

Investment Policy Statement

PURPOSE:

This policy outlines the investment philosophy and objectives for WCLT assets, and the standards for the placement of investments, and the monitoring of investment performance.

POLICY:

The Land Trust must establish clear investment policies and guidelines. This is valuable for day-to-day guidance, and enables the Land Trust to remain consistent over time, avoiding changing investment strategies in response to fluctuations in economic and market conditions. The process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, determines whether an appropriate standard of reasonableness, care and prudence has been met. The investment policy statement provides guidance for those authorized to make specific investment decisions. To ensure prudent investment decisions WCLT directs:

1. **Scope:** The Investment Policy Statement applies only to those assets for which the Board has given the Finance Committee discretionary authority according to *Policy No. 6F(1) Investment Management* and *Policy No. 6G(1) Dedicated Funds*.
2. **Standard of Investment Judgement:** The Finance Committee shall exercise prudence and appropriate care while seeking to attain the investment objectives set forth in this statement.
3. **Investment Placement:** The funds of the WCLT shall be invested under a master custodian relationship with one or more financial institutions.
4. **Unrestricted Funds will be held in cash/cash equivalents** to reflect the need for the preservation of capital and liquidity, with a secondary emphasis upon maximization of investment income without undue exposure to risk. Appropriate vehicles are interest-bearing bank accounts, short term money market accounts, an overnight sweep vehicle tied to government-backed or agency obligations of the U.S. government; and/or high quality corporate bonds.
5. **Investment Pool Objectives & Philosophy:** The WCLT shall establish and maintain three separate investment pools, each with different time horizons and separate objectives. The Finance Committee endeavors to achieve total returns that, over time, are better than the relevant market averages. The Finance Committee seeks returns during a full market cycle that are large enough to preserve and enhance the real, inflation-adjusted purchasing power of the WCLT's assets, while also considering the current spending requirements. The Finance Committee does not expect that in each and every year the investment objective for each investment pool will necessarily be achieved.
 - a. **Short-Term Investment Funds:** This is a cash account, with an investment horizon of no more than three years. Specific investments will generally be targeted to match specific funding goals. Investment of cash shall reflect the need for the preservation of capital and liquidity, with a secondary emphasis upon maximization of investment income without undue exposure to risk.

- **Specific Performance Objective of Short-Term Fund:** The total return shall exceed the total return of the category average for taxable money market funds.

b. Intermediate Investment Funds: These are funds invested for varying time horizons, as deemed prudent by the Finance Committee. Specific investments will generally be targeted to match specific funding goals.

- **Specific Performance Objective of Intermediate Fund:** The total return shall be compared to the category average of conservative allocation funds.

c. Long-Term Investment Funds: The primary objective of the long-term investments will be to provide for long-term growth of principal and income without undue exposure to risk. These are Permanently Restricted Funds, invested for long-term growth, and only accessible subject to the terms of *Policy No. 6G(1) Section 5 Dedicated Funds*. The focus will be on consistent long-term capital appreciation, with income generation as a secondary consideration.

- **Asset Allocation:** To ensure broad diversification in the long-term portfolio among the major categories of investments, asset allocation, as a percent of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges:

Type of Securities	Target	Range
Equities		
Domestic Large Cap	25%	20-50%
Domestic Mid Cap	10%	5-15%
Domestic Small Cap	10%	5-15%
International	20%	10-30%
Fixed Income	35%	20-40%
Other*	-	0-20%
Cash	-	0-10%

*Other may include but is not limited to securities with direct or indirect exposure to real estate or commodities, sector funds, hedge funds, limited partnerships, etc.

- **Specific Performance Objective Of Long-Term Funds**
 - (a) The total return shall exceed the Consumer Price Index plus 3%.
 - (b) The total return shall exceed a target balanced index composed of: 45% of the S&P 500 Index (domestic large-cap equity), 10% of the Russell 2000 Index (domestic small-cap equity), 10% of the Morgan Stanley Capital International (MSCI) Europe, Australia, Far East (EAFE) Index (international equity) and 35% of the Lehman Brothers Aggregate Bond Index (fixed income).

- 6. Time Horizon:** To allow for market fluctuations in the short term, it is intended that the “Specific Performance Objectives” for the Investment Pool Funds will be achieved by the investment manager(s) over a five-year rolling period, net of investment management fees. The Finance Committee reserves the right to evaluate and make any necessary changes regarding the investment manager over a shorter term using the criteria established in the “Evaluation of Investment Managers” section of this statement.
- 7. Investment Manager Requirements:** In selecting an investment manager(s) the Finance Committee will consider the length of time the firm has been in existence, its track record, fees, assets under management, and the amount of assets the WCLT already has invested with the firm.
- 8. Directions to Investment Managers:** As part of the contracting process with the selected investment managers, the Finance Committee will provide copies of *Policies No. 6F(1) Investment Management, 6F(2) Investment Policy Statement, and 6G(1) Dedicated Funds*, and receive a written statement of receipt of these documents signed by the Land Trust treasurer and the investment manager’s authorized agent. The signed receipt and contract will be filed at the Land Trust office.
- 9. Evaluation of Investment Managers:** The investment manager shall immediately notify the Finance Committee in writing of any material changes in its investment outlook, strategy, portfolio structure, and ownership or senior personnel. The investment managers will be reviewed on an ongoing basis and evaluated using the following criteria:
 - a. Ability to meet or exceed the performance objectives stated in this Investment Policy Statement.
 - b. Adherence to the philosophy and style which were articulated to the Finance Committee at, or subsequent to, the time the investment manager was retained.
 - c. Ability to meet or exceed the performance of other investment managers whom adheres to the same or similar philosophy and style.
 - d. Continuity of personnel and practices at the firm.
- 10. Variance Approval:** This document is to be interpreted as a model for investment principles and guidelines with the realization that certain circumstances may prevent the Finance Committee from fully complying. When this occurs, the Board of Directors must approve all such variances from the guidelines.
- 11. Policy Review:** This statement of investment policy shall be reviewed annually by the Finance Committee, with recommendations for changes submitted to the Board for approval.

Rev.1 Approved: January 2, 2006

President, Board of Directors