

Endowment Fund Investment Policy Citizens'  
Scholarship Foundation of BGM

Statement of Investment Policy and Objectives

The purpose of this statement is to establish a clear understanding of the investment policy, guidelines and objectives of the Endowment Fund established by CSF of BGM(hereinafter the "Fund". The intent of this investment plan is to be sufficiently specific to be meaningful but flexible enough to be practical.

INVESTMENT POLICY:

The assets of the:Fund portfolio are to be invested with the objective of achieving the greatest return consistent with. the fiduciary character of the fund and to maintain a level of liquidity that: is ;sufficient to meet. the normal needs of CSF of BGM.

FINANCIAL RESPONSIBILITY:

The Board ofTrustees of CSF of BGM shall designate an Investment Committee charged with the responsibility for the. investment of the assets of CSF of BGM. The Investment Committee shall: discharge their duties solely in the interest of CSF of BGM. They shall discharge their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

DELEGATION OF INVESTMENT MANAGEMENT:

The management of the Fund and the responsibility for investment decisions for the Fund are to be made by the Investment Committee. The Investment Committee will have complete discretion within the investment policies and objectives set forth in this statement, or as may be modified from time to time by a majority vote of the CSF of BGM Board of Trustees.

SCHOLARSHIP OBJECTIVES:

1. Principal will not be invaded to make awards.
2. It is anticipated that 5% of the net assets as measured on July 1 of each preceding year will be distributed as scholarships each year. In addition, any contributions received that are designated by the donor to be given out each year shall also be distributed as scholarships each year.

## INVESTMENT OBJECTIVES:

The investment objective of the Fund will be to attain a favorable relative return for the entire fund, consistent with preservation of capital emphasizing some income generation and long term growth.

CSF of BGM recognizes that the cash flow generated from the portfolio will be composed of a combination of dividends, interest and .which will .be used for the annual Fund scholarship awards. Declared Capital Gains will also be available for the annual Fund scholarship awards if needed to maintain the 5% distribution of scholarships.

The portfolio will be managed as described below:

Target:                                Stocks - 40% (range 30% to 50%)  
   Bonds - 60% (range 50% to 70%)  
   Cash - as required.

Guidelines: Investment Philosophy - cautious, fair tolerance for volatility....  
Expected rate of return.- a blend of the results of the stock and bond markets,  
and well above inflation over the years.

Benchmark: CSF of BGM portfolio results would be compared with  
a benchmark composed of

Stock index composed of S&P 500  
The Lehman Gov't/Corp. Intermediate Bond Index A 3-month Treasury  
Bill Index (a cash comparable)

## INVESTMENT GUIDELINES:

1. The Investment Committee may allocate the Fund's assets among authorized investments.
2. Any cash reserves should be invested in interest bearing securities; free of risk of loss and highly liquid.
3. As defined or described herein, the following are acceptable asset classes for authorized investments:

Mutual Funds  
Common Stock  
Preferred Stock  
US Government Securities  
Bonds - with an "A" rating or better  
Money Market Funds  
Certificates of Deposit  
Bank Checking and/or Savings Accounts.

All assets should have a readily ascertainable market value.

**4. The Investment Committee shall be permitted to invest in publicly traded mutual funds, common stock and preferred stock listed on the New York Stock Exchange, the American Stock Exchange, principal regional exchanges and over-the-counter securities. Investment in foreign securities is expressly prohibited except those listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ, or are held in a diversified mutual fund.**

**5. The following are prohibited. transactions. or assets:. .**

- a. Commodity trading, including all futures contracts,**
- b. Purchasing letter stock,**
- c. Short selling,**

**d. Foreign securities other than those listed on the New York Stock Exchange, e.**

**6. The investments shall be so diversified as to minimize the risk of large losses for the portfolio as a whole, unless, under particular circumstances, it is clearly prudent not to do so.**

**PROCEDURES:**

**The Investment Committee should review the investments at least semi-annually to discuss the results, status, and prospects for the CSF of BGM portfolio relative to the formulated policies and objectives.**

**PROFESSIONAL MONEY MANAGER:**

**The Investment Committee may, upon approval of the Board of Trustees, hire, consult with, or direct a professional money manager to manage the portfolio of the CSF of BGM. This "Statement of Investment Policy and Objectives" shall then be the guideline to be used by any such professional money manager.**

**OFFICIALLY ADOPTED:**

**This policy has been officially adopted on January 15, 1998 by a vote of the Board of Trustees of the Citizens' Scholarship of BGM.**