

SPAULDING HIGH SCHOOL SCHOLARSHIP TRUST

INVESTMENT POLICY STATEMENT

1.0 Statement of Purpose

The purpose of this Investment Policy is to assist the Spaulding High School Scholarship Board of Trustees (the “Trustees”) in effectively supervising, monitoring, and evaluating the investment of the Spaulding High School Scholarship Trust Fund (the “Fund”). The Investment Policy sets forth the investment principals and guidelines the Trustees deem most appropriate to meet the investment objectives.

The Investment Policy is intended to comply with applicable fiduciary, ethical and due diligence requirements, and to adhere to the Uniform Prudent Management of Institutional Funds Act as adopted by the State of Vermont.

2.0 Delegation of Authority

Investment authority regarding the active management of the Fund shall be given to the Investment Advisor as selected by the Trustees. The Investment Advisor shall have full discretion for investment decisions for the agreed upon portion of the funds’ assets while observing the terms set forth in this Investment Policy Statement.

3.0 Investment Objectives

Investments shall be made solely for the purpose of fulfilling the objectives as stated in the Trust Organizational Documents. The Trustees shall manage the Fund as a perpetual trust so consideration will be given to the long term effect of investment decisions.

The long-term investment objective for the Fund shall be prudent capital appreciation. The short to intermediate term objective shall be to derive income sufficient to meet the annual scholarship award disbursements. To achieve these objectives, consideration will be given to asset allocation, diversification, risk tolerance, and income potential.

4.0 Risk Management

The Trustees recognize that risk must be assumed in order to achieve long term investment growth. Interim fluctuations in market value and rates of return may be tolerated in order to achieve long term growth. The Fund’s ability to withstand short and intermediate variability shall also be considered in establishing market risk tolerance.

5.0 Portfolio Guidelines

Asset allocations shall be at the recommendation of the Investment Advisor and within the following guidelines:

- A. Cash/Money Markets/CDs: 0-30%
- B. Fixed Income: 10-70%
- C. Domestic Equities: 30-80%
- D. International Equities: 10-40%
- E. Alternative Investments: 0-20%

If any asset class falls outside of its recommended allocation, it will be subject to review and reallocation.

If any individual stock position exceeds 10% of the total value of the Fund, it will be subject to review and reallocation.

No single fixed income investment shall exceed 10% of the total value of the Fund except diversified mutual funds, closed-end funds and fixed income investments which are either guaranteed by the United States government or are fully insured. All corporate bonds shall be investment grade. If any corporate bond drops below investment grade, it shall be subject to review and liquidation.

6.0 Annual Distribution Guidelines

- A. The basis for the annual distribution shall be the fair market value of the Fund as of December 31.
- B. The recommended distribution amount will be 3% of the fair market value.
- C. The annual distribution shall be subject to the restrictions and provisions of the individual scholarship award accounts as defined by their donors.
- D. The funds will be transferred and held in a cash account for distribution to the award recipients.

7.0 Communications

The Trustees will meet on a periodic basis with the Investment Advisor to review performance reports and to consider any recommended changes, and on an as-needed basis should it be warranted by significant changes in market conditions.

8.0 Review

At least annually, the Trustees shall review this Investment Policy Statement and consider any appropriate amendments.

This Investment Policy Statement, adopted by the Board of Trustees on July 14, 2015, has been reviewed and was amended by unanimous consent of the Board of Trustees on December 6, 2016.

A handwritten signature in blue ink, appearing to read "David L. Lewis", is written over a horizontal line.

Chairman of the Board