The Summit Foundation
Soul of the Summit

The Summit Foundation Investment Policy Statement

I. Introduction

The Summit Foundation Endowment Fund (hereafter referred to as the "Fund") was created to provide perpetual financial support to The Summit Foundation (the "Organization"). The purpose of this Investment Policy Statement is to establish guidelines for the Fund's investment portfolio (the "Portfolio"). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio's investment program and for evaluating the role of the manager(s) hired on behalf of the Fund and its beneficiaries.

II. Role of the Board of Trustees

The Board of Trustees (the "Board") is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to The Summit Foundation and to the Organization, for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

A. This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Board and any other parties to whom the Board has delegated investment management responsibility for Portfolio assets.
B. The investment policies for the Fund contained herein have been formulated consistent with the Organization's anticipated financial objectives and in consideration of the Organization's tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Board.
C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio's investments are managed consistent with the short-term and long- term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Institution.
D. The Board will review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Board, and written confirmation of the changes will be provided to all Board members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

III. Investment objective and spending policy

A. The fund is to be invested with the objective of obtaining a nominal return of 6.5% (real return of 3.5%, assuming 3% inflation rate) to support an annual average spending goal of 3.5% from the general endowment, 5% from the Peaks Society Fund and regular distributions from Donor Advised Funds.
B. Risk is characterized as Moderately Aggressive. The probability of achieving the target return over a 10 year period is approximately 53%. There is approximately a 96% chance of achieving a 0% or worse return in any one year out of the next ten years; a 45% chance of -10% or worse and a 4% chance of -20% or worse in any one year out of the next ten years.
C. For the purpose of making distributions, the Fund shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
D. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the asset allocation policy at Section IV. A. herein.

IV. Portfolio investment policies

A. Asset allocation policy

1. The Board recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
2. Markets are generally informationally efficient. It is virtually impossible to forecast the future direction of individual securities, asset classes or the market as a whole. It is therefore unlikely that any portfolio will succeed in consistently "beating the market." Accordingly, this investment policy adopts a strategic asset allocation with periodic rebalancing (without any tactical overlay) and utilizes, where possible, predominantly low cost, passive, index (and index like) vehicles to implement the strategy within each asset class. Within equities, the portfolio incorporates a modest "tilt" toward value and small cap stocks based upon academic research that over an extended time horizon those stocks have higher expected returns than large cap and growth stocks.
3. The Board expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Board wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.
4. Fund assets will be managed as a portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.
5. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Fund liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in either or both of the equity and fixed income asset classes.
6. Outlined below are the long-term strategic asset allocation guidelines, determined by the Board to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

	Lower	Target	Upper
Equity	**55%**	**60%**	**65%**
US Equity	32%	**39%**	46%
US Core Equity	25%	30%	35%
Large Value	4%	5%	6%
Small Value	3%	4%	5%
Intl Equity	**17%**	**21%**	**25%**
International Core Equity	10%	12%	14%
Large International Value	4%	5%	6%
Small International Value	3%	4%	5%
Fixed Income	**20%**	**30%**	**35%**
US Fixed Income	20%	25%	30%
International Fixed Income	4%	5%	6%
ALTS	**8%**	**10%**	**12%**
REITs	4%	5%	6%
Absolute Return Strategies	4%	5%	6%

7. To the extent the Portfolio holds investments in nontraditional, illiquid, and/or nonmarketable securities including (but not limited to) venture capital, hedge funds, and real estate investments, these assets will be treated collectively as alternative investments for purposes of measuring The Portfolio's asset allocation. While not specifically considered within this policy, alternative investments may comprise no more than 15% of total Portfolio assets and, to the extent they are owned, will proportionately reduce target allocations to the three primary asset classes itemized above.

B. Diversification policy

1. Diversification across and within asset classes is the primary means by which the Board expects the Portfolio to avoid undue risk of large losses over long time periods. To protect The Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Board will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:
   a) With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
   b) With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.
   c) With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

C. Rebalancing

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub- asset classes. The Portfolio will be rebalanced to its target normal asset allocation under the following procedures:

1. The investment manager will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.
2. The investment manager will review the Portfolio quarterly (March 31, June 30, September 30 and December 31) to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
   a. If any asset class (equity or fixed income) within the Portfolio is +/–5 percentage points from its target weighting, the Portfolio will be rebalanced.
   b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.
3. The investment manager may provide a rebalancing recommendation at any time.
4. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges.

V. Monitoring portfolio investments and performance

The Board will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Board, it will formally assess the Portfolio and the performance of its underlying investments as follows:

A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
   1. The Portfolio's absolute long-term real return objective.
   2. A composite benchmark consisting of the following unmanaged market indexes weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines.
      a) U.S. Equity: CRSP U.S. Total Market Index
      b) Non-U.S. Equity: FTSE Global All Cap ex-U.S.
      c) U.S. IG Fixed Income: Barclays Capital U.S. Aggregate Bond Index
      d) Non-U.S. Fixed Income: Barclays Global Aggregate ex-USD Hedged

B. The performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:
   1. A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
   2. The performance of other investment managers having similar investment objectives.

C. In keeping with the Portfolio's overall long-term financial objective, the Board will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Board.

Adoption

This Investment Policy Statement was adopted by the Board of Trustees of The Summit Foundation on the 30th day of January, 2017. Additionally, it supersedes and replaces The Summit Foundation IPS dated July 15, 2009.