

# **Hale Centre Theatre Endowment Fund**

## **Investment Policy Statement**

### **October 2004**

#### **PURPOSE**

The Hale Centre Theatre Endowment Fund (EF) is created to: (1) be a reserve fund to supplement shortfalls in theatre operating funds; (2) eventually grow to have sufficient corpus to generate enough growth and income to offset all revenue needs beyond ticket sales on an annual basis to meet operating budgets expenses.

#### **OVERVIEW**

This statement is intended to explain the investment policies of EF and outline the key responsibilities and duties related to these policies. The time frame for EF is long-term with the expectation that it will continue in perpetuity.

#### **OBJECTIVE**

The primary objective is to provide an optimal total return within the constraints described herein. The assets must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the manager's greatest concern should be long-term capital appreciation of the assets and consistency of total portfolio returns. The returns should be commensurate with the selected benchmarks for the various asset classes without taking undue risks.

#### **INVESTMENT GUIDELINES**

Asset Allocation: The long-term targeted asset allocation is 50% equity/50% fixed income with up to 5% in cash instruments. The maximum allocation for either asset class is 65% and the minimum is 35%. Because security market conditions can vary greatly through a market cycle, the manager is granted full discretion to change the asset mix, within the above ranges, for the purpose of increasing investment return and/or reducing risk. The cash percentage may be increased for short-term needs of Hale Centre Theatre.

The manager may utilize individual securities, commingled/mutual funds, or exchange traded funds (ETF) for investing. Gifted securities will be sold as soon as received into the portfolio with the proceeds reinvested immediately unless the manager determines that the security fits the overall strategy of the portfolio.

The Finance committee (FC) may counsel and advise the manager to allow any deviations from the guidelines established within this policy.

#### **EF EQUITY SEGMENT**

Equity market performance will be measured against the Standard and Poors 500 Index (S&P 500).

Not more than 5% of the assets of the fund (at market value) may be invested in any one security. ETF's would be considered diversified.

Small capitalization equities may represent up to 10% of the equity position.

International equities may also represent up to 10% of the equity position. The remainder

of the equity position should be made up of large capitalization equities that trade on a major U.S. stock exchange or in the over-the-counter market (may include ADR's). The equity component should include both growth and value equities.

**FIXED INCOME**

Fixed income market performance will be measured against the Lehman Brothers Intermediate Government/Credit Index (LBIGC).

With the exception of U.S. Government obligations and government agencies, not more than 5% of the assets of the fund (at market value) may be invested in the securities of any one issuer. ETF's would be considered diversified.

The manager will restrict purchases of fixed income securities for the account to investments rated "BAA-" or better by Standard & Poors (or the equivalent Moody's rating). The average rating of all fixed income securities should be A+ or higher. A bond whose rating falls below investment grade must be immediately sold.

The average duration should be within 20% of the designated benchmark.

**LIQUIDITY**

It is expected that a percentage of the portfolio will be withdrawn annually. Portfolio assets shall be selected which have well-developed, liquid markets. The cash portion of the portfolio shall be invested in money market funds or other short-term money market instruments at the discretion of the manager.

**RESTRICTIONS**

The investment manager will not engage in transactions involving:

Commodities, restricted stock, private placements, warrants, securities purchased on margin, short selling, real estate, venture capital, precious metals.

**REPORTING REQUIREMENTS**

The FC overseeing EF expects from the manager, verbal communication as frequently as they deem necessary. The FC also understands that the investment manager will provide monthly statements and quarterly performance reports. The investment manager will be expected to meet annually with the FC to discuss performance and strategies.

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**Hale Centre Theatre**

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**Date**

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**Investment Manager**

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**Date**