

FALCON FOUNDATION
105 East Evergreen Road
Lebanon, PA 17042

Falcon Foundation Investment Policy

March 25, 2019

Objective:

The Falcon Foundation (FF) is committed to its goal of connecting the community, students, and families of the Cornwall-Lebanon School District through funding or partial funding of educational and enrichment opportunities (social, cultural, and athletic) for all people in the Cornwall-Lebanon community. The Endowment Fund established by the FF consists of gifts, bequests, and investment earnings. It is the intent of this statement to establish an investment philosophy which will guide the Investment Manager(s) toward the performance desired. It is the intent that the investment objectives be sufficiently specific to be meaningful, but sufficiently flexible to be practicable.

Investment Objectives:

The overall investment objective of the FF is to preserve, protect, and enhance the principal of the Endowment Fund while providing a sustainable flow of funds to support the mission of the FF. The FF is authorized to engage the services of Investment Manager(s) who possess the necessary specialized capabilities and skill to meet the investment objectives and guidelines of the FF. The assets of the Endowment Fund are to be invested in a portfolio of equity, fixed income, and/or cash equivalent securities. Within this framework, the investment objectives are stated in order of importance.

1. Principal Preservation: Assets are to be invested and managed prudently to at all times preserve a balance of \$500,000. It is preferred that some upside potential return be sacrificed in recognition of the additional risk certain investment vehicles carry.
2. Long-term Growth of Capital: In the absence of contributions, the asset value of the Fund should grow in the long run. Short-term fluctuations of principal value are recognized as inherent in investing in capital markets. Preservation of purchasing power, that is – account growth in excess of the rate of inflation and distributions, remains the underlying to goal.
3. Preservation of Purchasing Power: Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation.

Investment Policies:

1. Investments are to be managed consistent with all applicable fiduciary, prudence, and due diligence standards that experienced investment professionals would utilize. The safeguards and diversity that a prudent investor would adhere to must be present, and all transactions must be in the sole interest of the Endowment Fund.

2. The Investment Manager is given full discretion to pursue its own investment strategy, including purchase and sale of securities within various sub-asset classes, consistent with the overall investment objectives of the FF.
3. Subject to the restrictions listed herein and consistent with the investment objectives and purpose of the FF, the Investment Manager shall have full discretion as to the asset mix between equities, fixed income, and cash equivalents.

Asset Allocation:

The Asset Allocation shall be set by the Investment Manager within a range that offers the highest probability of achieving the investment objectives set forth herein. Typical asset allocation should be: 20 – 35 percent equities and 65 – 80 percent fixed income instruments.

Appropriate Assets:

1. The asset allocation policy will be implemented through the purchase and sale of securities within various sub-asset classes including but not limited to: domestic equity, international equity, domestic fixed income, global fixed income, inflation protected fixed income, high yield fixed income, emerging market bonds, and cash equivalents.
2. The Investment Manager shall continually review the relative advantages of active versus passive management in the context of reduced management expenses, stable performance and exposure to a particular asset class.
3. The following assets and/or transactions are prohibited: selling short, commodities/futures, letter stock, derivatives or mutual funds containing derivatives.

Accountability:

The FF Board of Trustees bears the overall fiduciary responsibility for the FF and its assets. It is the responsibility of the Board of Trustees to approve and amend as appropriate this Investment Policy to establish strategic policy guidelines by which the assets of the FF are to be managed. The Board of Trustees has delegated to the Finance Committee the responsibility to annually review, approve, and submit this Investment Policy to the Board of Trustees for approval. The Finance Committee has also been delegated the responsibility to recommend investment manager(s) and other experts, as needed, and submit such recommendations to the Board of Trustees for approval. In doing so, the Committee has the responsibility to ensure that the assets of the Endowment Fund are managed in a manner that is consistent with the policies and objectives of the FF.