

OKLAHOMA GRAND YORK RITE INVESTMENT POLICY STATEMENT

To vote to approve on April 28, 2023

I. PURPOSE AND SCOPE

This Investment Policy Statement (the “Policy”) governs the investment of charitable assets in the Investment Portfolios (the “Portfolios”) held by the Grand York Rite Bodies of Oklahoma. The Policy is set forth by the Grand York Rite of Oklahoma as a working guideline and is designed to:

- Describe the goals and objectives of the Portfolios.
- Describe the roles and responsibilities of parties involved with the Portfolios.
- Describe the investment structure utilized by the Portfolios.
- Provide a framework for selection and ongoing monitoring of investments.

II. THE PORTFOLIOS

All the investments held by the Grand Chapter of Royal Arch Masons of Oklahoma, the Grand Council of Cryptic Masons of Oklahoma, and the Grand Commandery of Knight Templar of Oklahoma. A portfolio may have several accounts, i.e. General Fund, Perpetual Membership Fund, Membership Development Fund, etc., within each portfolio.

The asset allocation target of the total portfolio shall be an Exhibit(s) to this Policy.

III. INVESTMENT OBJECTIVES

Return Objective: Since the charitable assets will operate in perpetuity performance measurement of the charitable funds will be based on total return. Total return is a measure of the total gain of the Endowment and makes no distinction between capital appreciation (or depreciation), realized gains (or realized losses), and interest/dividends. To avoid loss of purchasing power the Portfolios must grow in real (inflation adjusted) terms in excess of spending.

Risk Tolerance: The Portfolios have the ability to sustain short term market volatility given the perpetual nature of the underlying funds.

Investment Horizon: The Perpetual Accounts are expected to operate in perpetuity and serve as a permanent source of funds for the Grand and Local York Rite Bodies. Recognizing that the needs for payout are long-term and that investment competence must be measured over a meaningful period of time, the Investment Committee does not expect to be reactive to short-term market developments. In making investment strategy decisions for the Endowment, the focus shall be on a long-term investment time horizon that encompasses a complete market cycle (approximately five years).

Liquidity: Near-term liquidity needs are determined by distribution requirements.

Performance of the Portfolios will be evaluated using the following objectives:

Objective	Benchmark	Description
Relative	Blended index	A time-weighted return compared to a blended index, which will be constructed based on the actual allocation of the Portfolios over time. The intent of this objective is to seek competitive investment performance versus <u>relevant capital market measures</u> .
Absolute	Consumer price index + spending rate	A real return (net of inflation). The intent of this objective is to increase over time the principal value of assets as measured in real, inflation-adjusted terms.
Comparative	Peer universe median	The comparative performance objective is to achieve a total rate of return that exceeds the median return of a peer universe of similar type and size funds.

IV. SPENDING POLICY

There shall be an interest bearing account known as the General Fund to invest monies for a short term or until needed by the Grand Secretary or Grand Recorder for the operation of the Grand Chapter, Grand Council, or Grand Commandery. In addition, the Perpetual Accounts are expected to operate in perpetuity and serve as a permanent source of funds for the Grand Chapter, Grand Council, and Grand Commandery of Oklahoma and Local York Rite Bodies. The dividends and interest earned in the preceding year will be paid out in proportion to the Grand Bodies and the local York Rite Bodies based on the Perpetual Members Spreadsheet.

V. RESPONSIBILITIES

Grand Treasurer

The Grand Treasurer will review the investment accounts monthly.

The Grand Treasurer shall be responsible for the investments of the Grand York Bodies. He shall seek advice from the Investment Advisory Committee as to the placement of the funds. The funds can be mixed to enhance return and a standard fund accounting practice be employed to account for each account's value in the investment mix.

Investment Advisory Committee

The Investment Advisory Committee shall consist of three members. The Grand High Priest, Grand Illustrious Master, and Grand Commander will each appoint one member to the Investment Advisory Committee. At their first meeting, they will select who will serve one, two or three year terms. All following appointments will be for a three year term or to complete a vacated term. Investment Advisory Board members may be reappointed.

Grand Secretary/Grand Recorder

The Secretary/Recorder will transfer all excess funds in the operating account to the Grand Treasurer for deposit in the General Fund Investment Account. All funds received by the Grand Secretary/Recorder which are designated will be transferred to the Grand Treasurer for deposit into the appropriate investment account.

VI. INVESTMENT SELECTION AND MONITORING

The Grand Treasurer and the Investment Advisory Committee recognizes that investment results should be evaluated over a complete market cycle (generally five years) for purposes of investment option selection and monitoring. Performance guidelines are described in Exhibit C. While fund performance is an important component of investment option evaluation, the Grand Treasurer and the Investment Advisory Committee may also consider other criteria, including but not limited to investment philosophy, organizational structure, financial condition, assets under management, team experience and capability, volatility appropriate for the investment strategy, fees and any advice provided by an investment advisor.

Each quarter, the Grand Treasurer will review investments utilized by the Portfolios for changes to the non-performance criteria described in this section and against the performance guidelines described in Exhibit B and will discuss with the Investment Advisory Committee. Although the Grand Treasurer does not expect to react to short-term developments in investment markets, the Grand Treasurer may act on interim judgments if there are changes to any of the evaluated criteria that are deemed worthy of action. Notwithstanding the foregoing, the Investment Advisory Committee and Grand Treasurer reserves the right to revise or terminate investments in whole or in part, at any time, for any reason.

Watch List Policy

A number of factors may contribute to a manager's over- or under-performance at any given time such as - market dynamics, investment skill, and/or pure chance. Given this uncertainty, it is unwise to mandate termination purely for lagging performance at any specific point. The following represent quantitative guidelines to be used, in addition to the non-performance criteria described above, in making a recommendation to the Investment Advisory Committee with regards to placing a traditional asset class manager on the Watch List:

Test 1: If the manager's rolling, three-year return (net of fees) falls below the rolling, three-year benchmark return for three (3) consecutive quarters.

Test 2: If the manager's rolling, three-year return (net of fees) for three (3) consecutive quarters ranks in the bottom quartile of the Consultant's peer group universe.

EXHIBIT A

Allocation of Assets for General Fund Type Accounts – Effective April 28, 2023

The target asset allocation for the Portfolios is determined by the Grand York Rite Bodies of Oklahoma to facilitate the achievement of the Portfolios' investment objectives within the established risk parameters.

	Minimum (%)	Target (%)	Maximum (%)
Growth Investments	35	53	72
U.S. Equity	20	33	55
Non-U.S. Equity	14	20	24
Diversifying Investments	10	22	30
Real Estate	0	7	15
Marketable Alternatives	0	15	22
Risk Mitigation	5	25	50
Fixed Income	5	19	25
Treasury Infl-Protect Secs (TIPS)	0	3	6
Long-Term Treasurys	0	3	6
Cash Equivalents	0	0	10

Rebalancing

The Grand Treasurer, on an ongoing basis and in accordance with market fluctuations and based on the recommendations of the investment advisor, will rebalance the Portfolios so they remain within the range of targeted asset allocations.

A rebalancing procedure as deemed appropriate by the Finance Committee, based on the recommendation by the investment advisor, will be implemented, at least annually, or when significant cash flows occur to maintain the allocation of assets within the appropriate ranges.

Formal asset allocation studies may be conducted at least every two years, with annual evaluations of the validity of the adopted asset allocation. Changes to the asset allocation may be implemented over a prudent period of time at the discretion of the Grand Treasurer with the assistance of the Investment Advisory Committee taking into consideration both the sources and uses of assets being reallocated.

EXHIBIT B

Allocation of Assets for Perpetual & Endowment Accounts – Effective April 28, 2023

The target asset allocation for the Portfolios is determined by the Grand York Rite Bodies of Oklahoma to facilitate the achievement of the Portfolios' investment objectives within the established risk parameters.

	Minimum (%)	Target (%)	Maximum (%)
Growth Investments	25	42	66
U.S. Equity	15	27	35
Non-U.S. Equity	10	15	24
Diversifying Investments	12	13	30
Real Estate	0	3	15
Marketable Alternatives	5	10	20
Risk Mitigation	15	45	60
U.S. Fixed Income	5	39	59
Treasury Infl-Protect Secs (TIPS)	0	3	11
Long-Term Treasurys	0	3	11
Cash Equivalents	0	0	15

Rebalancing

The Grand Treasurer, on an ongoing basis and in accordance with market fluctuations and based on the recommendations of the investment advisor, will rebalance the Portfolios so they remain within the range of targeted asset allocations.

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EXHIBIT C

Performance Guidelines and Investments

Set forth below are the standards for measuring the performance of the various types of investments that may be utilized by the Portfolios. The current target allocations are described in Exhibit A & Exhibit B.

Performance objectives are evaluated net of fees over a market cycle, which is typically a five-year rolling period.

Actively Managed Funds

1. Total return to exceed the benchmark
2. Rank above median in a universe of peers (if suitable peer group is available)

Passively Managed (Index) Funds

1. Total return comparable to the benchmark (with reasonable allowance for fees)
2. Minimal tracking error relative to the benchmark

	Benchmark	Description
Growth Investments		
U.S. Large Cap Equity	Russell 1000, S&P 500 or other comparable index with appropriate capitalization and style	Large cap U.S. equity funds invest in domestic stocks of varying characteristics—primarily in companies with large capitalizations—across value, core and growth styles.
U.S. Small/Mid Cap Equity	Russell 2000, Russell 2500, Russell Midcap or other comparable index with appropriate capitalization and style	Small cap U.S. equity funds invest in domestic stocks of varying characteristics—primarily in companies with small-to-mid capitalizations—across value, core and growth styles.
Non-U.S. Equity	MSCI ACW ex-U.S., MSCI EAFE or other comparable index with appropriate region, capitalization and style	Non-U.S. equity funds invest in foreign stocks of varying characteristics, primarily across large, mid and small capitalizations, value core and growth styles and developed, emerging and frontier regions.
Private Markets	Peer, absolute (e.g. CPI + 5%) or other comparable index*	Private market strategies are intended to provide additional diversification and return potential within an investment portfolio and may feature a low correlation to traditional asset classes. Private markets alternatives encompass a wide range of different strategies (e.g. private equity, private debt and opportunistic real estate). These strategies are typically transacted through a partnership structure and are characterized by illiquidity, infrequent valuations and capital contributions and distributions that are determined by the manager within the stated life of the fund.
	*Private markets are often measured by an internal rate of return (IRR) benchmark versus a standard time-weighted return (TWR) benchmark.	

	Benchmark	Description
Diversifying Investments		
Real Estate	NCREIF Open-End Diversified Core Equity, MSCI US REIT, Wilshire Real Estate Securities or other comparable index	Real estate funds may invest in public real estate companies, REITs, private real estate or private real estate debt. Common property types include office buildings, retail centers, industrial parks, apartment complexes and hotels.
Marketable Alternatives	Peer, blended with a similar allocation, absolute (e.g. CPI + 5%) or other comparable index	Marketable alternative strategies are intended to provide additional diversification within an investment portfolio and typically feature a low beta and/or low correlation to traditional asset classes. Marketable alternatives encompass a wide range of different strategies (e.g. tactical asset allocation, preferred securities, tactical trading and hedge funds) and may employ moderate amounts of leverage as well as the ability to hold short positions in securities.
Risk Mitigation		
Intermediate Fixed Income	Bloomberg Barclays U.S. Aggregate or other comparable index	A fixed income fund invests in a variety of sectors of the bond market, including corporate and government debt instruments, typically within the U.S. Managers may allocate a portion of assets to “plus” sector fixed income, including high yield and non-U.S. bonds.
Treasury Inflation-Protected Securities (“TIPS”)	Bloomberg Barclays US TIPS or other comparable index	TIPS funds seek to provide inflation protection and income consistent with Treasury inflation-protected bonds.
Long-Term US Treasurys	Bloomberg Barclays US Long-Term Treasurys or other comparable index	Invests primarily in long term US government debt instruments.
Cash Equivalents	ICE BofA 91 Days T-Bills or other comparable index	A money market fund typically seeks to achieve a return commensurate with the very short-term nature of the investments, with minimal risk and a high degree of security and liquidity.