



**Allyn Family**  
FOUNDATION

# INVESTMENT POLICY STATEMENT

## STATEMENT OF PURPOSE

The intent of this Investment Policy Statement is to establish guidelines that will govern the investment activities of The Allyn Foundation, Inc and any Investment Manager retained by The Allyn Foundation to manage The Allyn Foundation's assets. The Allyn Foundation is a private not-for-profit, tax exempt, charity incorporated in New York State.

## MANAGEMENT OF FOUNDATION INVESTMENTS

The Board of Directors has overall authority for The Allyn Foundation's investment policy including preparing and maintaining an investment policy statement. The Board of Directors has delegated responsibility for the Foundation's investments to the Investment/Finance Committee, which shall recommend and implement investment policy with regard to asset allocation, manager selection and portfolio supervision. The Investment Committee reports to the Board the status regarding the Foundation's investment policies and results; and reports any recommended changes in investment policy to the Board. Specific investments outside the guidelines contained in this Investment Policy Statement may be permitted with prior approval of the Board.

## INVESTMENT OBJECTIVES

The goal of The Allyn Foundation is to ensure that the return on assets, adjusted for inflation, is being maximized consistent with prudent and appropriate levels of risk. The primary investment objective of the Foundation is, net of investment fees, to, at a minimum, fund annual giving (federal mandate of 5%) plus reasonable and necessary administrative expenses (less than 1%). Capital appreciation in excess of this return is also expected to occur, but at varying levels.

## FOUNDATION SPENDING POLICY

The annual spending rate will be based upon the average market value of the Foundation's assets over the preceding three-year period. The Investment/Finance Committee will make the final recommendations as to the annual spending level of the Foundation, with an expectation that this spending level will be approximately 4-8% of the rolling three year market value.

## INVESTMENT PHILOSOPHY

The following principles, which recognize the long-term nature of the Foundation's purpose, are significant factors in the allocation of the Foundation's assets:

- In order to achieve a rate of return that will support the above mentioned spending policy while protecting the Foundation from inflation, some investment risk must be taken in the management of the Foundation's assets.

- The most effective way to establish an appropriate risk level for the portfolio is through its asset allocation.
- There are long-term benefits in diversifying the Foundation portfolio into a number of different asset classes and investment strategies. While each asset class and strategy will be carefully selected, the focus of the investment process will always be on the overall portfolio.
- To achieve the long-term benefits of a widely diversified portfolio, strategic targets for each asset class that the Foundation utilizes have been adopted. The portfolio weight for each asset class is expected to remain within minimum and maximum percentages.
- The Investment/Finance committee will review the strategic allocation in the six asset classes at least annually.

## ASSET ALLOCATION

To achieve its investment objective, the Foundation's assets will be allocated among six asset classes. The asset classes include domestic equity, international equity, hedge funds, real estate, fixed income and cash. Permissible asset classes include derivatives and emerging markets (not to exceed 5% of the equity holdings). Bonds shall be investment grade. Municipal bonds shall not be permissible. The purpose of allocating assets to these asset classes is to ensure the proper level of diversification and maximize return. The strategic asset allocation is:

<b>Asset Classes</b>	<b>Strategic Allocation</b>	<b>Tactical Ranges</b>
<b>Equity</b>		
United States	30%	
International	25%	
<b>Total Equity</b>	<b>55%</b>	<b>40-70%</b>
<b>Alternative Assets</b>		
Hedge Funds	10%	
Real Estate	3%	
Private Equity	5%	
Hard Assets	2%	
<b>Total Alternative Assets</b>	<b>20%</b>	<b>0-35%</b>
<b>Fixed Income</b>		
Cash & short term	3%	
U.S. Fixed Income	22%	
<b>Total Fixed Income</b>	<b>25%</b>	<b>0-40%</b>
<b>Total</b>	<b>100%</b>	

Reference currency for this proposal is the U.S. dollar. The maximum non-dollar holding exposure should not exceed 25% of the total portfolio.

## SKANEATELES LAKE PROPERTY

In light of the special meaning of the Skaneateles Lake Property and the relationship between the Foundation and the donors of such property, the Foundation deems it prudent to retain such property. The property will be categorized as a real estate asset, but will not count against the asset allocation set forth above (i.e., the asset allocation relates to all other assets of the Foundation). The use of the Skaneateles Lake Property shall be governed by a separate policy. At least annually, the Investment/Finance Committee will review the determination of whether to keep the Skaneateles Lake Property.

## SOCIAL SCREENS

The mission of the Allyn Foundation is to improve the quality of life for individuals in Central New York. As such, the Foundation wishes its investments to reflect socially responsible companies. To this end, the Foundation seeks selectively to avoid investments in companies that manufacture tobacco, alcohol, and firearms as well as businesses involved in gambling and pornography. The Investment/Finance Committee will review the portfolio's securities annually to ensure compliance with the sector restrictions.

## PERFORMANCE REVIEW AND EVALUATION

The Investment/Finance committee will evaluate the following factors on an ongoing basis: general economic conditions, the possible effect of inflation or deflation, the expected tax consequences of decisions, the role that each investment plays in the overall portfolio, the expected total return of the portfolio, and the need of the Foundation to make distributions and preserve capital.

The Investment/Finance Committee will evaluate the role and effectiveness of the investment manager(s). Specifically, the Committee will assess the manager's independence and presence of conflicts of interest, payment and compensation, and performance and compliance. Investment performance shall be measured based on total return; that is, the aggregate return from capital appreciation and dividend and interest income. The portfolio shall be measured against commonly accepted performance benchmarks and standard market indices. Performance reports shall be produced by the investment manager each quarter and reviewed by the Investment Committee.

The Investment Committee shall review the performance of the investment manager annually and report to the Board of Directors. The Investment Committee reserves the right to terminate the investment manager for any reason including:

- Investment performance which is significantly less than the established benchmark given the discipline employed and the risk parameters established, or unacceptable justification of poor results
- Failure to adhere to any aspect of this Investment Policy Statement
- Significant qualitative changes to the investment management organization

## INVESTMENT POLICY REVIEW

To ensure continued relevance to the guidelines, objectives, financial status and capital market expectations as established in this Policy, the Investment Committee will review this Investment Policy Statement annually.

Approved by the Board of Directors, December 20, 2006

Approved by the Board of Directors, June 9, 2011

Approved by the Board of Directors, December 19, 2011

Approved by the Board of Directors, December 16, 2013

Approved by the Board of Directors, November 19, 2016