

The Masonry Foundation  
Investment Policy Statement

Adopted: October 2016

Amended Appendix A 2020

Amended February 2025

**I. Prepared by** *The following Investment Policy Statement has been adopted for The Masonry Foundation and may be amended as necessary from time to time.* **Introduction**

The Board of Directors of The Masonry Foundation (“Board”) hereby adopts the following Investment Policy Statement (“Policy”) to facilitate a clear understanding of the investment policy, guidelines, and objectives between the Board, the Foundation (“Foundation”), Guyasuta Investment Advisors, Inc. (“Guyasuta”), and any other interested parties to the Foundation Investment Fund (“Fund”). This Policy provides a basis against which the performance of the investment portfolio and service providers can be monitored and measured on an ongoing basis. It also sets forth guidelines and restrictions to be followed by the Board, Foundation, Guyasuta, and other service providers to the Fund. It is the intention of this Policy to be sufficiently specific to be meaningful, yet flexible enough to be practical. This Policy is designed to comply with all fiduciary, prudence, and due diligence requirements, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, and federal political entities that may impact the Foundation and the Fund.

**II. Purpose**

The Foundation was established to provide perpetual financial support for the nonprofit and its mission. It is the goal of the Board to maintain and invest the Fund so that the growth of the Fund will be sufficient to offset the effects of inflation and to provide perpetual funding at prescribed annual levels for the operating fund of the nonprofit.

**III. Investment Objectives**

The objective of this Policy is to select asset classes for investment and an asset allocation formula for the selected asset classes that can reasonably be expected over long-term investment time horizons (5-7 years) to achieve:

- The funding of annual distributions from the Fund in accordance with the Distribution Policy (Section V) to supplement the operating fund and fund restrictive donor covenants, if any;
- The maintenance of the portfolio’s purchasing power with respect to inflation and spending;
- The generation of positive, long-term, real returns;
- The limitation of short-term investment losses;
- Investment returns consistent with a customized policy benchmark and a broad asset allocation benchmark over a full market cycle, net of all costs; and

Investment returns that meet or exceed a target benchmark of CPI + 4% over a full market cycle, net of all costs. The desired rate of return and the associated level of risk will be evaluated at the total portfolio

level.

#### **IV. Time Horizon**

The Fund has a long-term investment time horizon extending well beyond normal capital market cycles.

#### **V. Spending Policy**

The Board intends to distribute 3% of the Fund's value annually.

#### **VI. Investment Policy**

##### **A. Investment Guidelines & Restrictions:**

The Fund portfolio will be diversified, as specified in Table 1 below, in an effort to achieve superior investment performance, to provide reasonable assurance that no single asset class or security will have a disproportionate impact on the performance of the portfolio, and to ensure that the risk level of the overall portfolio will be maintained at a level consistent with the investment objectives of the Fund. The Fund may be invested in a diversified portfolio consisting of the following:

- U.S. Listed Common Stocks trading on major exchanges
- U.S. Listed real estate investment trusts (REITs)
- Fixed Income Obligations of the U.S. Government and its Related Agencies
- Domestic Investment Grade Corporate Bonds
- U.S. Dollar Denominated and SEC Registered International Investment Grade Corporate Bonds
- Investment Grade Taxable Municipal Bonds

Money Markets, Certificates of Deposit, and other Cash Equivalents it is intended for the portfolio to be invested in individual equity and fixed income securities, though mutual funds and exchange traded funds are permitted. Investments in the Fund portfolio should maintain daily liquidity and full transparency.

Equities shall be U.S. listed and invested in Guyasuta's Core equity strategy which can invest across value and growth styles, and across large-capitalization and small-capitalization issues. The purpose of equity investments is to provide long-term growth through capital appreciation and dividend reinvestment. It is recognized that equity investments have the potential for greater market volatility and increased risk of loss in the short-term.

The bond allocation shall be invested in Guyasuta's Taxable Core Plus fixed income strategy. The bond allocation shall be exclusively investment grade, utilize an approximately equally weighted ten-year laddered structure, and have a duration of 4-6 years. The purpose of fixed income investments is to provide a fixed income stream, predictable portfolio liquidity, and to mitigate the volatility of the equity allocation. It is recognized that these investments generally do not have the potential for the larger returns of equities, but they have less potential for market volatility and a lower risk of loss in the short-term.

Specifically prohibited investments include the following:

- Direct Investment in Private Placements
- Unregistered or Restricted Stock
- Direct Investment in Individual Commodities
- Direct Investment in Options, Futures, or Warrants
- Direct Investment in Individual Real Estate Properties
- Speculative Investment in any Individual Securities not held in a Diversified Portfolio

**B. Strategic Asset Allocation:**

The strategic target asset allocation and the target ranges for the Fund are determined by the Board to facilitate the achievement of the Fund’s long-term investment objectives within the established risk parameters. Due to the fact that the allocation of funds across asset classes is the single most important determinant of the investment performance over the long-term, the Fund’s assets shall be divided into the asset classes mentioned above and detailed in Table 1 below. It is understood that market fluctuations will force the actual allocations to each asset class away from their stated targets. Periodic portfolio rebalancing will be implemented as detailed in Section VII below. In addition, the Board will review the long-term strategic asset allocation with Guyasuta at least annually to:

- 1) Address any material changes to the overall investment objectives for the Fund, and
- 2) Identify potential allocation adjustments to improve the long-term risk and return profile of the Fund based on updated market and economic conditions.

**C. Performance Benchmarks:**

Net-of-all-cost performance for the composite Fund portfolio shall be evaluated relative to a goal-focused ‘CPI + 4%’ return benchmark as well as market-focused benchmarks consisting of the indexes and weights detailed in Table 1 below.

Table 1: Asset Allocation and Performance Benchmarks

<b><u>Asset Class</u></b>	<b><u>Target</u></b>	<b><u>Range</u></b>	<b><u>Benchmark</u></b>
Equities	65%	55-65%	S&P 500
Fixed Income	30%	30-40%	Bloomberg US Aggregate
Cash	5%	3-7%	ICE BofA 3-Month Treasury Bill

Blended Portfolio Benchmark: 65% S&P 500/30% Bloomberg U.S. Aggregate/5% ICE BofA 3month Treasury Bill

## **VII. Cash Flows & Rebalancing**

As a general rule, any new cash added to the portfolio will first be used to rebalance the portfolio in accordance with the strategic asset allocation policy. In addition, at least quarterly, Guyasuta will evaluate the portfolio's compliance with the Investment Policy, and rebalance as necessary. The purpose of rebalancing is to maintain the risk and return relationship implied by the stated long-term asset allocation targets. This process may result in withdrawing assets from asset classes that have performed well in the most recent periods or adding assets to asset classes that have lagged in the most recent periods. This policy will necessitate purchases and sales of securities which will create transaction costs to the Fund.

## **VIII. Responsibilities of the Board**

The Board recognizes its fiduciary responsibility to ensure that the assets of the Fund are invested and managed effectively and prudently, in full compliance with laws and principles that govern nonprofit investing, and for the exclusive interest of the Fund and the Foundation. The Board has engaged Guyasuta to, share in the fiduciary responsibilities listed below, and manage the Fund investments. Specific responsibilities of the Board, as it relates to the Fund's investments include, but are not limited to:

- Complying with all applicable rulings and regulations of relevant regulatory agencies,
- Complying with all applicable rulings and regulations concerning prudent investing, and specifically with the Uniform Prudent Management of Institutional Funds Act (UPMIFA)
- Developing and communicating the Fund's spending policy and any changes that may occur,
- Expressing the Fund's investment return needs and risk tolerance through the appropriate asset allocation, in cooperation with Guyasuta,
- Notifying Guyasuta of any changes in the Fund's investment objectives or of any significant events that may affect these objectives,
- Notifying Guyasuta of any change in liquidity needs,
- Ensuring compliance with this Policy,
- Selecting qualified service providers to the Fund and taking appropriate actions as necessary to replace these service providers for failure to perform as expected,
- Reviewing the Policy periodically to ensure that it continues to accurately reflect the attitudes, expectations, and objectives of the Board and the Foundation.

A unanimous vote of the Board shall be required to approve any changes to this Policy.

## **IX. Responsibilities of Guyasuta Investment Advisors, Inc.**

Guyasuta serves at the pleasure of the Board and the Foundation, and in addition to collaborating with the board on the responsibilities listed above, will be responsible for advising the Board on investment portfolio design, implementing the directions of the Board, and evaluating the performance of the composite portfolio and the individual investment components of the Fund. The primary responsibilities of Guyasuta include, but are not limited to:

- Obtaining relevant information in order to quantify the Fund's investment objectives,
- Preparing this Policy and updating it as requested by the Board,
- Recommending and facilitating the ongoing asset allocation process and ensuring its consistency with stated Policy investment objectives, Monitoring and reporting portfolio performance
- Monitoring and reporting all investment-related expenses,
- Informing the Board of any major changes in Guyasuta's investment outlook, investment strategies, asset allocation, and other matters affecting the Board's fiduciary responsibilities to the Fund and the Foundation.
- Managing the assets under its supervision in accordance with the guidelines and objectives outlined in this policy,
- Exercising full investment discretion with regards to buying, managing, and selling assets held in the portfolio, subject to any listed restrictions,
- Voting promptly any proxies and related actions in a manner consistent with the Fund's best interests,
- Communicating to the Board all significant changes pertaining to the portfolio or the firm itself, including but not limited to: changes in ownership, organizational structure, financial condition, or professional staff,ing the same care, skill, and prudence under prevailing circumstances that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in similar activities for a like client with like aims in accordance and compliance with all applicable laws, rules, and regulations.

Guyasuta will provide quarterly performance measurement and evaluation reporting for the portfolio. Performance will be evaluated relative to stated policy objectives, appropriate benchmarks, and the broader equity and fixed income markets. Performance will be evaluated over different time periods

including the latest quarter, as well as the latest one, three, five, and ten-year periods where applicable. The Board will review this Policy periodically to ensure it is meeting the Fund's and the Foundation's objectives, and all guidelines and objectives shall remain in force until modified in writing.

**X. Signatures**

This Investment Policy Statement is hereby adopted for Foundation on this \_\_\_\_\_ day of \_\_\_\_\_.

***Prepared by:***

***Accepted by:***

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Paul J. Magovern  
Partner  
Guyasuta Investment Advisors, Inc.

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