



300 42<sup>nd</sup> Street SW  
Loveland, CO 80537

*Campion Academy  
Student Legacy Endowment*

(Including the Investment Policy Statement)

Established November 19, 2018

(Revised 11/19/18)



## **Campion Academy Student Legacy Endowment and Investment Policy Statement (IPS)**

Established November 19, 2018

### **EXECUTIVE SUMMARY**

Type of Fund:	Endowment
IRS Tax Identification:	84-0459259
Time Horizon:	Greater than 20 years
Return Objective:	4.5 - 6.5%
Spending Policy	Up to 90% of 5-year average annual returns after 5 years (See detailed spending policy for first 5 years.)

### **MISSION**

The mission of the Campion Academy Student Legacy Endowment is to support the education mission of Campion Academy (CA) with the sole purpose of providing a reliable source of funds for current and future financial aid.

The endowment has two primary goals:

1. The purchasing power of the endowment's assets must be maintained by not spending 100% of the annual returns as described in the "Spending Policy" section.
2. The endowment must achieve investment returns sufficient to sustain regular distributions to support Campion Academy's ongoing financial aid program.

### **INVESTMENT STRUCTURE**

Modern Portfolio Theory will form the basis of the investment philosophy. Correlation of asset classes will be applied to reduce risk when possible and remain consistent with the portfolio's investment goal. Future variations may occur as new asset classes become available or as the investment committee makes moderate adjustments. This endowment structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are designed to produce a sufficient level of overall diversification and total investment return potential over the long-term.

### **PURPOSE**

The purpose of this Investment Policy Statement (IPS) is to assist the Campion Academy Board of Directors (Board) in effectively supervising, monitoring and evaluating the investment of the Fund assets. In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is

intended to be sufficiently specific, to be meaningful, yet flexible enough to be practical. Any changes in investment policy should be in writing and communicated to all parties.

## DUTIES AND RESPONSIBILITIES

### Delegation of Authority:

The Board of Directors (Board) is responsible for the monitoring and investment management of Fund assets. The Board shall select and appoint the Financial Advisor (FA) described below and is authorized to delegate responsibilities to the FA and other professional experts in various fields as it determines appropriate. These include, but are not limited to:

1. **Financial Advisor (FA).** The FA has authority to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives based on Board instructions. The FA will be held accountable to achieve the objectives herein stated. The FA may assist the Board in:
  - Establishing investment policy, objectives, and guidelines;
  - Selecting investment options and managers;
  - Reviewing such options and managers over time;
  - Measuring and evaluating investment performance;
  - Other tasks as deemed appropriate.

The Board's selection of a Financial Advisor (FA) must be based on prudent due diligence procedures. A qualifying FA must be a registered investment advisor under the Investment Advisers Act of 1940, or a bank or insurance company. The Board requires that each FA provide, in writing, acknowledgment of fiduciary responsibility to the Fund.

2. **Investment Committee (IC).** The IC is charged by the Board with the responsibility of formulating the overall investment policies and monitoring the investment management of Fund assets. The IC will provide relevant information to the Board when appropriate and at least annually. All members of the IC must have a signed current conflict of interest statement on file.

The IC is appointed by the Board and is not limited to Board members. It shall include the following minimum positions/individuals:

- \* Champion Academy Principal
- \* Champion Academy Vice Principal of Finance
- \* Rocky Mountain Conference (RMC) Vice President of Finance
- \* Rocky Mountain Conference Corporation Treasurer for Asset Management
- \* A minimum of two non-RMC employees
- \* Others as deemed appropriate by the Board

3. **Operational Account Signers (OAS).** The Principal for Champion Academy and/or the Vice Principal of Finance for Champion Academy, or others designated by the Board, may sign any required documents or instruments as appropriate for the day to day

operations of the Fund. (See “Spending Policy” for requests for withdrawals or distributions.)

## **PHILOSOPHY**

Committees and Individuals authorized to invest funds for the Seventh-day Adventist denomination must always be mindful of their stewardship responsibility. Under the guidance of the Holy Spirit they should strive with prudence and wisdom to reflect the Master both in style and substance. At the practical level, this means direct investments will not be made in certain industries, which are not in keeping with Seventh-day Adventist values. It also means that principles of integrity and fairness will govern all transactions with counter parties. The Board and other authorized parties will comply with North American Division (NAD) working policy (S85) as it pertains to investment selection and portfolio allocation.

## **STATEMENT OF OBJECTIVES**

In order to maintain the Campion Academy Student Legacy Endowment over the 20 plus year time horizon and meet its needs, the Fund will employ a balanced growth and income strategy that emphasizes a balance of capital appreciation, diversified equity, and fixed income investments. In accordance with this Investment Policy, the target total return is 4.5% - 6.5% total return annualized over a meaningful timeframe (5 – 10 years).

## **SPENDING POLICY**

The Board will apply a smoothing rule in an effort to mitigate the effects of short-term market volatility when calculating the level of annual distribution.

Campion Academy’s fiscal year will determine the time frame for calculations. Any partial year will be considered a full year.

This distribution rule will be applied:

1. During the first 5 years, distributions will be up to 5% of the investment value at the close of each fiscal year.
2. After 5 years, the distributions shall be up to 90% of the average rolling 5 year annual returns on investments.

Requests for withdrawals or distributions must be approved by both the V.P. of Finance for Campion Academy and the Conference Corporate Treasurer for Asset Management.

In the event Campion Academy should cease to exist, the following order of use shall apply:

1. Endow a purpose as near equal to the original purpose as is available within the Rocky Mountain Conference of Seventh-day Adventists or its successor organization;
2. Endow another program of the Rocky Mountain Conference of Seventh-day Adventists which promotes the mission of the Church in a strong and effective way;
3. Should no other alternatives appear to be viable, the Fund may be used to apply to any outstanding receivable student accounts of Campion Academy;

4. As may be directed by the Executive Committee of the Rocky Mountain Conference of Seventh-day Adventists.

## **ASSET CLASS GUIDELINES**

### **Equities:**

The equity asset classes should be maintained at risk levels appropriate for the risk/return expectations given herein, with the objective of exceeding a nationally recognized index measuring the performance of the designated sector over a full market cycle (generally three to five years) net of fees. Investment vehicles may include mutual funds and exchange traded funds (ETF's). The following definitions shall apply for the purposes of this policy:

U.S. Stocks:	Stocks of U.S. based companies, the primary shares of which are traded on a major U.S. exchange.
International Stocks:	Stocks of non-U.S. based companies, the primary shares of which are traded on exchanges outside the U.S. American Depository Receipt (ADR's) are considered International Stocks.
Emerging Markets Stocks:	Stocks of non-U.S. based companies that are expected to experience significant growth. Investing in these countries has potential for greater returns, but it also carries more risk than typical domestic investing.
Sector Stocks:	Stocks of companies usually found in one industry.

### **Fixed Income:**

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Investment vehicles may include mutual funds and exchange traded funds (ETF's). The following definitions shall apply for the purposes of this policy:

U.S. Government/Corporate Bonds:	Fixed income securities denominated in U.S. dollars issued by the U.S. Government, U.S. Government Agencies or U.S. corporations.
High Yield Corporate Bonds:	Bonds issued by U.S. corporations and the majority of the bonds are rated below BBB/Baa.
International Bonds:	Fixed income securities denominated in currencies other than U.S. dollars. Issuers may be both governments and corporations.
Mortgage-Backed Securities:	A debt security backed by an underlying pool of mortgages.
Municipal Bonds:	Bonds issued by local governmental subdivisions such as cities, towns or counties.

**Alternative Investments:**

Investment vehicles and strategies not typically included in the asset classes described above, which may include, but are not limited to:

1. Hedge funds;
2. Managed futures products;
3. Commodities and commodity contracts.

**Cash and Cash Equivalents:**

Cash reserves shall be invested in short term (less than one year) fixed income instruments. Appropriate instruments include direct and general obligations of the U.S. Government and U.S. Government Agencies, interest-bearing demand or time deposits, certificates of deposit, money market portfolios of FDIC member agencies, commercial paper, and repurchase agreements.

**Stock Exchanges:**

To ensure marketability and liquidity, investment managers will purchase equities listed on the following exchanges: New York Stock Exchange, American Stock Exchange, and NASDAQ over-the-counter market. In the event that an investment manager determines that there is a benefit or a need to purchase securities listed on exchanges other than those listed in this statement, written approval is required from the Board.

**Prohibited Assets and Restricted Transactions:**

Prohibited investments, outside of managed portfolios within the Fund, include direct purchase of:

1. Private Placements;
2. Direct investments in companies with main source of revenue from Alcohol, Tobacco, Pornography, and Firearms;
3. Short Selling;
4. Margin Transactions;
5. Options.

**INVESTMENT GUIDELINES**

The Board will ensure that investment management of the assets of the Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Representative Index	Minimum Weight	Maximum Weight
US Equity	S&P 500	35%	50%
International Equity	MSCI EAFE	10%	30%
Fixed Income	Barclay's Aggregate	40%	55%
Alternatives	HFRI Fund of Funds Index	0%	5%
Cash & Equivalents	90 Day US T-bill	0%	5%

**Rebalancing:**

The Board and Financial Advisor are expected to monitor the portfolio mix. Neither the upper nor the lower limits of the asset allocations are intended to require portfolio activity for the sole purpose of complying with the guidelines; however, deviation from these guidelines will be treated as discussion topics at semi-annual meetings with rebalancing considered at least annually. It is recommended that the target allocation be maintained so that the Fund will be able to achieve its long-term goals.

**MEASURING COSTS**

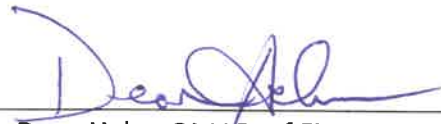
The Board will review at least annually all costs associated with the management of the Fund’s investment program.

**INVESTMENT POLICY STATEMENT and REVIEW (IPS)**

The Board will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. The mission and purpose of the endowment is to remain unchanged.

This Endowment Fund and IPS was adopted on 11/19/18 by the Campion Academy Board of Directors.

  
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Donavan Reeder, CA Principal

  
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Dean Helm, CA V.P. of Finance

  
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Ed Barnett, RMC President/Board Chairman

  
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George Crumley, RMC V.P. of Finance