

## **Investment Philosophy Statements**

### **Annual Programs Fund (APF)**

The primary objective in managing the APF is to generate investment returns to fund the Foundation's administrative and fund development expenses while mitigating the risk of investment losses. Other objectives include preserving the capital allocated to the operating reserve and providing liquidity when operating cash is insufficient to cover program and operating expenses.

To achieve these objectives, the Foundation manages the APF in an attempt to achieve returns which, over multi-year periods, but not necessarily over shorter time periods, exceed the returns on a passively investable benchmark. In approaching asset allocation, the Foundation will construct and maintain a well diversified portfolio. The Foundation does not believe in market timing; instead, the Foundation recognizes that certain actions, such as adjusting asset allocation, acting to preserve capital or altering liquidity in times of unusual market or economic conditions, can improve performance and/or reduce risk. To implement these objectives, the Foundation seeks managers who are flexible in their investment approach in addition to those focused on benchmark indices. The Foundation does not impose moral, ethical, and/or environmental constraints in the investment process in an effort to align the Foundation's investments with its mission. Instead, the Foundation prudently invests Rotarians' contributions so funds are available to support those programs that carry out the Foundation's mission.

### **Permanent Fund (PF)**

The primary objective in managing the PF is to preserve purchasing power in perpetuity. A secondary objective is to maintain a balance between the needs of today and those of tomorrow to ensure endowment spending for current and future generations is equitable.

To achieve these objectives, the Foundation manages the PF in an attempt to achieve returns which, over multi-year periods, but not necessarily over shorter time periods, exceed the returns on a passively investable benchmark. Because it is the Foundation's intent to grow the PF's value in real (after inflation) terms, the PF's performance will also be monitored after adjusting for inflation and spending. In approaching asset allocation, the Foundation will construct and maintain a well diversified portfolio. The Foundation does not believe in market timing; instead, the Foundation recognizes that certain actions, such as adjusting asset allocation, acting to preserve capital or altering liquidity in times of unusual market or economic conditions, can improve performance and/or reduce risk. To implement these objectives, the Foundation seeks managers who are flexible in their investment approach in addition to those focused on benchmark indices. The Foundation does not impose moral, ethical, and/or environmental constraints in the investment process in an effort to align the Foundation's investments with its mission. Instead, the Foundation invests Rotarians' contributions to maximize investment return given prudent assumption of risk so the PF can maintain and grow its value in real terms and generate investment returns to support the Foundation's programs in perpetuity.

**PolioPlus Fund**

The primary objective in managing the PolioPlus Fund is to preserve principal and to generate a level of income consistent with the preservation of principle and prudent assumption of risk. To achieve this objective, 100% of the Fund is invested in short-term, high quality, fixed income securities in which there is minimal risk of principal loss.