ALPHA DELTA STATE OHIO EDUCATIONAL FOUNDATION (ADSOEF)

INVESTMENT POLICY

GOVERNING POLICY

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I. PREAMBLE

ADSOEF, as a fiduciary, holds assets without donor restrictions and assets with donor restrictions. Assets without restrictions are held by the corporation as a steward for the sake of carrying out the business of ADSOEF as it supports its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship.

II. DELEGATION of INVESTMENT RESPONSIBILITY

A. The ADSOEF Finance Committee has supervisory authority over its financial affairs. The ADSOEF Finance Committee is responsible for reporting on investments. In carrying out its responsibilities the ADSOEF Finance Committee will act in accordance with these Investment Policies and all applicable laws and regulations. The ADSOEF Board of Directors (BOD) reserve to itself the exclusive right to revise these policies.

B. The ADSOEF BOD and its Finance Committee are authorized to retain one or more Investment Financial Advisors to assume the investment management of funds and assets owned and administered by ADSOEF. The day-to-day investment decisions are delegated to such Financial Advisors, subject to the policies outlined in this Investment Policy Statement. ADSOEF BOD may also grant exceptions to the Investment Policies when appropriate. The BOD will hire investment managers as needed to meet ADSOEF investment objectives.

III. INVESTMENT OBJECTIVES

The primary investment objective of ADSOEF is to preserve and protect its assets by earning a total return for each fund appropriate to each fund's time horizon, liquidity

needs, and risk tolerance. ADSOEF considers its investment policy as a basic tool for the implementation of a long-range investment program; therefore, the ADSOEF BOD will avoid substantive changes over short periods of time or reacting to current short-term market conditions.

IV. ASSET ALLOCATION

ADSOEF BOD shall establish and approve the asset allocation guidelines. To accomplish the ADSOEF investment objectives, the Financial Advisor is authorized to utilize portfolios of equity securities (common stocks and convertible securities), fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the Financial Advisor shall remain within the ranges provided in Appendix A. The ADSOEF BOD can modify these ranges. The actual investment targets shall be set within those limits by the Financial Advisor in conjunction with the ADSOEF Treasurer. The asset allocation mix and target ranges will be reviewed by the Investment Oversight Team and the ADSOEF Finance Committee at least once per year and, if appropriate, revised as directed by the ADSOEF BOD. The allocation will be rebalanced to target weights annually, and as otherwise required by significant market movements.

V. ASSET CLASS GUIDELINES

A. COMMON AND PREFERRED STOCKS

The Financial Advisor may invest in any unrestricted, publicly traded common or preferred stock that is listed on a major exchange or a national, over-the-counter market that is appropriate for the portfolio objectives, asset class (such as Large Cap Value and Growth, Small/Mid Cap Value and Growth, or International Value and Growth). In addition, the funds may be invested in Real Estate Investment Trusts (REITs), American Depository Receipts (ADRs), mutual funds, exchange traded funds (ETFs), and oil and gas Master Limited Partnerships (MLPs).

B. FIXED-INCOME SECURITIES

The quality rating of bonds and notes must be “BBB/Baa” or better, as rated by Standard & Poor’s or Moody’s. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with an average maturity of ten years or less. Permissible fixed-income investments include U.S. Government obligations and its agencies, treasury inflation protected securities (TIPS), corporate bonds, asset-backed securities, international bonds, mutual funds, and exchange traded funds (ETFs). Funds can be invested in short term fixed annuities (five years or less) with an insurance company that is rated A or better by A. M. Best.

C. CASH/CASH EQUIVALENTS

The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1, as rated by Moody's, or better. The assets of any money market mutual funds must comply with this standard and/or the quality provisions for fixed-income securities. Permissible cash investments include U.S. Treasury Bills, Commercial Paper, and Certificates of Deposit.

D. ALTERNATIVE INVESTMENTS

Alternative investments may provide an investment portfolio improved risk-return characteristics. They may also increase diversification and provide for additional return while maintaining or reducing portfolio volatility. Alternative investments may include funds investing as a hedge to the equity or fixed income markets, market neutral strategies, currencies or commodities. These funds should utilize an open-ended mutual fund or an ETF structure that provide daily liquidity.

VI. ASSET DIVERSIFICATION

As a general policy, the Financial Advisors will maintain reasonable diversification at all times according to the acceptable ranges in Appendix A. The Financial Advisor will rebalance to the asset allocation target should the allocation fall outside the acceptable range.

VII. TRANSACTIONS

All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity transactions.

VIII. INVESTMENT CRITERIA BASED ON MISSION OR SOCIAL RESPONSIBILITY

ADSOEF desires to invest in companies whose business conduct is consistent with Delta Kappa Gamma's goals and beliefs. Therefore, the Financial Advisors will use their best efforts to avoid investing directly in the securities of any company known to participate in businesses ADSOEF deems to be morally offensive.

IX. MANAGED ACCOUNTS

ADSOEF desires to accomplish its investment objectives by utilizing money managers who will adhere to the criteria of this investment policy. The equity managers may use the large capitalization growth style, the large capitalization value style, small/mid-capitalization growth style, small/mid-capitalization value style, or an international growth or international value style. The fixed income manager should invest in fixed income securities meeting the criteria of this investment policy.

X. REPORTING REQUIREMENTS

A. QUARTERLY

The Financial Advisors will provide the Financial Officer with a quarterly written statement containing all pertinent transaction details for each separately managed portfolio for the preceding quarter, including:

1. the name and quantity of each security purchased or sold, with the price and transaction date;
2. an analysis for each security of its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market; and
3. an analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed-income securities, and cash reserves).

B. ANNUALLY

The Financial Advisor shall provide an annual summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio, future investment strategies and any other matters of interest to the ADSOEF BOD.

XI. CASH FLOW REQUIREMENTS

ADSOEF will be responsible for advising the Financial Advisors in a timely manner of ADSOEF's cash distribution requirements from any managed account. The Financial Advisor is responsible for providing adequate liquidity to meet ADSOEF's cash flow requirements in accordance with ADSOEF policy.

APPENDIX A

ADSOEF Investments				
Entity Investment	Asset Class			
Fund	Equities	Fixed-Income	Cash	Alternative
Funds with Donor Restrictions	0-60%	20-75%	5-25%	0-20%
Funds without Donor Restrictions	0-60%	20-75%	5-25%	0-20%