

**Woman’s National Farm & Garden Association  
Investment Policy**

The Finance Committee will administer the portfolio of WNF&GA ENDOWMENT of WNF&GA in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the Finance Committee to determine whether they shall be amended or remain unchanged. The Finance Committee may choose to employ an outside investment manager.

**Objectives**

The assets of the WNF&GA ENDOWMENT are to be invested with the same care, skill, and diligence that a prudent person would exercise in investing institutional endowment funds. The primary objective will be to achieve a reasonable total return on the assets, while limiting the risk exposure to ensure the preservation of the capital.

**Policies**

The Finance Committee will make investment decisions in accordance with the Objectives stated above. The “prudent person rule” shall be the governing policy in making investments. These guidelines are not intended to restrict or impede the efforts of the Finance Committee to attain the WNF&GA ENDOWMENT objectives nor is it intended to exclude the Finance Committee from taking advantage of appropriate opportunities as they arise. The Finance Committee shall have discretion and flexibility to implement the objectives and policies herein set forth.

The Finance Committee shall not invest in private placement, letter stock, futures transactions, arbitrage and other uncovered options and shall not engage in short sales, margin transactions or other similar specialized investment activities.

**Asset Allocation**

Because the securities markets may vary greatly throughout a market cycle, the Finance Committee may change the asset mix of the WNF&GA ENDOWMENT as long as that mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The WNF&GA ENDOWMENT shall be allocated between (i) equity investments, (ii) fixed income investments, (iii) cash, and (iv) alternatives. The strategic allocation for the portfolio shall be as shown in the table below:

<b><u>Category</u></b>	<b><u>Minimum</u></b>	<b><u>Strategic</u></b>	<b><u>Maximum</u></b>
Equities	50%	65%	75%
Fixed Income	20%	25%	40%
Cash	0%	5%	10%
Alternatives	0%	5%	10%

**Equity Allocation**

The target allocation among Equity Classes shall be determined periodically (and at least annually) by the Finance Committee, in consultation with the investment manager(s), to reflect a prudent response to current market conditions.

The equity investments shall be allocated among Equity Classes (i) U.S. large cap, (ii) U.S. mid cap, (iii) U.S. small cap, and (iv) developed and emerging international. The strategic allocation among equity classes shall be as shown in the table below:

<u>Equity Class</u>	<u>Minimum</u>	<u>Strategic</u>	<u>Maximum</u>
U.S. Large Cap	40%	50%	60%
U.S. Mid Cap	5%	15%	25%
U.S. Small Cap	5%	15%	25%
International	10%	20%	30%

### **Investment Goals**

While maintaining the asset mix within the above guidelines, the Finance Committee accepts the risk level for the WNF&GA ENDOWMENT overall investment program that is intended to produce a total annual return adequate to cover these components: (i) payout rate from the WNF&GA ENDOWMENT to the annual organization budget, (ii) inflation, and (iii) growth of the WNF&GA ENDOWMENT. For example, the current WNF&GA ENDOWMENT policy seeks to achieve the following specific goals:

- Allocating 4.0% of the WNF&GA ENDOWMENT to the annual organization budget as delineated in the Policy on Spending Rules;
- Retaining a portion of the WNF&GA ENDOWMENT equal to the average rate of inflation, 2.4% over the last 10 years;
- Retaining a portion of the WNF&GA ENDOWMENT for reinvestment to provide for additional growth of the WNF&GA ENDOWMENT, target 0.6%;
- Combining these elements, the Finance Committee has established a target for total return of the WNF&GA ENDOWMENT assets of 7.0%.

Generally, the investment performance shall be measured over a 3 to 5 year period. Further, it is recognized that the rates assigned to the three components outlined above are subject to modification from time to time. The Finance Committee shall review the assigned rates annually.

### **Reporting**

The approved minutes of all Finance Committee meetings will be distributed to the Executive Committee. The minutes shall reflect compliance with the objectives, policies, and guidelines set forth herein.

### **Amendment of this Policy**

Any amendment to this policy shall be adopted by a vote of at least three-fourths (3/4) of the membership of the Executive Committee at a regularly scheduled meeting or a special meeting specifically called for this purpose.

Adopted by action of the Executive Committee of WNF&GA on this 17 day of August, 2017.