



# Sunland Village East Foundation Board of Trustees Resolution

RESOLUTION # 5A

## INVESTMENT POLICY

WHEREAS the Sunland Village East Foundation (SVEF) is a non-profit, charitable foundation; and

WHEREAS it is prudent to preserve the principle of donated assets; and

WHEREAS it is prudent to protect the purchasing power of donated assets against inflation; and

WHEREAS a goal of SVEF is continued growth to benefit more charities for many years to come; and

WHEREAS the Sunland Village East Foundation follows all laws regarding investments,

Therefore, be it RESOLVED that

**The Sunland Village East Foundation Trustees adopt and implement the policy as amended on June 29, 2023 of investing**  
DATE  
**donated funds which preserves the contributions, earns a current income, and enhances the growth of SVEF assets.**

<u>Trustee Signature</u>	<u>Trustee Printed Name</u>	<u>Date</u>
<u>Joan Falken</u>	<u>JOAN FALKEN</u>	<u>6-29-23</u>
<u>William L. Hopper</u>	<u>William L. HOPPER</u>	<u>6-29-23</u>
<u>Linda Trappett</u>	<u>Linda Trappett</u>	<u>6-29-23</u>
<u>Loua Christoffers</u>	<u>LOUA CHRISTOFFERS</u>	<u>6-29-23</u>

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# Sunland Village East Foundation Board of Trustees Resolution

RESOLUTION # \_\_\_\_\_

## INVESTMENT POLICY (continued)

The Secretary of the SVEF certifies that the above is a true and correct copy of the resolution that was duly amended and adopted at a scheduled meeting of the Board of Trustees on June 29, 2023

Secretary Signature

Secretary Printed Name

Date

Lona Christoffers

LONA CHRISTOFFERS

6-29-23



# SUNLAND VILLAGE EAST FOUNDATION

## Investment Policies

### Article I: Philosophy

*"Let him that desires to see others happy, make haste to give while his gift can be enjoyed, and remember that every moment of delay takes away something from the value of his benediction."*  
SAMUEL JOHNSON, *The Idler* (1758 – 1760)

To preserve the principle of donated assets, and

To protect its purchasing power against inflation, and

To assure the growth of the Sunland Village East Foundation

The Foundation shall adopt and implement a philosophy of investing which preserves its contributions, earns current income, and enhances the growth of its assets.

These objectives are not mutually exclusive but are wholly attainable through the placement of its investible financial assets into "Allowable Securities" with a partial payout of the earned income and short-term capital gains, and the reinvestment of its realized long-term capital gains.

### Article II: Purpose

*"All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital invested."* SAMUAL PUTNAM, *Justice of the Massachusetts Supreme Judicial Court*, 1830.

To define approved financial management and investment policies of the Sunland Village East Foundation in order to:

1. Protect the market value of Foundation investable assets.
2. Generate current income.
3. Provide for the growth of investable assets to protect Foundation purchasing power from inflation.

### Article III: Investment Committee

An Investment Committee shall be formed which includes three (3) members of the Foundation Board of Trustees and one (1) ex-officio member, a Certified Financial Planner.

With direction from the Foundation Board, the Committee shall have sole and absolute authority and responsibility to construct and manage the investment portfolio.

The Committee shall target the portfolio to achieve the income and growth objectives as directed by the Foundation Board.

The Committee has no authority to usurp the Foundation goals or to substitute its own investment policies and goals.

The Committee shall meet with the Foundation Board a minimum of once annually in order to:

1. Receive information from the Board regarding its need for current income
2. Review the Foundation's long-term growth of asset goals
3. Provide the Foundation with a written report of its activities no later than March 31<sup>st</sup> of each calendar year. At a minimum, the Annual Report must include:



- a. An evaluation of its investment performance relative to the broad market.
- b. An evaluation of its investment performance relative to its correlated market indices.

#### Article IV: Balance of Investments

Over time a proportional investment ration of 40% (+/- 10%) Fixed Income, and 60% (+/- 10%) Equities, with a maximum Fixed Income ration of 50% and a maximum Equity ratio of 70% is recommended.

Over a 3-calendar year period the Investment Committee shall adjust portfolio holdings to approximate the 30% / 70% ratio.

All individual capital structure securities which have been donated shall be sold when their market value is equal to or higher than their market value on the day of donation.

#### Article V: Allowable Investment Securities

The investable assets of the Foundation shall be invested into "Fixed Income" securities of individual banks, city, county, state, and U.S. Federal Government bonds, fixed annuities, and fixed accounts of variable annuities, or the "Capital Structure" securities of U.S. and Foreign corporations.

The maximum dollars deposited per commercial Bank or Savings and Loan Association shall not exceed the maximum per institution amount insured by the FDIC or SAIF.

Only securities listed on organized public exchange markets such as the NYSE or NASDAQ may be purchased.

Unless market conditions require trading, the brokerage account shall not be managed as a "Day Trading" account but shall be managed as a "Long Term Buy and Hold" account.

Guaranteed/Insured Fixed Income Securities including:

1. City, county, and state municipal "Public Purpose" bonds classified as "GENERAL OBLIGATION BONDS" or "MUNICIPAL REVENUE BONDS" with a minimum rating of "A or Better" as rated by either "Fitch Ratings", "Standard and Poors", or "Moody's Investors", at time of purchase, or are insured by a municipal bond insurance company such as the American Municipal Bond Assurance Corp. (AMBAC), or Municipal Bond Investors Assurance Corporation (MBIA).
2. U.S. Government securities (Bills, Bonds, Notes, and Saving Bonds) backed by the full faith and credit of the U.S. Government and U.S. Government Agency Obligations, all with a maturity date of no longer than 10 years from date of purchase.
3. Fixed Annuities and fixed accounts within variable annuities issued by insurance companies with a minimum "A.M. Best" rating of "A, preferably A+".
4. Passbook, demand deposits (checking account), money market accounts, and certificate of deposits (CDs) of state and federally chartered commercial banks insured by the "Federal Deposit Insurance Corporation" (FDIC), Savings and Loan Associations insured by the "Savings Association Insurance Fund" (SAIF), and brokerage accounts in "Financial Services Companies" (FSC) which are members of both the "Securities Investor Protection Corp." (SIPC) and the "Financial Industry Regulatory Authority" (FINRA).

## 5. Capital Structure Investments

- a. Up to 100% of investable assets shall be invested into the "Capital Structure" of corporations, including long term debt, preferred stock, and common stock.

- 1.) The above shall be purchased only within mutual funds, electronically traded funds (ETFs), or "Standard & Poors Depository Receipts" (SPDRs) which track those indices.

- a.) Monies invested into Mutual Funds shall be invested only into "No Load" mutual funds.

- b. All individual capital structure securities which have been donated shall be sold when their market value is equal to, or higher than, their market value on the day of donation, unless the Investment Committee determines a need to sell earlier.

## 6. Bonds

- a. Bloomberg Barclays U.S. Aggregate Bond Index (AGG or SPAB), S&P U.S. Government Bond Index (S&P/ASX), and S&P 500 Bond Index (SP500BDT) are recommended.

## 7. High Current Income (High Yield/ Junk Bonds)

- a. Mutual funds, SPDRs, and ETFs which buy U.S. Corporate bonds with below investment credit ratings in order to pay higher levels of income than would be available from Treasury or high-quality corporate bonds are allowable up to 20% of the fixed income portfolio.
- b. The S&P U.S. High Yield Low Volatility Bond Index (SPUSHLV) is recommended.



## 8. Preferred and Common Stock

- a. Equity monies shall be invested indirectly into specific market indices through placement into Mutual Funds, SPDRs, or ETFs that track those market indices including the:

- 1.) Dow Jones Industrial Average (DJIA)
- 2.) Dow Jones Total Stock Market (DWCF)
- 3.) S&P 500 (SPX)
- 4.) New York Stock Exchange Composite (NYA)
- 5.) Willshire 5000 Total Market (W5000)
- 6.) Russell 3000 (RUA)
- 7.) S&P 400 Midcap (MID)
- 8.) NASDAQ Composite (COMP)
- 9.) Russell 2000 (RUT)
- 10.) Dow Jones Equity All Reit (REI)
- 11.) Dow Jones U.S. Select Divident Index (DJDVP)
- 12.) Dow Jones Utility Average Index (DJU)

### Article VI: Not Allowable Securities

After deposit into the Foundation's brokerage account, all donated, not allowable securities, after a timely period, shall be sold when their market value equals to, or is higher than, their market value on the day of donation.

Fixed Income and Capital Asset Securities, such as:

1. Crypto Currencies
2. Capital Asset (Debt and Equity) securities of individual corporations
3. Hedge funds as a main strategy
4. Initial Public Offerings (IPOs)
5. Limited Partnerships
6. Margin Accounts allowing the purchase of securities with money borrowed from FSC brokerage firms



7. Securities with more than 10-12% hedging as a strategy
8. Securities with more than 10-12% in foreign securities
9. Securities which include "Future" and/or "Option" contracts tied to stocks, commodities, currencies, metals, stock indexes or any other asset, as their main strategy
10. Short trading (buying/selling) securities
11. Variable accounts within variable annuities
12. Securities not listed on publicly traded U.S. market organized exchanges such as the NYSE or NASDAQ.

#### Article VII: Distribution of Earnings and Capital Gains

In order to generate current income to immediately benefit the Foundation and its members, at the discretion of the Foundation Board, up to 90% of income earned through interest, dividends, and realized short term capital gains earned internally by fund manager's sales of shares held shorter than one year, may be paid out.

To facilitate the growth of the Foundation's investable assets, a minimum of 10% of its earned income, and 100% of realized long term capital gains earned internally through the fund managers sales of shares held longer than one year and, those earned externally through the Investment Committee's sales of shares held longer than one year cannot be paid out but must be reinvested.

#### Article VIII: Acceptance of and Amendments to this Document

The philosophy, purpose, and policies defined in this document shall become effective upon approval of 51% of the Foundation Board of Trustees.

Amendments to this document shall be made only with the approval of 66.7% of the Foundation Board of Trustees.

Adopted by resolution of the Board of Trustees on this 3rd day of May, 2023.

ATTEST: SUNLAND VILLAGE EAST FOUNDATION,  
An Arizona Corporation

By Lana Christoffers  
Secretary/Treasurer

By Carl Ruppert  
President