Coconino Community College Foundation
Investment Policy

The Investment Policy will dictate the structure, risk and management of the investment portfolio for the foundation. The foundation and Investment Committee (i.e. Executive Committee) will always act in accordance with the Prudent Investment Rules as described in the Arizona Revised Statutes: ref. Sec. 1, Title 14, Chapter 7, (14-7602-09).

It is the Executive Committee's responsibility to provide recommendations to the Board of Directors as to asset allocation of the investment portfolio.

The Executive Committee is responsible for directing the purchasing and sale of securities.

Asset Allocation

The foundation believes that strategic asset location is the most significant factor in determining portfolio performance. The allocation will be reviewed periodically but not less than bi-annually to insure ongoing proper allocation is maintained. Tactical adjustments will be made to maintain an acceptable level of portfolio risk. Tactical adjustments will be made to keep allocation in the various sectors within 10% of the board determined target asset allocation percentage.

Sector Allocation

The portfolio will use a broad sector allocation in order to improve diversification by reducing the portfolio's exposure to industry specific risk. As market conditions fluctuate, tactical adjustments will be made to overweight or underweight specific economic sectors. In general, all tactical adjustments will be made within the 10% range around current benchmark sector weightings.

Security Selection

The security process will be driven by fundamental analysis conducted by the Investment Advisor. The securities selected will be biased toward high-quality issues with attractive intrinsic and relative valuations.

> **Equity:** The portfolio will maintain multiple securities in equity holding to provide diversification and appropriate industry representation. Typically these securities will be in companies with greater than $1.0 billion in market capital. With the Equity class there will be sub segmentation of *Large-Cap Equity, Small & Mid-Cap Equity, and International Equity.*
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> **Fixed Income:** The portfolio will hold high quality corporate U.S. Government Agency, and Treasury securities. Again this segment will hold multiple securities with a bias towards short and intermediate maturities. Generally, the portfolio will maintain an average credit quality of "investment grade" based on industry standard ratings. Occasionally, investments may be made in issues with credit ratings below investment grade, but their usage will be strictly limited.
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> **Cash Equivalents:** The portfolio will utilize a money market account for liquidity reserves.

The portfolio will be allocated as stated below:

Cash & Equivalents	**5%**

Fixed Income	**45%**
Large-Cap Equity	**40%**
Small & Mid-Cap Equity	**5%**
International Equity	**5%**
Total	**100%**