function of financial and cash flow considerations)
- Any changes in the Foundation's liquidity requirements
- Any changes in the Foundation's income requirements
- Any changes in the Foundation's rate of return objectives
- Changes in the Foundations priorities
- Areas found to be important but not covered by policy