

**Camphill Resident's Trust**  
**Investment Policy Statement**

**Revised: 24 May 2021**

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# **Camphill Resident’s Trust Investment Policy Statement**

## **Statement of Purpose**

The assets administered by the Camphill Resident’s Trust (CRT) Board of Trustees (the “Board”) consist primarily of individual liquidating accounts established to provide supplemental support for the needs of specific beneficiaries. The assets of the individual accounts are pooled for investment in Trust.

The purpose of this Investment Policy Statement, together with its Appendices, (the “IPS” or “Statement”) is to set forth the policies and procedures that shall guide the Board in supervising and monitoring the management of the Trust’s investable assets.

## **General Principles**

1. The Trust shall be managed by the Board in compliance with applicable laws and regulations.
2. The Trust’s primary investment objectives are to:
  - Maintain the real purchasing power of the residual assets in each trust;
  - Provide sufficient liquidity to meet the routine needs of beneficiaries;
  - Provide a stable source of income to support the mission of the CRT.
3. The Trust’s assets shall be diversified across and within asset classes to balance risk and return.
4. Standards for return, asset allocation and diversification shall be determined from a strategic perspective and measured over successive market cycles.
5. The investment of assets will be consistent with the Principles, mission and vision of the Camphill movement, as articulated in the Camphill Resident’s Trust Agreement<sup>1</sup>, and as guided by the Statement of Investment Philosophy contained in Appendix A.

## **Roles and Responsibilities**

### **The Board of Trustees**

The Trust is controlled by the Board of Trustees, which has a fiduciary duty of care in exercising its role as custodian of the Trust assets. The responsibilities of the Board include, but are not limited to:

- The adoption and annual re-affirmation of the Investment Policy Statement;
- The selection of the Investment Committee chair and its members;
- The selection and retention of investment managers, administrators and other professionals providing services to the Trust.

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<sup>1</sup> Camphill Resident’s Trust, Amended and Restated November 21, 1998, Section 2.C.

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### **The Investment Committee**

The Investment Committee (“Committee”), acting in a fiduciary capacity with respect to the Portfolio and accountable to the Board, shall implement the management process and monitor the Trust in accordance with this Statement. The Chair of the Committee shall be a current member of the Board; other Committee members need not be Trustees.

Acting pursuant to this Statement and to instructions from the Board, the Committee shall have direct responsibility for the oversight and management of the Trust and for the establishment of investment policies and procedures.

In fulfilling its responsibilities enumerated in this Statement, the Investment Committee shall, among other activities:

- recommend to the Board the hiring and dismissal of investment managers, fiscal agents and other advisors;
- manage the Trust in accordance with the Investment Guidelines enumerated in the Appendices to this Statement;
- act in accordance with these Standards of Conduct:
  - incur only costs that are appropriate and reasonable in relation to the assets, the purposes of Trust and the skills available to it;
  - make a reasonable effort to verify facts relevant to the management and investment of the Trust;
  - consider the following factors in its decisions:
    - general economic conditions;
    - the possible effect of inflation or deflation;
    - the expected tax consequences unique to special needs trusts and supplemental needs trusts, if any, of investment decisions or strategies;
    - the role that each investment or course of action plays within the overall investment portfolio of the Trust;
    - the expected total return from income and the appreciation of investments;
    - other resources of the Trust;
    - the needs of Trust to make distributions; and
    - an asset's special relationship or special value, if any, to the purposes of the Trust;
- report its activities and actions to the Board and to its Executive Committee at each official meeting;

### **The Investment Manager**

The Investment Manager, acting in a fiduciary capacity, is responsible for assisting the Board, through the Investment Committee, in formulating an appropriate investment strategy based on the needs, objectives, and risk profile of the Trust, until its resignation or termination by the Board. Specifically, the Investment Manager is responsible to:

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- identify and select specific investments within each asset class and subclass, as limited by the provisions of Appendix B;
- implement rebalancing directives received from the Committee in a manner that avoids unfavorable relevant tax consequences for the beneficiary trust accounts;
- monitor the performance of all selected asset categories and investments;
- prepare and distribute to the Board quarterly investment performance reports, to include, a comparison of the return for each asset class to its respective benchmark, a risk-return analysis, a liquidity summary, and a complete accounting of all Trust transactions incurred during the quarter;
- meet with the Board at least once each year, and with the Investment Committee at least twice each year and at other times requested by the Committee; and
- recommend and implement changes to any of the above.

### Investment Policies and Procedures

#### Asset allocation

The purpose of diversification is to provide a reasonable assurance that no single security or class of securities will have a disproportionate impact – positive or negative – on the overall performance of the Trust.

The Trust shall be diversified by asset class and within asset classes. Within each asset class, investments shall be diversified further among economic sector, industry, quality and capitalization. In addition to fundamental analysis, asset selection will also consider the results of socially responsible screening, both positive and negative, with respect to the issuer's sustainability and governance practices, and the social and environmental impact of its business(es).

In its investment decisions, the Committee shall comply with the asset allocation policy set forth in Appendix B. Full compliance with the policy may be delayed due to the extended funding periods associated with investment in certain asset classes, and to avoid unfavorable relevant tax consequences.

#### Rebalancing

It is expected that market value fluctuations will cause deviations from the policy allocation. The portfolio will be rebalanced to its target asset allocation under the following procedures.

In its quarterly portfolio reviews, the Committee will discuss any material deviations from the asset allocation targets which should be brought to the attention of the investment manager.

Periodic cash flows into and out of the Portfolio may be used to align the investment portfolio to the target asset allocation.

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Interim tactical rebalancing of asset classes within their ranges will also be permitted in order to take advantage of shorter-term market conditions, provided such changes or reallocations do not, in the opinion of the Committee, cause undue risk or expense to the Trust.

## **Trust Distributions**

Distributions from the Trust may be made:

- From the account of a living beneficiary according to the needs of the individual, as approved by the Board;
- From the account of a deceased beneficiary according to the provisions of the respective individual's trust sponsor agreement;
- From each account for fees, taxes, and other approved purposes.

Any special appropriation or decision not to spend the amount requested must be approved in advance by the Board.

## **Policy Waiver**

The Investment Committee may recommend, for the Board's consent, the waiver or modification of any portion of this policy. A report from the Committee on its due diligence activities shall accompany such a recommendation and shall be retained as a permanent record of the Committee's activities.

## **Policy Review**

This Statement shall be reviewed by the Investment Committee in February of each year, at which time it shall consider the changing overall profile of the Trust's beneficiaries and projected liquidity needs over the next year. The Committee shall present its findings and recommendations for changes, if any, for Board approval at the Board's Spring in-person meeting.

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## **Appendix A: Statement of Investment Philosophy and Approach**

The Camphill Residents Trust (CRT) applies, through its managers, positive impact and both supportive and avoidance screens to its equity investments.

CRT supports efforts to address issues of social justice, to promote peace, mitigate environmental degradation, eradicate poverty, and foster healthy communities. As such we encourage managers to invest in public equities that support products and services that positively address issues of health, peace, equity, the environment and human and social rights.

CRT and its contracted asset managers will favor investments in businesses that emphasize one or more of the following characteristics:

1. Provide beneficial goods and services such as food, clothing, housing, health, education, transportation and energy.
2. Pursue research and development programs that hold promise for new products of social benefit and for increased employment prospects.
3. Maintain fair labor practices including exemplary management policies in such areas as non-discriminatory hiring and promotion, worker participation and education, and in policies affecting their quality of work life.
4. Maintain a safe and healthy work environment including full disclosure to workers of potential work hazards.
5. Demonstrate innovation in relation to environmental protection, especially with respect to policies, organizational structures, and/or product development; give evidence of superior performance with respect to waste utilization, pollution control, and efforts to mitigate climate change risk.
6. Use their power to enhance the quality of life for the underserved segments of our society and encourage local community investment in social and cultural infrastructure.

### **Investment Approach & Screening**

By example, acceptable investments include companies engaged in the production or distribution of certain products or services:

- clean technology or other environmentally friendly products or services
- renewable energy
- green real estate
- natural and organic products
- women's reproductive health
- commercial solutions to community development, or the eradication of poverty, social and environmental problems

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Additionally, the subject companies will operate within a framework of policies and practices, such as those which:

- support social entrepreneurs
- demonstrate a commitment to uphold environmental standards aimed at the reduction of toxic emissions and other waste products
- implement sustainable practices for the use of natural resources in the production and delivery of goods and services, including agriculture
- maintain a work environment that is healthy, safe, diverse, and just
- promote diversity in its governance and management structures
- demonstrate respect for women's access to the full spectrum of reproductive health services
- demonstrate accountability to all stakeholders.

Managers will avoid investments that generate more than 5% of total revenues, unless otherwise limited below, from operations or activities which include the following products and services:

- conventional use of nuclear power
- synthetic pesticides, herbicides or other agricultural chemicals
- manufacturing, processing, or distribution of tobacco products
- sweatshop or child labor
- clear cutting/factory farms
- patenting plants, animal and individual parts of DNA
- gambling
- pornography
- consumer weapons manufacturers
- defense contractors

Managers will also avoid investment in businesses or companies that generate more than 5% of total revenues, unless otherwise limited below, from operations or activities which meet the following criteria:

- are located in countries with serious human rights violations
- engage in unfair labor practices
- practice oppression or discrimination based on race, gender identity, ethnic origin, sexual orientation, or disability, or promote or profit therefrom
- demonstrate substantially harmful environmental practices
- market products abroad that are banned in the United States because of their impact on health or the environment
- have markedly inferior occupational health and safety records
- manufacture or market products that in normal use are unsafe
- operate private prisons, private security and surveillance companies

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## Appendix B: Investment Guidelines

### Investment Strategies, Guidelines and Restrictions

#### Equity Securities

The purpose of equity investments, both domestic and international, in the Trust is to provide capital appreciation, growth of income, and current income. By itself, this asset class carries greater market volatility and risk of loss. When combined with other assets, however, equity securities reduce the overall risk profile of the portfolio. Equity securities include domestic and international common stocks, American Depository Receipts (ADRs), preferred stocks, and convertible stocks traded on the world's stock exchanges or over-the-counter markets.

Public equity securities shall be restricted to high quality, readily marketable securities of corporations that are traded on the major stock exchanges, including NASDAQ. Equity holdings must generally represent companies meeting a minimum market capitalization requirement of respective asset class profiles with reasonable market liquidity where customary. Decisions as to individual security selection, number of industries and holdings, current income levels and turnover are left to manager discretion, subject to the standards of fiduciary prudence. However, investments in securities of issuers representing a single major industry (as determined by the Committee) shall not at time of investment exceed 10 percent of the Trust's total market value, and investments in securities of any one issuer shall not at time of investment exceed 5 percent of the Trust's total market value, unless approved by the Committee.

Within the above guidelines and restrictions, the Trust's investment managers shall have discretion over the selection, purchase and sale of equity securities.

#### Fixed Income Securities

Domestic and international fixed income investments are intended to provide diversification and a dependable source of current income. Fixed income investments should reduce the overall volatility of the Trust portfolio.

The fixed income asset class includes the fixed income markets of the U.S. and the world's other developed economies. It includes, but is not limited to, U.S. Treasury and government agency bonds, municipal bonds, non-U.S. dollar denominated securities, public and private corporate debt, and mortgage and asset-backed securities. Also included are money market instruments such as commercial paper, certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, and U.S. Treasury and agency obligations. The investment managers shall take into account credit quality, sector, duration and issuer concentrations in selecting an appropriate mix of fixed income securities. Investments in fixed income securities should be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums.

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Within the above guidelines and restrictions, the Trust's investment managers shall have discretion over the selection, purchase and sale of fixed income securities.

### Cash and Equivalents

The policy asset allocation provides an acceptable minimum level of cash and near-cash instruments to be reserved to meet near-term distribution needs.

The Trust's investment managers may invest in the highest quality commercial paper, repurchase agreements, U.S. Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the Trust's principal value. Investments in the obligations of a single issuer shall not at time of investment exceed 5 percent of the Trust's total market value, with the exception of the U.S. Government and its agencies.

Within the above guidelines and restrictions, the investment managers shall have discretion over the selection, purchase and sale of cash equivalent securities.

### Mutual Funds

A particular asset class position may be best served by investment in a mutual fund or exchange-traded-fund (ETF) which does not carry 12b-1 fees. Mutual fund or ETF investment is permissible provided the fund has the following characteristics. Any of these criteria may be expressly waived by the Committee if the subject investment holds promise to be more effective in producing desirable net returns.

- The investment is readily liquid;
- The investment is a no-load option, and reasonably priced;
- The investment is not a proprietary option associated with the investment manager;

### Diversifying Assets

Because of their long-term nature, investments in and commitments to diversifying investment strategies, including but not limited to private capital, private equity real estate, natural resources, distressed debt and other similar private investments, may be considered, provided appropriate analysis of their impact on the Trust's ability to achieve its stated long-term performance objective, has been conducted, and with the specific authorization of the Board.

### Other Investments:

Unless expressly authorized by the Committee, the investment managers shall not:

1. Purchase securities on margin or engaging in short sales;
2. Purchase or sell derivatives on speculation or for the purpose of leverage;
3. Engage in investment strategies having the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the Trust's objectives.

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## Policy Portfolio Asset Allocation

Asset Class	Target	Band Low - High	Performance Benchmark*
Equities	55%	45% - 75%	
US Issuers, broadly			Russell 3000 index
Major & Subclasses: Manager Discretion			
International, broadly			MSCI ACWI ex US Index
Major & Subclasses: Manager Discretion			
Fixed Income	30%	20%-40%	Varies according to asset class and subclass
Major & Subclasses: Manager Discretion			
Cash	5%	0%-10%	
Real Assets, in the form of REITs	5%	0%-10%	MSCI US REIT Index
Diversifying Assets	5%	0%-10%	Varies according to asset class and subclass
<b>Total</b>	<b>100%</b>		

\* ESG benchmark indices published by MSCI and STOXX