

# **The Guatemala Indigenous Women's Endowment Fund (GIWEF)**

## **Managed by the Evergreen Rotary Foundation (ERF)**

### **Investment Policy Statement**

December 2021

#### **Objectives**

The GIWEF is mandated to be a permanently restricted, growing asset of the ERF with the objective of providing financial assistance exclusively to graduates of the MAIA-Impact School in Sololá, Guatemala to pursue a university education as defined in the Endowment Fund Agreement ("Agreement A") between the Quetzal University Fund and the Evergreen Rotary Foundation dated December 1, 2021 (incorporated by reference).

#### GIWEF Operating Checking Account

The objective of the GIWEF operating checking account is to serve as a depository and source of disbursement for current grant program operating expenses as defined in Agreement A; and other grants as defined in the Grant Agreement for Calendar Year 2022 ("Agreement B") between the ERF and MAIA-Impact School in Sololá, Guatemala dated December 8, 2021 (incorporated by reference).

#### GIWEF Brokerage Account

The objective of the brokerage account is to receive donations from donors, members, and designated funds from other sources with the intention of preserving and growing principal while generating a targeted total return on investment to supply an ongoing source of funds for current and future needs of the GIWEF. The investment performance objective of the fixed income component of this account portfolio is to meet or exceed total returns as measured by the Bloomberg Barclays Capital Aggregate Bond Index. The investment performance objective of the equity component of this account portfolio is to meet or exceed total returns as measured by the Wilshire 5000 Total Stock Index, the MSCI ACWI ex USA Index, and the MSCI Emerging Markets Index.

#### **Trustees Responsibilities and Authorities**

The Board of Trustees of the ERF are responsible for overall prudent management of the GIWEF, which include (1.) setting overall investment policy, including the investment objectives and asset allocation strategy; (2.) approving individual investments; (3.) reviewing and monitoring investment results; and (4.) approving any changes to this investment policy statement (IPS). The Trustees will designate a brokerage account to hold GIWEF securities. Cash received or generated through investment returns will be transferred from the brokerage account to the Operating Checking Account as needed for grants or reinvested in eligible securities. Additionally, the Board of Trustees of the ERF may delegate investing authority to outside Investment Advisory firms through an agreement such as the Portfolio Management Agreement between Kachkovsky & Fisher, Inc. and the Evergreen Rotary Foundation dated May 10, 2019 (incorporated by reference). Where any portion of the GIWEF is delegated to an Investment Advisory firm, the contractual custodial arrangement must specify that those funds shall be administered under principles consistent with the Uniform Prudent Management of Institutional Funds Act of the State of Colorado (C.R.S. Section 15-1-11).

#### **Diversification**

Funds are to be sufficiently diversified with no more than 40% of the GIWEF portfolio value in any individual mutual fund or ETF. This approach seeks to minimize risk associated with a targeted rate of

return through an efficient asset allocation and blend of investments from different markets

### **Review of Investment Objectives**

The achievement of investment objectives will be reviewed on an annual basis, or more frequently if market conditions warrant. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the IPS. It is not expected that the IPS will change frequently. Short term changes in the financial markets should generally not require an adjustment to the IPS.

### **Target Rate of Return**

Any funds in the operating checking account yield a di-minimis return, if any. The funds in the GIWEF Brokerage Account will be invested in an overall asset allocation that targets an expected average long-term Annual Real Return of 3-5%.

### **Asset Allocation**

The overall objective of the specific asset allocations listed below shall be the preservation of principal and the generation of a targeted return while maintaining a prudent assumption of risk. The percentage allocation to each account and class will likely vary from time to time due to market conditions but is generally not expected to exceed plus or minus 5% of the allocation percentages indicated below.

#### GIWEF Operating Checking Account

1. Cash (Equivalents)  
Permitted up to 15% of portfolio or \$15,000, whichever is less, on a short-term basis for disbursement of grant funds and operating expenses. On a longer-term basis, account balance should be as near to \$0 as practicable to maintain the account.

#### GIWEF Brokerage Account

1. Cash (Equivalents)  
Permitted up to 2% for investment fees or operating expenses.
2. Fixed Income – CD’s, Bond Funds, U.S. Government Backed Securities, Exchange Traded Funds (ETF’s)  
Permitted up to 50% with a target of 20-40%.
3. Equity - Mutual Funds and Exchange Trade Funds (ETF’s)  
Permitted up to 80% with a target of 60-70%.

### **Investment Guidelines**

#### GIWEF Operating Checking Account

Due to the need for liquidity, funds to be used for current operating expenses and other purposes shall be maintained in a bank checking account at a local bank. The balance of the account at the institution will not exceed the maximum federally insured limit.

#### GIWEF Brokerage Account

1. Cash and Money Market  
The amount of funds in this category should be minimal and not invested in illiquid assets
2. Fixed Income Investments  
Eligible investment products include bank issued CD’s, U.S. government backed securities, bond

mutual funds, and bond ETFs. Suitable bond funds should have as their basic objective to track the investment results of an index composed of the total US investment-grade market, such as the Bloomberg US Aggregate Bond Index. Preference in selecting and holding bond funds should be attributed to acceptable past fund performance versus the index and a low fee/expense ratio structure.

3. **Equity Investments**

Eligible investment products include mutual funds or exchange traded funds (ETF's) investing in large cap, mid cap, small cap, or a blend of common stock equities. The fund or ETF sponsor must be an established and nationally recognized financial services firm which has been offering related investment products for 10 years or more. Mutual funds and ETF's must have acceptable past fund performance and a low fee/expense ratio structure. In addition, for GIWEF, ERF shall use environmental, social, governance ("ESG") criteria and rankings as a framework to screen investments or assess risks in investment decision-making to the extent practicable.

4. **International Fixed Income and Equity Investments**

Permitted up to 50%, with a target of 25 -35%, of portfolio in combined exposure to international fixed income or equity mutual funds or ETF's. International investments must meet the guidelines laid out in the investment classes above.

### **Spending Policy**

Funds in the GIWEF shall be disbursed as annual grants to MAIA-Impact school in Sololá, Guatemala. Grants shall be made in advance of each calendar (academic) year beginning in December 2021 for the 2022 academic year. Each annual grant shall be subject to a new grant agreement between the Evergreen Rotary Foundation and MAIA which sets forth:

1. The rate of disbursement – actual disbursements may be in increments throughout the year but are expected to be made in December and May.
2. Eligible uses of the funds – funds shall be used only for expenses associated with the university education of the recipients including tuition, fees, books and similar education materials, computer and internet access costs, room and board while away from home, transportation and other travel related expenses, and tutoring as needed. Any cost not specifically included here shall be eligible only with the express consent of the Evergreen Rotary Foundation.
3. Reporting and financial oversight requirements of MAIA-Maia shall submit accomplishment reports and such financial accounting as the Evergreen Rotary may require. Each grant and/or disbursement may be conditioned upon receipt of satisfactory reports from the previous period.

The total amount of all grants for 2021 (2022 calendar year) shall not exceed \$24,000. Grants in subsequent years shall be based on the financial stability of the endowment with the objective of providing uniform annual grants. The Spending Policy will be review annually.

### **Additional Factors to be Considered**

1. general economic conditions
2. possible effect of inflation or deflation
3. individual assets or decisions that may affect the entire portfolio
4. expected total return from both income and asset appreciation
5. other resources of the institution
6. needs of the institution and the GIWEF to make distributions and preserve capital