

Museum of Newport Irish History Investment Policy Statement
April , 2017

Introduction

The Museum of Newport Irish History (MNIH) Investment Policy Statement is intended to define the Investment Committee as the responsible governing body, a definition of the Endowment Fund Assets, the Portfolio Objectives, the Investment Strategy, and Performance Evaluation and Reporting Criteria for the MNIH endowment fund.

Investment Committee:

The governing body (Investment Committee) includes the President, the Treasurer and one other independent Board Member appointed by the President and approved by the Board, whose term will be two years unless he/she requests to be relieved of his/her duties earlier, at which time a successor shall be named by the President. The Investment Committee is responsible for portfolio management selection and termination, portfolio management and rebalancing and modifying policies set forth in the investment strategy.

Endowment Fund Assets:

The Endowment Fund assets are Fixed Income and Equity securities which may include cash, CDs, Bonds, Stocks and Mutual Funds. The endowment is intended to provide for capital improvements to facilities and displays, future expansion of the MNIH Interpretive Center and, on a temporary basis, to fund cash flow shortfalls. It is not intended to provide for recurring operating expenses. Any withdrawals from the Endowment Fund required to meet any cash flow shortfalls are to be repaid to the Endowment Fund as soon as the funds are realized.

Monies are added to the Endowment Fund from donations that are specified for endowment, from a Board approved percent of the net proceeds from the annual Gala, and from any funds so directed as approved by the Board.

Portfolio Objectives:

The Portfolio Objective is to seek an annual Total Return based on income and any price gains and losses on an annual basis. This Total Return objective is to be achieved with a moderate risk target allocation of 40% to 50% equity exposure.

Investment Strategy:

The Investment Committee will use a Dollar Cost Averaging strategy to transition from the current portfolio. The chosen investment diversification strategy is to limit the equity selection to a stock mutual fund that mirrors the S&P 500 rate of return (index fund) based on the rationale that only approximately 20% of managed funds exceed the S&P annual rate of return. The investment policy desired portfolio management expense is a maximum of .20%. In order to minimize fund expenses, the equity portfolio selected by the investment Committee is an Index Fund that mirrors the stock market such as Vanguard Total Stock Index Fund (or similar) which currently has an annual expense fee of .17%.

In order to transition from the current 100% fixed income (CD) allocation to the desired allocation range, the funds are to be reinvested into equities on a quarterly basis, commencing with \$1,000.00 in May 2017 and \$500.00 each quarter until the desired equity/fixed income ratio is attained. The portfolio is to be reviewed and results reported at the Annual Meeting each year and rebalanced at that time to maintain the desired current allocation range of 40% to 50% equities.

Performance Evaluation and Reporting

The portfolio performance will be reported to the Board of Directors and members at the Annual Meeting and will be reported in one, five and ten year returns and compared with the appropriate benchmark (S&P 500 for equities, US Treasury Bill for CDs and the appropriate benchmark for the type bonds (if any) for Bond Funds over the same periods).

The Investment Committee shall meet semi-annually to ensure that the Investment Policy is being carried out properly. The committee will report to the Board of Directors on a semi-annually basis as to the progress in rebalancing the allocation and any significant changes due to stock market/economic changes.

Changes/Modifications to the Investment Policy:

Changes to the Investment Policy may be made solely by the Investment Committee and with the approval of the Board of Directors.