Massachusetts College of Liberal Arts Foundation, Inc.
Investment Policy Guidelines for Endowment and Cash Management
as of May 14, 2024

GENERAL INVESTMENT PHILOSOPHY

In recognition of its fiduciary responsibility, the **MASSACHUSETTS COLLEGE OF LIBERAL ARTS FOUNDATION, INC.** (the Foundation), has adopted the investment management guidelines listed below. These guidelines relate to those gifts and donations in the form of endowments, with long-term benefit objectives, and to those contributions received for the current benefit to the institution.

The Foundation BOARD OF DIRECTORS, (the Board), has appointed an ENDOWMENT AND TRUST COMMITTEE, (the Committee), to supervise the management of Foundation funds.

The Board intends the Investment Manager to achieve this Policy's objectives by using diversified portfolios in securities across sectors, regions, and styles. With regards to responsible investing, the Investment Manager shall do its best to adhere to high standards in ESG Principles, paying careful attention to progress and changes in the ESG investment landscape.

I. INVESTMENT GUIDELINES

The Foundation, broker and/or investment manager shall follow these guidelines.

A. INVESTMENT OBJECTIVE

The investment objective is to receive a total rate of return ("growth plus income") for the endowment, which shall compare favorably with various appropriate benchmarks for measuring performance, as selected by the Committee. If the Committee and the Board have voted to use only mutual funds as investment vehicles, the same principles herein shall apply. Being a fiduciary account, the investment portfolio should be a diversified one, and should include securities of good quality; such as those a prudent investor would buy for his or her own portfolio. The investment account(s) shall be discretionary, (i.e.) the responsibility for appropriate allocation of assets to achieve reasonable growth and income within the following guidelines rests entirely on the investment manager and/or broker, and shall be based on the relative attractiveness of each asset in light of the investment/economic outlook at the time. Should the Committee choose to maintain an account consisting solely of bonds, Certificates of Deposit, and other fixed-income securities for a portion of the Foundation's assets, there is no requirement that this account be managed on a discretionary basis.

B. PERMITTED INVESTMENTS

1. Cash or equivalents, and money market funds of sound quality
2. Equity investments in proven and well-managed companies
3. Government bonds, certificates of deposit and investment grade corporate bonds with ratings of BBB or higher at the time of purchase
4. Mutual funds, exchange traded funds, and closed-end funds. These may include funds that invest worldwide as well as those that invest only within the United States, and also include "inverse" funds that are designed to move in the opposite direction of a market index
5. Investments are to be made from a long-term perspective with moderate annual turnover

C. INVESTMENT AND ACTIONS NOT PERMITTED

1. Concentration in any one company or industry, whether with bonds or stocks
2. Investment in "hedge funds"
3. Market timing or program trading
4. Persistent short term or “day” trading
5. Margin buying and short selling
6. Investment in securities that cannot reasonably be expected to be available for liquidation within three business days (“illiquid securities”)

D. OTHER OPPORTUNITES

At times, an investment manager and/or broker may see an attractive opportunity for profit in activities or investments not permitted in the above guidelines. These could include, for example, the following:

1. Certain more speculative items such as promising new, but unproven industries
2. The "writing" (selling) of call options against the portfolio to enhance income
3. The purchase of put options on a broad market index, so as to hedge against possible losses in the equity markets
4. Some other item, including items listed in Section I C

To make such investments, the broker and/or investment manager must submit in writing (fax, e-mail, etc.) a request to the Committee for permission to do so. The Committee must notify in writing (fax, e-mail, etc.) the broker and/or investment manager of its approval prior to making any such investment. The activity of such investments must be disclosed to the Committee at regular Committee meetings.

The investment manager and/or broker may invest a portion of the account in securities that do not clearly fit the traditional definition of either an “equity” or a “fixed income” investment, or that represent hybrid characteristics of both. These securities may be included in the portfolio in moderation, but shall be considered a portion of the “equity” allocation and subject to their limitations. These include:

1. Convertible securities, held directly or via fund, such as bonds or preferred stocks that are convertible into shares of common stock
2. Funds that invest in hard assets, such as commodities
3. Funds that engage in merger arbitrage or other absolute-return investment strategies

The investment manager and/or broker may, when deemed appropriate, hedge a portion of the equity allocation if it is deemed a more appropriate course of action than selling the underlying equity holdings. The net effect of the hedging transactions should not reduce the portfolio’s net exposure to the equity markets below the minimum allocation target.

E. ASSET ALLOCATION

The investment manager and/or broker has discretion to determine the allocation between equities, fixed income, and cash or equivalents within the following guidelines:

1. Equities (including individual stocks, funds, and other investments that primarily invest in common stocks) shall have a target allocation of 70% with an allowable range of 50% to 75%
2. Fixed income (including bonds, certificates of deposit longer than six months, and funds that primarily invest in fixed income securities) shall have a target allocation of 30% with an allowable range of 25% to 50%, with up to 10% of the total fixed income allocation being in lower-quality bonds or non-dollar securities, both of which must be held within funds
3. Cash or equivalents (including money market mutual funds and short-term fixed-rate investments with a maturity of less than 90 days) shall not have a specific target allocation, although it is expected that there will always be at least a small residual cash balance in the investment allocations, and the investment manager and/or broker may raise cash holdings if it is believed that market conditions are especially poor, with an allowable range of 0% to 25%

II. ACCOUNT MONITORING

In order to monitor the endowment's activity and performance, as well as, the value of the individual funds within the endowment, a "Unit Value" system shall be used. Deposits to the endowment increase the number of shares; withdrawals from the endowment decrease the number of shares, with no effect on the "unit" value. Market fluctuations will affect the value of the unit but not the number of shares. The Committee will determine who will calculate and document the Unit Values, including the preparation of the comprehensive quarterly report of the endowment's activity by individual fund.

III. PERFORMANCE MONITORING

The comprehensive quarterly report of the endowment's activity, by individual fund, shall reflect the balance at the start of the reporting period, deposits to and/or withdrawals from, interest income, dividend income, capital gains distributions, foreign taxes, investment fees, realized and unrealized gains/losses incurred during the reporting period and the balance as of the end of the reporting period.

Beginning, ending, and changes in the Unit Value shall also be reported. This report shall be reviewed by the MCLA Institutional Advancement staff in conjunction with the Foundation Controller.

The investment broker/manager shall also provide comparison data to benchmarks of similar composition for the quarter, year-to-date, as well as, from inception of the portfolio.

The Committee shall meet on a quarterly basis (January, April, July, and October) to review the endowment's performance as presented by the investment broker/investment manager and/or other representative from the respective investment firm.

IV. REAL ESTATE

It may be advantageous at times for the Foundation to purchase local real estate with a portion of the money under Foundation management. Any investment of this type will be judged on its merits and benefits to the College. For real estate already owned by the Foundation Board of Directors, ~~a~~cquisition of property by mortgage is permissible when circumstances warrant it.

V. SPENDING POLICY

To cover all direct and indirect expenses incurred by the Foundation in holding, administering and distributing the Endowment, including, without limitation, costs related to asset custody, investment advice, accounting and general administrative services, an Administrative Fee will be assessed based on the average market value of the Foundation's endowment funds determined as of close on the last business day of the calendar year over the preceding twelve calendar quarters or, if less, the number of calendar quarters that a fund has been held by the Foundation, and will be made available on the first business day of the following fiscal year. The Endowment & Trust Committee shall recommend an appropriate percent value to the Foundation Board of Directors for their vote on an annual basis.

During each fiscal year in which the Foundation holds the Endowment, the Foundation may withdraw from the Endowment for the purposes described in the individual endowed fund's agreement and for the payment of the expenses previously described such amounts as the directors of the Foundation determine to be prudent, taking into account the purpose(s) for which the Endowment was established, the present and anticipated future cost of supporting those purposes and administering the Endowment, the expected total return on the Endowment's investments, and present and anticipated future economic trends, including inflation, employment levels, interest rates, and domestic and international economic growth.

VI. SPENDING POLICY CONT'D

Based on the careful consideration of these factors, the Board of Directors of the Foundation have established a Standard Percentage of Withdrawal rate not to exceed 4.5% after fees, from the Foundation's endowment funds, calculated based on the average market value of the Foundation's endowment funds determined as of close on the last business day of the calendar year over the preceding twelve calendar quarters or, if less, the number of calendar quarters that a fund has been held by the Foundation, and will be made available on the first business day of the following fiscal year. Any appropriation from the Fund not used by the Foundation during a given fiscal year will be held as undistributed and classified as "Temporarily Restricted." Please note that the withdrawal rate from each endowment fund may vary based on the purposes being served by a particular endowment fund or any extraordinary administration expenses. The directors of the Foundation may change the withdrawal rate from any endowment fund, and the procedure for determining that rate, from time to time based on their consideration of the factors described in the preceding paragraph.

VII. SHORT-TERM/CASH MANAGEMENT

A. RESPONSIBILITY

The Massachusetts College of Liberal Arts Foundation Endowment and Trust Committee will be responsible for the investment of current (non-endowment) gifts to the Foundation and may delegate management of these short-term cash investments to Foundation staff.

B. INVESTMENT STRATEGY

The Committee may authorize designated Foundation staff to invest any such current funds in:

1. Certificates of Deposit issued by banks insured by FDIC
2. U.S. Treasury bills or notes with a maturity of three years or less
3. Money market funds, which assure safety on the basis of high credit standards and proven record of superior performance over a period of not less than 10 years
5. Commercial paper rated not less than A-1 or P-1
5. Repurchase agreements secured by U.S. government securities and agencies
6. Other, as specifically approved by the Endowment and Trust Committee

VIII. POLICY FOR GIFTS GIVEN TO THE MCLA FOUNDATION, INC.

At the present time, donors may give any of the following types of gifts to the Massachusetts College of Liberal Arts Foundation, Inc.:

A. UNRESTRICTED CONTRIBUTIONS

Unrestricted donations are contributions that carry no donor restriction as to their use, or if the restrictions are no more specific than the overall purpose and mission of the College. Unrestricted contributions are used for the benefit of the College. Any portion of these unrestricted funds may, when economically feasible, and after consultation with College administration be invested in and shall become part of the unrestricted endowment.

B. TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily Restricted donations are contributions that carry donor-imposed restrictions limiting the purposes for which, or time periods during which, contributions may be used. A Letter of Intent shall be required of the donor indicating his/her intent and/or restrictions. These limitations must be more specific than the overall purpose and mission of the College. Any portion of these restricted funds may, when economically feasible, and after consultation with College administration, be invested in the endowment. These gifts shall not carry an investment and/or re-investment requirement, shall not impose a non-invasion of principal requirement, nor be subject to a Standard Percentage of Withdrawal.

C. PERMANENTLY RESTRICTED CONTRIBUTIONS (Endowed Funds)

Permanently Restricted donations are contributions with specific donor restrictions that stipulate the gift be permanently maintained and that the principal shall not be invaded.

IX. PERMANENTLY RESTRICTED ENDOWMENT GIFT POLICY

A. In accepting a permanently restricted endowment gift on behalf of Massachusetts College of Liberal Arts, the Massachusetts College of Liberal Arts Foundation, Inc. Board must determine that such a gift:

1. Does not impose undue legal, fiscal or administrative obligations on the Foundation

2. Is compatible with college policy regarding such gifts

- Donors wishing to contribute permanently restricted gifts shall document in a signed Massachusetts College of Liberal Arts Foundation, Inc. Endowment Agreement the purpose of, restrictions to, and criteria for their named Endowed Fund.

IX. PERMANENTLY RESTRICTED ENDOWMENT GIFT POLICY CONT'D

- The current minimum level for a Permanently Restricted Endowed Fund is $25,000.

- Permanently Restricted Endowed funds shall not have a draw on them for any purpose until such time as the minimum level is reached and the fund has been held in the endowment for no less than one complete calendar year.

- At no time shall any withdrawal reduce the fund to a level below its Historic Dollar Value unless the donor has consented to the withdrawal and signed an amendment to their original gift agreement that allows for the withdrawal. The Historic Dollar Value is the aggregate fair market value in dollars of (i) an endowment fund at the time it became an endowment fund (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. The determination of historic dollar value made in good faith by the institution is conclusive. (General Laws of Massachusetts Chapter 180A: Section 1(5)) Draws from Permanently Restricted Endowed Funds to carry out the intent of the donor shall be based on a Standard Percentage of Withdrawal as described in Section VI. This percentage, as well as calculation formulas, shall be reviewed annually.

X. GENERAL ADMINISTRATION GUIDELINES

A. Letters of Intent for Temporarily Restricted Funds and/or Endowment Agreements for Permanently Restricted Funds must indicate clearly, all donor stipulations. The original signed documents will be kept on file in the Massachusetts College of Liberal Arts Foundation, Inc. Office**.**

B. The Foundation Board shall determine the minimum funding level required for establishing a Permanently Restricted Endowed Fund. This level shall be subject to annual review.

XI. MANAGEMENT OF DONATED SECURITIES

A. MANAGEMENT OF SECURITIES

1. OBJECTIVES

- To credit donor with value of donated securities in a standard method as described in Section XI A2 (Crediting Procedures)

- To provide management of securities assets of the Foundation in such a manner as to maximize total return per capital within acceptable levels of risk as determined from time to time by the Board

2. CREDITING PROCEDURES

- Securities will be credited to the donor at their mean value between the high and low on the day the securities are received by the investment broker and/or manager.

- Closely held stock with no ready market value will be credited at the appraised value. Appraisal shall be the responsibility of the donor, unless the Board directs otherwise.

- Neither gains nor losses realized by the sale of securities after receipt will affect the credited value.

3. SECURITIES MANAGEMENT

- It is the general practice to liquidate gifts of publicly held stock as quickly as possible upon receipt.

- If the Foundation's investment manager and/or broker, or appropriate committee suggests otherwise, the Foundation Endowment & Trust Committee may recommend and the Foundation Board may authorize that the Foundation hold the stock as part of its portfolio. Such a decision must include a plan for routine review to ascertain that holding the stock remains in the best financial interests of the Foundation and the College.