

Title: Investment and Spending for Endowment Assets**Policy No.: POL_P004****Scope: Benedictine****Section: Philanthropy****Responsible for Implementation: Benedictine Foundation**

Purpose: To provide guidance regarding investments of endowment assets and to provide spending guidelines as they relate to the endowment assets.

Policy: Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses. Benedictine has a policy of appropriating for distribution each year 50% of its endowment fund's rate of return over the prior 12 months (unless acquired with a separate policy). In establishing this policy, Benedictine considered the long-term expected return on its endowment. Benedictine also provides that no distributions are to be made during any year in which the fair market value of the investment is below the amount originally restricted. Over the long term, Benedictine expects the current spending policy to allow its endowment to grow at an average of three percent annually. The objective is to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. At its discretion, the Board may change the targeted spending rate, in any one year, to achieve the strategic objectives of the Organization.

Procedure

To satisfy the long-term rate-of-return objectives, Benedictine will rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Benedictine targets a diversified asset allocation that meets the Organization's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

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