



Investment Policy

I. Introduction

This document serves as the Investment Policy for Alexandria Country Day School (“the School”). The Board of Trustees has determined that certain assets should be held for current and future commitments of the School and has established this Investment Policy to preserve and enhance the real value of the principal and to provide the School with a dependable source of revenue to support its facilities and programs.

Under provisions of the Bylaws of the School, The Investment Committee shall be charged with overseeing the funds as set forth in the Investment Policy.

II. Definitions

Board of Trustees means the Board of Trustees of the School, as constituted under the Bylaws.

Bylaws means the Bylaws of the School, as amended by the Board of Trustees from time to time.

Investment Committee means the Investment Committee established under the Bylaws of the School.

III. Scope of the Investment Policy

The scope of this Investment Policy reflects the objectives, evaluation and constraints of the investable assets of the Alexandria Country Day School to include all cash and cash equivalents, fixed income and equity securities.

IV. Purpose of the Investment Policy

The purpose of the Investment Policy is set forth by the Board of Trustees in order to provide a clear statement of the School investment objectives:

1. Define and assign the responsibilities of the Board of Trustees and any other parties involved in managing the School investments.
2. Establish a clear set of objectives and goals for the assets.
3. Offer guidance and limitations to the Investment Committee.
4. Establish a basis for evaluating investment performance.

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5. Identify or provide target asset allocations, permissible investments and diversification requirements.

V. Investment Objective

All transactions shall be for the sole benefit of the School.

1. The Investment Committee shall recommend an Investment Manager and Investment Policy for Board of Trustees approval.
2. The Investment Committee shall review the financial performance of each of the Funds on a semi-annual basis and provide a report to the Board of Trustees on the status and financial performance of each of the funds.
3. The Investment Committee shall review the performance of any Investment Manager to any of the Funds and make recommendations to the Board of Trustees with respect to retention or change in Investment Managers.
4. The Investment Committee shall periodically review the Investment Policy with respect to the recommended investment mix and other material aspects of such Investment Policy and provide the Board of Trustees with any recommendations to change such Investment Policy.
5. Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Trustees prior to purchase.
6. Investments shall be diversified with a view to minimizing risk.

VI. Delegation of Responsibility; Reliance on Experts and Advisors

The Board of Trustees has ultimate responsibility for the investment and management of the Alexandria Country Day School Fund investment assets.

The Board of Trustees may delegate authority over the Alexandria Country Day School Fund investments to a properly formed and constituted Investment Committee, being a Board Committee comprised only of trustees and approved committee members.

The Board of Trustees or Investment Committee may hire outside experts as investment consultants or investment managers.

VII. Responsibilities of The Board of Trustees, or if Authority is Delegated, the Investment Committee

The Board of Trustees, or if authority is delegated, The Investment Committee, is charged with the responsibility of managing the investment assets of the Alexandria Country Day School Fund. The specific responsibilities of the Board of Trustees or the Investment Committee, as applicable, include:

1. Communicating the Alexandria Country Day School Fund's financial needs to the Investment Managers on a timely basis.

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2. Determining the Alexandria Country Day School Fund risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
4. Prudently and diligently selecting one or more qualified investment professionals, including investment manager(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to a policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; e.g., replacing investment managers) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

VIII. Responsibilities of Investment Managers

Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.

Each investment manager will have full discretion in making all investment decisions for the asset placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

1. Discretionary Investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a semi-annual basis, investment performance results and asset allocations.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.

IX. General Investment Guidelines

The Alexandria Country Day School Fund is expected to operate in perpetuity; therefore, a 10 year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.

Permitted investments include: Cash and cash equivalents, marketable securities including equities and fixed income securities, traded REITS.

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No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:

1. BBB by Standard & Poors for straight bonds and convertibles
2. Baa3 by Moody's Investor Service for straight bonds and convertibles
3. A1 by Standard & Poors for short term securities
4. P1 by Moody's Investor Service for short-term securities
5. AAA for money market accounts

If a fixed income security falls below investment grade, the investment representative shall have 60 days to divest of the unsuitable security.

The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage of letter stock.

Investments shall be made solely in the best interest of the school.

The assets of the various funds shall be invested with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of assets of like character and objectives.

Investment of the various fund assets shall be diversified between various asset classes, asset managers and securities.

Cash is to be employed productively to the extent possible by investing in short term cash equivalents that provide safety, liquidity and an appropriate return.

X. Diversification

1. The Alexandria Country Day School Fund will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
2. Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.

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3. Investments within the investment portfolio should be readily marketable.

XI. Investment Management Policy

1. Preservation of Capital – Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion – The Investment Managers are to make reasonable efforts to control risk commensurate with achieving their investment style and discipline.
3. Adherence to Investment Discipline – The Investment Managers are expected to adhere to the stated investment discipline and style for which they were chosen. Managers will be evaluated annually by the Investment Committee for adherence to their stated investment discipline.
4. Reporting – The Investment Manager will provide comprehensive monthly reports detailing all transactions, capital gains / losses, interest and dividends received and other appropriate data for assets under management. Additionally, the Investment Manager will provide an update and review of all activities, economic conditions and appropriate market trends to the Investment Committee on a semi-annual basis on the School site.

XII. Asset Allocation Guidelines

The asset allocation policy shall be predicated on the following factors:

1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
2. The correlation of returns among the relevant asset classes.
3. The perception of future economic conditions, including inflation and interest rate assumptions.
4. Liquidity requirements for the projected grants and other charitable expenditures.
5. The relationship between the current and projected assets of the Alexandria Country Day School Fund and projected liabilities.

XIII. Allocation Range

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<u>Asset Allocation Range</u>	<u>Target</u>	<u>Range</u>
Cash & Equivalents	5%	0-15%
Fixed Income	40%	25-60%
Equities: Domestic Large Cap	25%	20-40%
Equities: Domestic Small/Mid Cap	20%	10-25%
Equities: International	10%	5-15%

Note: Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

XIV. Selection of Investment Managers

The Investment Committee will select Investment Manager(s) based upon prudent due diligence procedures. An Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940. The Investment Manager must be able to provide a documented five (5) year history of performance with appropriate evaluation criteria as stated above. The Investment Committee requires that each Investment Manager provide a copy of FORM ADV *Uniform Application for Investment Adviser Registration* to the Alexandria Country Day School.

XV. Performance Review and Evaluation Requirements

Performance reports shall be compiled on a semi-annual basis by the Investment Committee. The investment performance of the total portfolios, as well as individual Investment Manager components, will be measured against the S&P 500 index Return and the Barclays Aggregate US bond index with weights of 50% and 50% respectively (or the appropriate industry accepted benchmark (blended if appropriate)). Consideration shall be given to the extent to which the investment results are consistent with the stated investment objectives, goals and guidelines as set forth in this document. The Investment Committee shall evaluate the total portfolio and individual Investment Manager performance at any time and reserves the right to terminate an Investment Manager for any reason including the following:

1. Investment performance, which is significantly less than anticipated given the discipline employed or unacceptable justification of poor results. Performance objectives are to be met on a net of fees basis
2. Failure to adhere to any aspect of this document including communication and reporting requirements.
3. Significant qualitative changes to the Investment Management organization.

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