Investment Policy Statement

I. PURPOSE

This document reflects the investment policy, objectives, and constraints for assets of the Northwest College Foundation (Foundation), as well as custodial funds the Foundation is charged with managing. It is intended to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of the Foundation's investment goals and objectives.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Foundation assets.
4. Establish a basis for evaluating investment results.
5. Manage Foundation assets according to standards as established by the Uniform Prudent Management of Institutional Funds Act, W.S. 17-7-301 through 307.
6. Establish the relevant investment horizon for which the Foundation assets will be managed. The investment horizon for all Foundation Funds is 10 years or longer.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

II. DELEGATION OF AUTHORITY

The Foundation's Board of Directors is a fiduciary (any individual or group of individuals that exercise discretionary authority or control over fund management or management, disposition, or administration of assets). The Board's Finance Committee is authorized by a resolution of the Foundation Board to administer and monitor investment transactions.

The Finance Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable.

III. ASSIGNMENT OF RESPONSIBILITY

A. RESPONSIBILITY OF THE INVESTMENT MANAGERS

Each Investment Manager will be a registered investment advisor and have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Managers include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Timely reporting of quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process or investment objective progress.
4. Informing the Finance Committee regarding any qualitative changes to the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

B. RESPONSIBILITY OF THE INVESTMENT CONSULTANTS

The Investment Consultant's role is that of a non-discretionary advisor to the Finance Committee. Investment advice concerning Foundation assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines, and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of investment policy.
2. Monitoring adherence to asset allocation guidelines.
3. Conducting investment manager searches when requested by the Finance Committee.
4. Providing "due diligence" research on the Investment Managers.
5. Monitoring the performance of the Investment Managers to provide the Finance Committee with information and reporting necessary for determining progress toward the investment objectives.
6. Communicating matters of policy, manager research, and manager performance to the Finance Committee.

C. Responsibility of the Investment Committee

1. Formulating, recommending, and monitoring the investment and spending policies to the Board of Directors.
2. Selecting and monitoring performance of Investment Management Consultant.
3. Approving asset allocation recommendations by the Consultant within framework of the policy.
4. Reviewing investment performance against stated objectives and making hiring and firing decisions of Investment Managers in consultation with the Consultant.
5. Controlling and accounting for all investment expenses.

D. Responsibility of the Board of Directors

1. Ensuring investment costs are reasonable and appropriate in relation to the assets, the purposes of the institution and the skills available.
2. Making a reasonable effort to verify facts relevant to the management of investments.
3. Approving investment and spending policies for the investment of assets.

IV. GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made in the interest of the charitable purposes of the NWC Foundation and the purposes of the funds it manages.
2. The Funds shall be invested in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
3. Per UPMIFA, management and investment decisions will be made in context of the following criteria:

    a. The duration and preservation of the endowment fund
    b. The purposes of the institution and the endowment fund
    c. General economic conditions
    d. The possible effect of inflation or deflation
    e. The expected total return from income and appreciation
    f. Other resources of the Northwest College/Foundation
    g. The Foundation's investment policy

4. Investments may be pooled and shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
5. The Finance Committee may employ one or more investment managers of varying styles and philosophies to meet objectives.
6. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.
7. Gifted securities received on behalf of the NWC Foundation will be converted immediately to cash to protect the assets from loss while the Finance Committee determines allocation to a selected investment manager.

V. GOAL OF FOUNDATION

The Finance Committee feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that many of the Foundation's funds are permanent, and therefore, should provide for grant making in perpetuity. To attain this goal, the overriding objective of the Foundation is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the investment horizon. Growing the portfolio value will be achieved through meeting investment objectives in tandem with future giving.

VI. SPECIFIC INVESTMENT GOALS

To fulfill its purpose, the investment strategy of the Foundation is to emphasize the long-term growth of investment principal while avoiding excessive risk.

Over the investment horizon established in this statement, it is the goal of the aggregate assets to exceed a rate of return of 7%, net of fees.

This return will ensure maintenance of purchasing power after deducting spending of 5.5% (4.5% payout + 1% management fee) and allowing for inflation up to 1.5%. Real growth will come from new gifts, higher returns or lower inflation.

The investment goals above are the objectives of the aggregate and are not meant to be imposed on each investment account (if more than one account is used). The goal of each investment manager, over the investment horizon, shall be to:

1. Display an overall level of performance which is consistent with the associated benchmark. Performance will be measured by time-weighted return.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified. Risk will be measured by the standard deviation.

VII. DEFINITION OF RISK

The Finance Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet objectives. However, the investment managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

The Finance Committee defines risk as the probability of not maintaining purchasing power over the investment horizon.

VIII. LIQUIDITY

To minimize the possibility of a loss caused by the sale of securities to meet a required payment, the Finance Committee will periodically provide investment counsel with an estimate of expected net cash flow. The Finance Committee will notify the investment managers in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the Finance Committee requires that a minimum of 2% of Foundation assets shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills. No more than 20% of total assets may be invested in illiquid securities.

IX. INVESTMENT AND ALLOCATION GUIDELINES

Permissible investments may include U.S. and non-U.S. investments.

The Foundation expects managers to handle investment decisions and does not desire to incur a doubling of investment fees associated with mutual funds. However, for cash management purposes, or if managers maintain funds to co-mingle their holdings, limited use of mutual funds may be deemed appropriate.

In choosing investment vehicles, special attention will be paid to the 501(c)3 tax-exempt status of the Foundation.

ASSET ALLOCATION GUIDELINES

	Lower Limit	Upper Limit
Large Cap Equities	25%	50%
Mid Cap Equities	5%	20%
Small Cap Equities	5%	10%
International Equities	10%	25%
Fixed Income	10%	40%
Cash & Equivalents	2%	5%
Alternative Investments	5%	18%

In the event that asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Finance Committee will instruct the Investment Consultant to bring the portfolio into compliance with these guidelines as promptly and prudently as possible.

Investment managers are expected to adhere to the investment management styles for which they were hired. In the event that any individual Investment Manager's portfolio is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, the Finance Committee expects that the Investment Manager will bring the portfolio into compliance with these guidelines as promptly and prudently as possible.

X. PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Finance Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Finance Committee intends to evaluate the portfolios over at least a three- year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, adherence to investment discipline, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XI. INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this statement of investment policy, the Finance Committee will review this investment policy at least annually.