

Onward! A Legacy Foundation Investment Guidelines

Overview:

Onward!'s investment objective is to invest donor funds responsibly to preserve capital, provide growth and earn income for grantmaking. Onward!'s finance committee seeks to achieve this objective by investing primarily in a portfolio of income securities and common stock indexes.

Principal Investment Strategies:

Onward!'s finance committee seeks to achieve its objective by investing primarily in a portfolio of income securities and common stock indexes with an active asset allocation strategy. In selecting securities for investment, the finance committee focuses on securities that it believes offer current income and some capital appreciation at a reasonable risk. As a result, Onward! will not necessarily invest in the highest yielding securities permitted by this investment guide if such investments would subject Onward! to excessive risk. Portfolio securities are typically sold when the assessments of the finance committee of current income potential and capital appreciation of such securities materially change or the finance committee is required to take action because unrealized gains or losses are approaching Onward!'s established range, as described below.

Asset Allocation Targets:

Onward!'s portfolio will be guided by the following asset allocation targets:

0 – 100%	Cash, cash equivalents, CD's
0 – 100%	"Investment-grade" income securities
0 – 20%	"Lower-grade" income securities
0 – 20%	Foreign market debt securities
0 – 70%	Common stock indices (increased limit from 60% to 70% December 2016)
0 – 15%	Foreign market common stock indices

From time-to-time, market conditions may cause the portfolio's investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation targets, each asset class in which the portfolio invests, will be reviewed on a quarterly basis and rebalanced back to within the asset allocation targets.

Income Securities:

Onward!'s investments in income securities may include preferred stock, debt securities and other equity investments that have fixed income characteristics such as exchange-traded funds (ETF) investing in debt securities. Onward!'s investments in income securities may also include mutual funds, both open and closed funds, investing in preferred stock or debt securities. Of the individual income securities held in the portfolio, various maturities are selected which are considered "investment-grade" quality at the time of investment. Onward! may invest up to 100% of its total investment assets in "investment-grade" income securities. Onward! may invest up to 20% of its total investment assets in lower-grade securities at the time of investment, which are securities commonly referred to as "junk bonds" and involve special risks as compared to investment in higher-grade securities. Onward! may also invest up to 20% in foreign market debt securities.

Common Stock:

Onward!'s investments in common stock may include mutual funds and ETF's that attempt to replicate a stock index, such as the SPDR Trust Series 1 (SPY) whose objective is to replicate the total return of the S&P 500 Index. Other ETF's include broad market indices (i.e. Russell 3000), mid cap and small cap indices (i.e. S&P MidCap 400 and the Russell 2000), sector or industry indices (i.e. Dow Jones U.S. Utilities Sector) and global or foreign indices (i.e. IShares S&P Europe 350 and the S&P Global 100). Onward! may invest up to 70% of its total investment assets in these common stock indices. Onward!'s investments in common stock indices may include investments in foreign markets. Onward! may invest up to 15% in foreign market common stock indexes.

Realized Earnings:

Onward! distributes all realized earnings at the end of every month to each fund in the foundation according to ending monthly fund balances. Realized earnings are defined as interest and dividends received plus realized gains minus realized losses. Realized gains or losses are differentiated from unrealized gains or losses. In any investment portfolio, there is a difference between the purchase price and the fair value of every security owned. This difference is the unrealized gains or losses. These unrealized gains or losses are not distributed to the funds unless they have been realized. Realized gains or losses occur when the finance committee either sells some or all of a security or when a market stop loss order has been placed on a security. A stop loss order will automatically sell the number of shares indicated when the fair value of the security drops to the stop loss price. There is no guarantee that the security will sell at exactly the stop loss price, however, the finance committee believes that execution will occur close enough to the stop loss price that when a stop loss price is established, the difference between the purchase price and the stop loss price becomes a realized gain available for distribution.

Unrealized Earnings:

Onward! manages the total unrealized gains and losses by selling securities and issuing stop loss orders. It is Onward!'s intention to maintain the unrealized gains and losses within a range of 5% positive to 5% negative of the total invested assets. This range of unrealized gains and losses on the investment portfolio allows Onward! to pay out an even and managed distribution, without being subject to daily market fluctuations. When unrealized gains and losses approach either end of the acceptable range, the finance committee either issues stop loss orders to lock in unrealized gains, or sells securities to record realized losses. When this occurs, the realized gains and losses are netted with the other investment income for the month (dividends and interest) and the net gain or loss is allocated to the funds according to ending monthly fund balances.

Principal Investment Risks:

An investment in Onward! is subject to risks, and funds could lose money on the investment in Onward!. There can be no assurance that Onward! will achieve its investment objective.

Market risk:

Market risk is the possibility that the market values of securities owned by Onward! will decline. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. Investments in common stocks generally are affected by changes in the stock markets which fluctuate substantially over time, sometimes suddenly and sharply. Investments in income securities generally are affected by changes in interest rates and the creditworthiness of the issuer. Generally, the market prices of debt securities tend to fall as interest rates rise, and such declines tend to be greater among debt securities with longer maturities.

Credit risk:

Credit risk refers to an issuer's ability to make timely payments of interest and principal. Onward! may invest in investment-grade securities and may invest up to 20% of its total assets in securities below investment-grade credit quality. Therefore, Onward! is subject to a higher level of credit risk than a fund that invests solely in investment-grade securities. "Noninvestment grade" securities are considered speculative by recognized rating agencies with respect to the issuer's continuing ability to pay interest and principal, and such securities have less liquidity and a higher incidence of default than investments in higher-grade securities.

Interest rate risk:

Interest rate risk is the risk of a change in the price of a fixed income security when prevailing interest rates increase or decline. In general, if interest rates rise, fixed income securities fall, and if interest rates fall, fixed income securities rise. Changes in the values of fixed income securities usually will not affect the amount of income Onward! receives from them but will affect the value of the share's owned. Interest rate risk is generally greater for fixed income securities with longer maturities.

Inflation risk:

Inflation risk is a risk to owners of fixed income securities because there is a chance that the returns on these instruments may not keep pace with inflation. Inflation represents the rising cost of goods and services over time

Income risk:

The ability of Onward!'s common stock indices and preferred stocks to generate income generally depends on the earnings and the continuing declaration of dividends by the issuers of such securities. The interest on Onward!'s debt securities is generally affected by prevailing interest rates, which can vary widely over the short- and long-term. If dividends are reduced or discontinued or interest rates drop, income from Onward! may drop as well.

Foreign risks:

Because Onward! may own securities of foreign issuers, it may be subject to risks not usually associated with owning securities of U.S. issuers. These risks can include fluctuations in foreign currencies, foreign currency exchange controls, political and economic instability, differences in financial reporting, differences in securities regulation and trading and foreign taxation issues.

Manager risk:

As with any managed fund, Onward!'s finance committee may not be successful in selecting the best performing securities or investment techniques, and Onward!'s performance may lag behind that of similar foundations.

Donor/Investor Profile

In light of Onward!'s investment objective and strategies, Onward! may be appropriate for donor/investors who:

- Seek current income
- Desire preservation of capital
- Seek capital appreciation/growth over the long-term

An investment in Onward! is not a deposit of any bank or other insured depository institution. An investment in Onward! is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency except for the funds in bank accounts. Bank account funds are guaranteed by the FDIC up to \$250,000 per institution.

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