Sheboygan County Historical (Society) Endowment Investment Guidelines

The investment goals of the Endowment Committee are to generate income and preserve and improve the real (inflation and distribution-adjusted) value of Endowment assets over the long term.

Permitted investments:

Endowment funds shall be invested in the following:

1. Cash or cash equivalents, defined as checking, savings, or money market accounts and Certificates of Deposit of less than 1 year.
2. Stock mutual funds
3. Preferred stocks
4. Bond mutual funds or individual bonds, including CDs of over 1 year duration.

Funds (equity and bond) shall…

* Have an expense ratio appropriate to its investment.
* Be at least 5 years old
* Have a Morningstar rating of 3 star\*\*\* or better (of 5 star \*\*\*\*\*))
* Have a Morningstar risk rating of “average” or better

Stock (equity) mutual funds shall not have a greater than 30% overlap among funds held.

Individual bonds and preferred stocksshall be of investment grade (BBB or better)

Allocation of assets:

Endowment funds shall be allocated as follows:

Cash or equivalents 0-5%

Equity 40-60%

Fixed income: 40-60%

No single investment shall exceed more than 20% of the portfolio.

Professional Guidance:

The committee shall engage an investment professional(s) to maintain and monitor the account on a regular basis. The professional shall meet with the committee at least annually prior to the end of the Society’s fiscal year (May), and at other times as requested. Changes to the portfolio may be recommended at any time by notifying the committee chairman. Change requests shall be forwarded, in writing or by e-mail, to the committee prior to the meeting in which a vote is to be taken, and must contain supporting documentation for the change.

Committee Oversight:

The committee shall monitor the Endowment investments quarterly, using the following guidelines:

* Performance
* Performance viz a viz the pro-rata benchmark
* Asset allocation
* Quality ratings for individual investments
* Equity fund overlap

After review, minutes shall reflect any discussions or directions.

Approved by the Board of Directors September 18, 2014