

ENDOWMENT INVESTMENT POLICY

The investment objective for the endowment investment fund (the Investment Fund) shall be to preserve and protect the assets of the Investment Fund and to earn a rate of return on the assets that is competitive with the returns available from the various types of investments deemed appropriate for investment of the Investment Fund.

After preservation of capital, the objectives of the Investment Fund, in order of importance, are these:

1. The growth of principal to offset inflation
2. The production of a satisfactory level of current income.

The risk-taking capacity of the Investment Fund shall be consistent with “prudent person” standards. Rate of return shall be defined as income received and changes in market value. The emphasis on investment results will stress the long-term or full-market economic cycle approach. While it is understood that the NCEF’s board of directors wishes investment counsel to have freedom to maximize opportunities, recognition must be given to the responsibility of the NCEF’s investment committee to periodically audit and monitor the performance of investment counsel.

NCEF will consider socially responsible investment guidelines, which would involve integrating NCEF values into financial investment decisions. This could involve exclusion of certain corporate securities from an investment portfolio based on the corporation’s philosophy, attitudes, and actions toward various social issues (for example, not investing in companies that are supportive of certain industries, such as tobacco, gambling, alcohol, and so on).

Implications of this type of guideline should be discussed with investment professionals to determine investment consequences. [Note: In 1830, Judge Samuel Putnam stated, “Those with responsibility to invest money for others should act with prudence, discretion, intelligence, and regard for the safety of capital as well as income.” This statement is the guiding principle of professional money management. Some states have approved lists, called legal lists, of legal investments for savings banks and trust funds. Other states instead require fiduciaries to abide by the Prudent Investor Act.