

# Southwest Florida Community Foundation INVESTMENT POLICY SUMMARY

## Investment Objectives

The primary long-term investment objective of the Foundation is to preserve real (inflation-adjusted) purchasing power of Foundation Assets and earnings, after accounting for investment returns, spending rate, and inflation. The invested assets should earn a total rate of return that, at a minimum, equals or exceeds the benchmark indicated for the various classes of investments.

Managers of equities will be expected to produce a cumulative annualized total return net of fees and commissions that equals or exceeds the S&P 500, or other relevant indexes acceptable to the Foundation, over moving three (3)-year periods. Managers of fixed income securities will be expected to produce a cumulative annualized total return net of fees and commissions that equals or exceeds the Lehman Government/Corporate Bond Fixed Index, the Lehman Intermediate Index or other relevant indexes acceptable to the Foundation, over moving three (3)-year periods. Objectives for managers of assets that do not fit exactly in either the equity or fixed income category shall be set at the time such managers are hired, and shall be based on appropriate capital market indexes.

## Spending Policy

The amount to be distributed (spent) from Foundation assets will be reviewed no less frequently than annually by the Finance Committee and appropriate recommendations made to the Board of Trustees. It is expected that the annual amount to be distributed from Foundation invested assets will be between 3 and 5% of the market values of the endowment funds. The distributions may be taken from current income or, if current income is less than planned spending, from principal.

## Asset Selection and Allocation

The Foundation's investments shall be diversified to limit the specific risk associated with any single security or class of securities. The diversification will be both by asset class and, within asset classes, by economic sector, industry, and market capitalization. The asset classes shall consist of an equity portion, fixed income portion, and cash portion. The equity portion may consist of investments in common stock, domestic and foreign; the fixed income portion shall consist of investments in fixed income securities of domestic issuers. Any cash portion shall consist of highly liquid short-term securities. In addition, the Finance Committee may allocate up to 10% of funds under pooled management to alternative investments. Presently the ranges of asset allocation as a percentage of the investment portfolio are:

<u>Asset Allocation</u>	<u>Target Range</u>	<u>6/30/2009 Actual</u>
Domestic equities	28-42%	34%
International equities	14-21%	17%
Fixed income	18-46%	30%
Hedge Funds	14-17%	16%
Alternative investments	0-10%	3%

## Investment Management

The Foundation's investments shall be held in Managed Accounts under the supervision of qualified professional investment managers, and may consist of direct investments or holdings of commingled funds. The Investment Managers will have the discretion to manage the assets under their supervision to best achieve the Foundation's investment objectives, within the policies and requirements set forth in this policy.