

# **The Benevolent Fund**

## **Foundation for Accounting Education, Inc.**

### **Statement of Investment Policies and Objectives**

#### **Introduction**

This Statement of Investment Policies and Objectives (Statement) sets forth guidelines for the management of investment assets held by The New York State Society of CPAs Foundation for Accounting Education, Inc. (FAE). Specifically, the Statement:

- Details management of the Benevolent Fund, hereafter the "Fund"
- Details responsibilities of the FAE Investment Committee;
- Identifies an appropriate return objective and risk posture for the assets;
- Defines a target asset allocation policy and investment manager structure;
- Outlines general investment guidelines for the investment manager(s) regarding permissible assets, diversification quality, transaction costs, etc.; and
- Establishes criteria for evaluating the performance of the investment manager(s).

This Policy shall be in accordance with instructions contained in FAE Standing Rule #2.

#### **Risk Determination and Asset Allocation Policy**

To determine a strategic asset allocation policy for FAE's invested assets, the Committee considers objectives and factors that affect the asset allocation of all funds.

The primary objectives include :

- The assets previously held by the New York State Society of Certified Public Accountants Benevolent Fund, Inc. shall be segregated in a fund (hereafter the "Segregated Benevolent Fund") separate from other FAE assets and will be restricted for the following use:
  - To provide voluntary financial aid and other voluntary assistance to such members or former members of the New York State Society of Certified Public Accountants and their families, who, in the judgment of the Foundation for Accounting Education, Inc., governing board or its designees, shall be deemed in need and deserving of such aid and assistance because of ill health, physical disability, or misfortune.

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- Provide for a reasonable rate of return for the funds based upon current market conditions.

The primary assessment factors affecting asset allocation include:

- Cash needs of FAE as determined by the Board in order to discharge their responsibility of overseeing the mission of the Benevolent Fund ;
- Spending flexibility of; and
- Financial characteristics such as short-term and long-term needs of FAE.

### **Asset Allocation Policy**

Based on its assessment of objectives and risk factors of the Fund, the Committee has determined the following allocation targets for assets in the Fund:

	Target	Range
Equity	60%	+/-5%
Fixed Income	35%	+/-5%
Alternative Investments	0%	0%
Cash	5%	+/- 5%

Over time, an asset class allocation will move away from its long-term strategic target. It is understood that it is inefficient to rebalance to the strategic target until estimated added value more than pays for the transaction costs incurred in rebalancing. Generally it is appropriate to rebalance once divergence from the target allocation is 5% or greater, either via cash flows or by selling an asset class to bring the actual allocation back toward its strategic target.

### **The Investment Manager**

The portfolio is contained in separate accounts managed by the investment manager. The investment manager is responsible for keeping the assets in the allocation percentages shown above as well as meeting the benchmarks for a return on the investment portfolio as indicated in Investment Performance Benchmarks below.

### **Investment Performance Benchmarks**

Over rolling three- to five-year periods, the rate of return on the equity investments is expected to equal or exceed the rate of return for the S & P 500 Index (and other relevant equity indices to be agreed upon from time to time) and the rate of return on the fixed income investments is expected to equal or exceed the rate of return for the Barclays Aggregate Index (and other relevant fixed income indices as agreed upon from time to time). Also, the return should be sufficiently high to place the manager in the top 50% relative to a peer group of managers.

### **Investment Guidelines**

The Fund's assets may be invested in separately managed accounts or mutual funds (including exchange traded funds) depending on administrative and cost considerations.

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Bonds within the same industry shall not exceed 25% of the fund's total value of the fixed income component at time of purchase. For this purpose, banks, finance companies, gas utilities, electric utilities, and telephone utilities are considered to be different industries. Notwithstanding the following provisions, the policy expressly permits 100% of the fixed income component of any fund to be invested in US Treasury securities. Notwithstanding anything to the contrary herein, assets invested in commingled vehicles such as mutual funds shall be managed in accordance with the prospectus and other documents for such funds.

The investment manager shall ensure proper diversification and limit holdings in any one Russell industry classification to 25% of the value of the equity component held in the equity portfolio at the time of purchase.

No single stock should exceed 5% of the market value of the Portfolio at the time of purchase and 8% of the market value at any subsequent time. If the cap is exceeded at the end of any month, the investment manager will inform the Committee, in writing, on or before the 15th day of the next month.

The investment manager may invest in obligations of the US government, direct obligations of New York State or any municipal subdivision, direct obligations of any other state, corporate bonds or commercial paper and FDIC insured products.

Fixed-income issues shall have an average credit quality rated investment grade by either Standard & Poor or Moodys'.

### **Prohibited Transactions**

The investment manager may not engage in the following practices:

- Borrowing money.
- Purchasing securities on margin; making short sales.
- Purchasing money market securities rated less than A1 or P1, non-US dollar denominated securities, or uncovered short sales.
- Pledging, mortgaging or hypothecating of any securities except for loans of securities that are fully collateralized.
- Purchasing or selling securities issued by the investment manager, its parent, subsidiaries, or other affiliates.
- Purchasing or selling any derivative securities, including futures or options.  
This prohibition shall be applicable for individual issues only and not commingled vehicles such as Mutual Funds and Exchange Traded Funds (ETFs), which shall be governed by their prospectus and/or strategy profile.

### **Evaluation and Review Process**

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Using performance reports prepared by the investment manager, the Committee will review the performance results achieved (generally with a three- to-five year time horizon) to determine whether:

- The investment manager performed in adherence to the investment guidelines set forth in this statement;
- The investment manager's performance is consistent with its stated investment approach; and
- The investment manager performed satisfactorily when compared with the indices and peer groups indicated under Investment Performance Benchmarks.

In addition to reviewing the investment manager performance, the Investments Subcommittee will reevaluate from time to time all the objectives contained in this policy statement.

### **Responsibilities of the FAE Board of Trustees**

With respect to their fiduciary responsibilities to oversee the investments of their respective organizations, the Trustees shall undertake the following:

- Review and approve the Investment Policy and the Committee's annual report of investment performance for the current fiscal year.
- Respond to policy questions raised by the Committee.
- Any other activities they deem prudent.

### **Responsibility of the Investment Manager**

Within the guidelines set forth in this statement, the investment manager is engaged with full discretion and power to manage all the investments of the Fund.

The investment manager is expected to:

- Purchase and sell at their discretion, within the framework of policies and guidelines set by the Committee and approved by the respective governing body of FAE and without specific prior approval of individual transactions;
- Inform the Committee and the Staff of FAE about all investment transactions;
- Meet with the Committee upon request (but at least annually) to report on current portfolio status, performance, current investment policy, and future prospects;
- Provide management with monthly account statements, and provide the Committee with quarterly review reports;
- Meet or exceed the performance standards established by the Committee;
- Comply with all legislation and regulations as it pertains to the investment manager's duties functions and responsibilities as a fiduciary;
- Vote the proxies on the securities in accordance with the investment manager's stated guidelines.
- At least annually, provide the Committee with notification that the assets are invested consistent with policy guidelines stated herein.

### **Delegation of Authority**

The Committee does not reserve any control over any individual investments. The investment manager will be held responsible for achieving the objectives established for the assets under their control.

The Committee shall be responsible for reviewing and approving fees charged by the investment manager or by any other person, including custodians, in connection with the investments within the established guidelines.

If the investment manager believes the guidelines hinder the achievement of the stated objectives or feels that the objectives should be changed, the investment manager is obligated to recommend specific changes for consideration by the Committee. If the Committee makes any changes, those changes must be approved by the FAE Board.

# **Max Block David Anchin Fund Foundation for Accounting Education, Inc. Statement of Investment Policies and Objectives**

## **Introduction**

This Statement of Investment Policies and Objectives (Statement) sets forth guidelines for the management of investment assets held by The New York State Society of CPAs Foundation for Accounting Education, Inc. (FAE). Specifically, the Statement:

- Details management of the Max Block/David Anchin Fund, hereafter the "Fund"
- Details responsibilities of the FAE Investment Committee;
- Identifies an appropriate return objective and risk posture for the assets;
- Defines a target asset allocation policy and investment manager structure;
- Outlines general investment guidelines for the investment manager(s) regarding permissible assets, diversification quality, transaction costs, etc.; and
- Establishes criteria for evaluating the performance of the investment manager(s).

This Policy shall be in accordance with instructions contained in FAE Standing Rule #2.

## **Risk Determination and Asset Allocation Policy**

To determine a strategic asset allocation policy for FAE's invested assets, the Committee considers objectives and factors that affect the asset allocation of all funds.

The primary objectives include :

- To invest the Principal in perpetuity and use the earnings thereon to provide Scholarships to accounting (CPA) students in good standing (3.0 or better GPA) attending Baruch College (the Alma Mater of our founders for whom the scholarships were named).
- Provide for a reasonable rate of return for the Max Block/David Anchin Fund based upon current market conditions.

## **Asset Allocation Policy**

Based on its assessment of objectives and risk factors of the Max Block/David Anchin Fund, the Committee has determined the following allocation targets for assets in the Fund:

Target	Range
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## OP-4-Investment Policy - II

Equity	60%	+/-5%
Fixed Income	35%	+/-5%
Alternative	0%	0%
Cash	5%	+/-5%

Over time, an asset class allocation will move away from its long-term strategic target. It is understood that it is inefficient to rebalance to the strategic target until estimated added value more than pays for the transaction costs incurred in rebalancing. Generally it is appropriate to rebalance once divergence from the target allocation is 5% or greater, either via cash flows or by selling an asset class to bring the actual allocation back toward its strategic target.

### **The Investment Manager**

. The portfolio is contained in separate accounts managed by the investment manager. The investment manager is responsible for keeping the assets in the allocation percentages shown above as well as meeting the benchmarks for a return on the investment portfolio as indicated in Investment Performance Benchmarks below.

### **Investment Performance Benchmarks**

Over rolling three- to five-year periods, the rate of return on the equity investments is expected to exceed the rate of return for the S & P 500 Index (and other relevant equity indices to be agreed upon from time to time) and the rate of return on the fixed income investments is expected to exceed the rate of return for the Barclays Aggregate Index (and other relevant fixed income indices as agreed upon from time to time). Also, the return should be sufficiently high to place the manager in the top 50% relative to a peer group of managers.

### **Investment Guidelines**

The Max Block/David Anchin Fund's assets may be invested in separately managed accounts or mutual funds (including exchange traded funds) depending on administrative and cost considerations.

Bonds within the same industry shall not exceed 25% of the Max Block/David Anchin Fund's total value of the fixed income component at time of purchase. For this purpose, banks, finance companies, gas utilities, electric utilities, and telephone utilities are considered to be different industries. Notwithstanding the following provisions, the policy expressly permits 100% of the fixed income component of any fund to be invested in US Treasury securities. Notwithstanding anything to the contrary herein, assets invested in commingled vehicles such as mutual funds shall be managed in accordance with the prospectus and other documents for such funds.

The investment manager shall ensure proper diversification and limit holdings in any one Russell industry classification to 25% of the value of the equity component held in the equity portfolio at the time of purchase.

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No single stock should exceed 5% of the market value of the Portfolio at the time of purchase and 8% of the market value at any subsequent time. If the cap is exceeded at the end of any month, the investment manager will inform the Committee, in writing, on or before the 15th day of the next month.

The investment manager may invest in obligations of the US government, direct obligations of New York State or any municipal subdivision, direct obligations of any other state, corporate bonds or commercial paper and FDIC insured products.

Fixed-income issues shall have an average credit quality rated investment grade by either Standard & Poor or Moodys'.

### **Prohibited Transactions**

The investment manager may not engage in the following practices:

- Borrowing money.
- Purchasing securities on margin; making short sales.
- Purchasing money market securities rated less than A1 or P1, non-US dollar denominated securities, or uncovered short sales.
- Pledging, mortgaging or hypothecating of any securities except for loans of securities that are fully collateralized.
- Purchasing or selling securities issued by the investment manager, its parent, subsidiaries, or other affiliates.
- Purchasing or selling any derivative securities, including futures or options. This prohibition shall be applicable for individual issues only and not commingled vehicles such as Mutual Funds and Exchange Traded Funds (ETFs), which shall be governed by their prospectus and/or strategy profile.

### **Evaluation and Review Process**

Using performance reports prepared by the investment manager, the Committee will review the performance results achieved (generally with a three- to-five year time horizon) to determine whether:

- The investment manager performed in adherence to the investment guidelines set forth in this statement;
- The investment manager's performance is consistent with its stated investment approach; and
- The investment manager performed satisfactorily when compared with the indices and peer groups indicated under Investment Performance Benchmarks.



In addition to reviewing the investment manager performance, the Investments Subcommittee will reevaluate from time to time all the objectives contained in this policy statement.

## **Responsibilities of the FAE Board of Trustees**

With respect to their fiduciary responsibilities to oversee the investments of their respective organizations, the Trustees shall undertake the following:

- Review and approve the Investment Policy and the Committee's annual report of investment performance for the current fiscal year.
- Respond to policy questions raised by the Committee.
- Any other activities they deem prudent.

## **Responsibility of the Investment Manager**

Within the guidelines set forth in this statement, the investment manager is engaged with full discretion and power to manage all the investments of the Max Block/David Anchin Fund

The investment manager is expected to:

- Purchase and sell at their discretion, within the framework of policies and guidelines set by the Committee and approved by the respective governing body of FAE and without specific prior approval of individual transactions;
- Inform the Committee and the Staff of FAE about all investment transactions;
- Meet with the Committee upon request (but at least annually) to report on current portfolio status, performance, current investment policy, and future prospects;
- Provide management with monthly account statements, and provide the Committee with quarterly review reports;
- Meet or exceed the performance standards established by the Committee;
- Comply with all legislation and regulations as it pertains to the investment manager's duties functions and responsibilities as a fiduciary;
- Vote the proxies on the securities in accordance with the investment manager's stated guidelines.
- At least annually, provide the Committee with notification that the assets are invested consistent with policy guidelines stated herein.

## **Delegation of Authority**

The Committee does not reserve any control over any individual investments. The investment manager will be held responsible for achieving the objectives established for the assets under their control.

The Committee shall be responsible for reviewing and approving fees charged by the investment manager or by any other person, including custodians, in connection with the investments within the established guidelines.

#### OP-4-Investment Policy - II

If the investment manager believes the guidelines hinder the achievement of the stated objectives or feels that the objectives should be changed, the investment manager is obligated to recommend specific changes for consideration by the Committee. If the Committee makes any changes, those changes must be approved by the FAE Board.

# **The Moynihan Fund**

## **Foundation for Accounting Education, Inc.**

### **Statement of Investment Policies and Objectives**

#### **Introduction**

This Statement of Investment Policies and Objectives (Statement) sets forth guidelines for the management of investment assets held by The New York State Society of CPAs Foundation for Accounting Education, Inc. (FAE). Specifically, the Statement:

- Details management of the Moynihan Fund, hereafter the "Fund"
- Details management of the Scholarship Fund (Moynihan Fund)
- Details management of the Career Opportunities in the Accounting Profession (COAP)
- Details responsibilities of the FAE Investment Committee;
- Identifies an appropriate return objective and risk posture for the assets;
- Defines a target asset allocation policy and investment manager structure;
- Outlines general investment guidelines for the investment manager(s) regarding permissible assets, diversification quality, transaction costs, etc.; and
- Establishes criteria for evaluating the performance of the investment manager(s).

This Policy shall be in accordance with instructions contained in FAE Standing Rule #2.

#### **Risk Determination and Asset Allocation Policy**

To determine a strategic asset allocation policy for FAE's invested assets, the Committee considers objectives and factors that affect the asset allocation of all funds.

The primary objectives include to:

- Provide for scholarship funds and COAP funds in accordance with the spending policies determined periodically by the BOT for the Fund which is a general scholarship fund. Under no circumstances can the Fund spending of funds exceed seven percent 7% of the principal of the temporarily restricted assets.
- Provide for a reasonable rate of return for the funds based upon current market conditions.

The primary assessment factors affecting asset allocation include:

- Cash needs of FAE as determined by the Board in order to discharge their responsibility of overseeing the scholarship program, COAP and the mission of the Fund ;
- Spending flexibility of; and
- Financial characteristics such as short-term and long-term needs of FAE.

## **Asset Allocation Policy**

Based on its assessment of objectives and risk factors of the Fund, the Committee has determined the following allocation targets for assets in the Fund:

	Target	Range
Equity	60%	+/-5%
Fixed Income	35%	+/-5%
Alternative Investments	4%	0% to 5%
Cash	1%	0% to 5%

Over time, an asset class allocation will move away from its long-term strategic target. It is understood that it is inefficient to rebalance to the strategic target until estimated added value more than pays for the transaction costs incurred in rebalancing. Generally it is appropriate to rebalance once divergence from the target allocation is 5% or greater, either via cash flows or by selling an asset class to bring the actual allocation back toward its strategic target.

## **The Investment Manager**

The portfolio is contained in separate accounts managed by the investment manager. The investment manager is responsible for keeping the assets in the allocation percentages shown above as well as meeting the benchmarks for a return on the investment portfolio as indicated in Investment Performance Benchmarks below.

## **Investment Performance Benchmarks**

Over rolling three- to five-year periods, the rate of return on the equity investments is expected to exceed the rate of return for the S & P 500 Index (and other relevant equity indices to be agreed upon from time to time) and the rate of return on the fixed income investments is expected to exceed the rate of return for the Barclays Aggregate Index (and other relevant fixed income indices as agreed upon from time to time). Also, the return should be sufficiently high to place the manager in the top 50% relative to a peer group of managers.

## **Investment Guidelines**

The Fund's assets may be invested in separately managed accounts or mutual funds depending on administrative and cost considerations.

Bonds within the same industry shall not exceed 25% of the fund's total value of the fixed income component at time of purchase. For this purpose, banks, finance companies, gas utilities, electric utilities, and telephone utilities are considered to be different industries. Notwithstanding the following provisions, the policy expressly permits 100% of the fixed income component of any fund to be invested in US Treasury securities. Notwithstanding anything to the contrary herein, assets invested in commingled vehicles such as mutual funds shall be managed in accordance with the prospectus and other documents for such funds he

investment manager shall ensure proper diversification and limit holdings in any one Russell industry classification to 25% of the value of the equity component held in the equity portfolio at the time of purchase.

No single stock should exceed 5% of the market value of the Portfolio at the time of purchase and 8% of the market value at any subsequent time. If the cap is exceeded at the end of any month, the investment manager will inform the Committee, in writing, on or before the 15th day of the next month.

The investment manager may invest in obligations of the US government, direct obligations of New York State or any municipal subdivision, direct obligations of any other state, corporate bonds or commercial paper and FDIC insured products.

Fixed-income issues shall have an average credit quality rated investment grade by either Standard & Poor or Moodys'.

### **Prohibited Transactions**

The investment manager may not engage in the following practices:

- Borrowing money.
- Purchasing securities on margin; making short sales.
- Purchasing money market securities rated less than A1 or P1, non-US dollar denominated securities, or uncovered short sales.
- Pledging, mortgaging or hypothecating of any securities except for loans of securities that are fully collateralized.
- Purchasing or selling securities issued by the investment manager, its parent, subsidiaries, or other affiliates.
- Purchasing or selling any derivative securities, including futures or options.  
This prohibition shall be applicable for individual issues only and not commingled vehicles such as Mutual Funds and Exchange Traded Funds (ETFs), which shall be governed by their prospectus and/or strategy profile.

### **Evaluation and Review Process**

Using performance reports prepared by the investment manager, the Committee will review the performance results achieved (generally with a three- to-five year time horizon) to determine whether:

- The investment manager performed in adherence to the investment guidelines set forth in this statement;
- The investment manager's performance is consistent with its stated investment approach; and
- The investment manager performed satisfactorily when compared with the indices and peer groups indicated under Investment Performance Benchmarks.

In addition to reviewing the investment manager performance, the Investments Subcommittee will reevaluate from time to time all the objectives contained in this policy statement.

## **Responsibilities of the FAE Board of Trustees**

With respect to their fiduciary responsibilities to oversee the investments of their respective organizations, the Trustees shall undertake the following:

- Review and approve the Investment Policy and the Committee's annual report of investment performance for the current fiscal year.
- Respond to policy questions raised by the Committee.
- Any other activities they deem prudent.

## **Responsibility of the Investment Manager**

Within the guidelines set forth in this statement, the investment manager is engaged with full discretion and power to manage all the investments of the Fund.

The investment manager is expected to:

- Purchase and sell at their discretion, within the framework of policies and guidelines set by the Committee and approved by the respective governing body of FAE and without specific prior approval of individual transactions;
- Inform the Committee and the Staff of FAE about all investment transactions;
- Meet with the Committee upon request (but at least annually) to report on current portfolio status, performance, current investment policy, and future prospects;
- Provide management with monthly account statements, and provide the Committee with quarterly review reports;
- Meet or exceed the performance standards established by the Committee;
- Comply with all legislation and regulations as it pertains to the investment manager's duties functions and responsibilities as a fiduciary;
- Vote the proxies on the securities in accordance with the investment manager's stated guidelines.
- At least annually, provide the Committee with notification that the assets are invested consistent with policy guidelines stated herein.

## **Delegation of Authority**

The Committee does not reserve any control over any individual investments. The investment manager will be held responsible for achieving the objectives established for the assets under their control.

The Committee shall be responsible for reviewing and approving fees charged by the investment manager or by any other person, including custodians, in connection with the investments within the established guidelines.

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If the investment manager believes the guidelines hinder the achievement of the stated objectives or feels that the objectives should be changed, the investment manager is obligated to recommend specific changes for consideration by the Committee. If the Committee makes any changes, those changes must be approved by the FAE Board.