

# **INVESTMENT POLICY STATEMENT**

**for the**

## **ONEIDA TRUST FUNDS**

**Of**

**The Oneida Nation's Trust Enrollment Committee**

This is the governing document of the Oneida Trust Funds Investment Policy. It contains the policies pursued by the Oneida Trust Enrollment Committee and Department as they fulfill their fiduciary responsibility in overseeing the Oneida Trust Funds.

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## **PHILOSOPHICAL OVERVIEW**

The Oneida Trust Enrollment Committee (OTEC) has the fiduciary responsibility to manage the Oneida Trust funds in a responsible manner to achieve its goals. The Investment Philosophy represents the principles that determine the OTEC's management of the Trust Funds. The OTEC's overriding investment objective is to provide for the long-term income and growth of various funds.

The OTEC emphasizes maximum investment productivity. This is the highest overall rate of return that can be achieved without excessive risk which is consistent with the Oneida Nation (Nation) financial, social, political and environmental concerns.

The first Investment Policy was adopted on September 11, 1990. It has been amended several times as technology and investing environments have changed. Other updates were part of the additional duties the OTEC has undertaken.

The OTEC shall review the Investment Policy annually to ensure that it reflects the OTEC's current policies and incorporates new policies due to changes in the investment climate and the OTEC's risk tolerance.

## **INVESTMENT POLICY OVERVIEW**

This Investment Policy represents a formal, written description of the relevant philosophy, information and guidelines. The Investment Policy serves as instructions to the Investment Managers / Investment Advisers about the purposes of the funds, constraints the OTEC imposes on the funds and guides the staff as they monitor and evaluate the investments.

Risk is an important aspect of investing. All investing involves some risk, and how much risk and what kind of risk depends on many factors, including stock and sector decisions made by the Investment Managers and the asset allocation established by the OTEC. Risk profiles vary depending on the individual funds' goals, time horizons, contributions and withdrawals.

### **Overall Investment Strategy**

Asset allocation is the investment strategy an investor uses to distribute investments among various classes of investment vehicles (e.g., cash, stocks and bonds). A large part of investing is finding an asset allocation appropriate for the investor's risk tolerance.

The OTEC recognizes the responsibility to invest in a manner that does not enable harm to the environment or the spiritual and cultural values of Native Americans. The OTEC prefers to invest in companies that make positive contributions to alleviate the problems facing society and the environment.

The OTEC may provide Investment Managers with instructions on how to vote proxies. The OTEC is active in supporting proxy issues of particular importance to the Nation; to other Native American groups or lands; towards workplace safety; workplace diversity; and community development.

Socially Responsible and Impact (SRI) investing includes community development investing, targeted investing and direct investing. These forms of investing include deposits in community development banks, credit unions, loans to community development loan funds, investments in community development venture capital funds, or directly into local businesses.

Community Development Investing might involve a slightly higher level of risk and generate a lower return than normal investments, but these investments have a social impact in addition to a financial return.

The OTEC may invest in cash, stocks, bonds, mutual funds, exchange traded funds, and direct investments. The OTEC utilizes the services of Registered Investment Advisers (RIAs) and Investment Managers. The OTEC selects Investment Managers who have a disciplined investment process based on a clearly articulated investment style and exercise care in their investment process consistently over a long period of time.

The OTEC selects Investment Managers on criteria which includes, but is not limited to: performance, consistency of performance, performance relative to a benchmark, qualifications, stability of their staff, style of investing and how closely they follow that style, and other relevant factors.

The OTEC will evaluate the investment performance of its Investment Managers and other investments, at least quarterly, by utilizing appropriate benchmarks for the asset class, risk tolerance, and management style. The OTEC uses Time Weighted returns as the calculation method to determine performance. Addendum A outlines the current list of Investment managers and the appropriate benchmarks.

## ***Investment Guidelines***

### **Permitted Asset Classes**

Cash and cash equivalents

Broad U.S. Equities – includes companies domiciled in the United States and are determined to be large (market capitalization of 10 billion and higher), mid cap (market capitalization between 1 billion and 9.9 billion) and small cap (market capitalization less than 1 billion).

Non-U.S. Equities – Includes large, mid, small and emerging markets not domiciled in the United States.

U.S. (Domestic) Bonds – Includes all bonds that comprise the Aggregate Bond index, which includes corporate, government, government agency, mortgage-backed securities, commercial mortgage-back securities, asset backed securities, municipal and sovereign fixed incomes.

Generally, these will be investment-grade quality (at least Baa3/BBB) by Moody's and S&P.

Non-U.S. Bonds

Alternative Investments – Hedge Funds, Real Estate, and Private Equity

### **Permitted Security Types**

Publicly traded Stocks (includes publicly traded REITS such as a REIT ETF)

Individual Bonds (Investment in BB or lower bonds by Moody's and S&P shall be limited to no more than 10% of the fixed income portfolio.)

Closed-end mutual funds

Open-end mutual funds

Unit Investment Trusts

Exchange Traded Funds (ETF)

Bank certificates of deposit

Rule 144a securities (Investments in Rule 144a securities are permitted, if absent registration rights a) the manager believes the securities to be as liquid as comparable publicly registered bonds, and b) for corporate bond investments, the issuer or the issuer's parent has publicly traded equity, or if the issuer or the issuer's parent does not have publicly traded equity they are required by prospectus to make quarterly and annual financial statements available to bondholders that are substantially similar to the reporting requirements of a public company. For all structured products investments, issuers are required to make monthly or quarterly remittance statements regarding the performance of the underlying assets securing the bonds. Rule 144a securities may not make up more than 20% of the portfolio's overall allocations after accounting for price appreciation.)

### **Restricted Security Types** (Requires OTEC approval)

Purchases of Letter Stock, Private Placements, or direct payments

Venture Capital

Limited partnerships and general partnerships

### **Prohibited Security Types**

Precious metals (Not including precious metal funds or ETFs)

Commodities Contracts

Title to Real Estate (Direct)

### **Permitted Transactions**

- Long buys
- Short sells
- Margins
- Options (long calls or protective puts)

### **Restricted Transactions** (Requires OTEC approval)

Future contracts

Straddles and other option strategies

Fund-Specific Investment Policies

Collateral Request

## **Individual Trust Fund**

### ***Elderly Per Capita, Education, and General Welfare Trust Fund***

Fund Purpose: The overall purpose of the Elderly Per Capita, Education, and General Welfare Trust Fund (EEGWT) is to (a) pay premiums for the Oneida Life Insurance Plan Plus (OLIPP); (b) to provide an annual benefit, subject to a 5% increase pending OTEC approval, for every enrolled tribal member age sixty-five (65) and older; (c) offset Tribal Contribution to

administrative costs for processing per capita distributions; (d) fund the Susan White Trust Scholarship; and (e) grow the corpus of the fund so that it is fully endowed in perpetuity. These goals are partially funded from Tribal Contributions into the EEGWT.

Governing Policies: OTEC Resolution 09-10-19 established the funding priorities of the EEGWT.

OLIPP is a life insurance benefit provided to all enrolled Oneida members. GTC Resolution 01-17-09-B approved the concept. A Term Life Certificate outlines how claims are filed. The OTEC entered into a "Premium Stabilization Fund Agreement" (PSF) with the host insurance company. The PSF is a fund managed by the host insurance company that houses OLIPP premiums after the host insurance company applies claims and administrative fees.

The Elderly Per Capita Distribution Plan began in November 1994, and payments are made every year to all Oneida members who have reached the age of sixty-five (65) years and older. Elders are eligible the year in which they reach sixty-five (65). Annual payment amounts are determined by the OTEC per General Tribal Council (GTC) Resolution 6-30-90-A and subsequent amendments. The initial payment schedule was \$500 per year with an inflationary provision of 5%. The first inflationary provision was implemented in 2003. On 9-26-2019 the OTEC by Resolution resolved to freeze the inflationary increases beginning Fiscal Year 2020 until the OLIPP premiums are self-funded.

Since 1988 a Memorandum Of Agreement (MOA) has existed between the OTEC and the Oneida Business Committee (OBC) and has been reviewed annually. This MOA stipulates 75% of the OTEC's annual budget will come from Tribal Contribution. The OTEC determined the remaining 25% shall come from the EEGWT.

The Trust Scholarship Fund Policy established the parameters for the Susan White Trust Scholarship. The EEGWT transfers funds to the Oneida Higher Education Department who in turn administers the scholarship to eligible students. The Oneida Higher Education Department is responsible to request funding for the Susan White Trust Scholarship. The historical trend of requests has been \$20,000 annually.

Risk Assessment - The EEGWT overall has a moderate risk profile. The OTEC has a strong preference for protection of principal while striving to achieve appropriate returns to fund the annual payments. Currently, the EEGWT has grown to a level where greater diversification is necessary in order to (1) grow the trust fund; (2) protect the principal, and (3) meet all disbursement priorities. To grow the trust fund, greater risk will be necessary; conversely to protect the principal and meet all disbursement priorities, risk will need to be mitigated. The EEGWT has also grown to a level where greater risk can be accepted for long-term growth while limiting risk to ensure cash is available for the funding priorities. Therefore, the moderate risk profile is based on the short-term priorities of the EEGWT and the long-term goals of growth and perpetuity; the former having a conservative risk tolerance and the latter an aggressive risk tolerance.

Asset Allocation - To achieve overall moderate risk tolerance, the asset allocation shall be segregated into two pools: Liability Driven Investments (LDI) and Long-Term Assets. OTEC

shall review the expenses associated with EEGWT’s core purposes and set aside assets to meet those expenses.

The LDI allocation shall consist of EEGWT’s estimated five (5) year net distribution priorities with a tolerance to spend down to one year and save up to seven years’ worth of expenses. This will be done by investing conservatively in cash, cash equivalents, and domestic fixed income. The LDI allocation shall be reviewed monthly to determine if assets from the Long-Term Goals allocation need to be liquidated and transferred to LDI.

The Long-Term Assets allocation shall consist of the remaining balance of EEGWT and invested aggressively in diversified equities (foreign & domestic, all caps), real estate, private equity, and absolute return strategies, with a small portion of domestic fixed income for rebalancing opportunities.

	Min	Target	Max
Gross Liability Driven Investment (LDI)	1 Year	5 Years	7 Years
	\$4,700,000	\$24,500,000	\$35,400,000
Domestic Fixed Income	75%	80%	100%
Cash/Cash Equivalent	0%	20%	25%

Long-Term Assets			
Large Cap Domestic Equity	27%	34%	41%
Mid & Small Cap Domestic Equity	4%	6%	8%
International Equity (Developed)	17%	21%	25%
International Equity (Emerging)	4%	6%	8%
Domestic Fixed Income	12%	15%	18%
Cash/Cash Equivalent	0%	1%	2%
Real Estate	6%	8%	10%
Private Equity	4%	6%	8%
Absolute	1%	3%	5%

The risk-adjusted Rate of Return (ROR) goal for the EEGWT is to meet or exceed the five-year capital market assumptions of the investment industry of the weighted average of asset classes matching our portfolio. For 2020 the five-year capital market assumption based on asset class are:

Long-Term Assets Allocation 5 Yr. ROR & Volatility Goals			LDI 5 Yr. ROR & Volatility Goals		
	Target ROR	Target Volatility		Target ROR	Target Volatility
Large Cap Domestic Equity	5.60%	14.34%	Domestic Fixed Income	3.10%	3.42%
Mid & Small Cap Domestic Equity	6.20%	17.63%	Cash/Cash Equivalent	1.90%	0.38%
International Equity (Developed)	7.20%	16.81%	Aggregated EEGWT ROR & Volatility Goals.		
International Equity (Emerging)	9.20%	21.12%		Target ROR	Target Volatility
Domestic Fixed Income	3.10%	3.42%	Weighted Long-Term Assets	5.95%	13.56%
Cash/Cash Equivalent	1.90%	0.46%	Weighted LDI	2.86%	2.83%
Real Estate	5.80%	11.07%	Weighted EEGWT	5.36%	11.52%
Private Equity	8.80%	20.17%			
Absolute	4.50%	7.37%			

Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

**Minors Per Capita Trust Account Funds**

Fund Purpose - To protect the interests of Oneida enrolled minor beneficiaries who are eligible for the GTC directed per capita distributions. Mandated by Federal Law, all per capita payments from Gaming operations are to be held in trust for minor beneficiaries. Therefore, OTEC has established two (2) diversified portfolios to achieve a reasonable return based upon the age of the minor beneficiary. Once a Minors Trust beneficiary has met eligibility standards and properly claims their trust fund, their cumulative per capita, plus investment returns, will be forwarded to them according to the distribution policies.

Governing Policy - The Minor’s Per Capita Trust Account Funds are governed by the following four (4) documents that function to protect the minor beneficiaries’ interests and guide the investment of the funds: The Nation’s Per Capita law, Per Capita Trust Agreement, Tribal Revenue Allocation Plan, and Investment Policy Statement.

Risk Assessment –The OTEC wants to garner a healthy return for the minor beneficiaries but is cautious to minimize impacts from short term market downturns. Since there is a wide age range between the minor beneficiaries covered, the asset allocation model is balanced between stocks, bonds and cash. The risk assessment necessitates a portfolio invested with sufficient equities for growth and a substantial amount of bonds for stability.

Asset Allocation – The asset allocation is based upon the age of the minor beneficiary. There are two (2) pools of funds based on the underlying minor beneficiaries’ age. Minor beneficiaries between the age of zero (0) and fourteen (14) will be invested in a moderate portfolio. For minor beneficiaries age fifteen plus (15+), the asset allocation will be conservative. Both portfolios are



based on risk assessments, management style, and purpose of the fund (growth, income, or preservation). It is assumed that the Minor's Per Capita Trust Account funds are the only available resource to the minor beneficiary.

Minors 0-14	Min	Target	Max
Domestic Equity (Large, Mid and Small Cap)	30%	45%	55%
International Equity	5%	15%	20%
Domestic Fixed Income	25%	35%	40%
Cash/Cash Equivalents	0%	5%	7%

Minors 15+	Min	Target	Max
Domestic Equity (Large, Mid and Small Cap)	5%	15%	30%
International Equity	0%	5%	10%
Domestic Fixed Income	50%	70%	80%
Cash/Cash Equivalents	5%	10%	15%

The risk-adjusted Rate of Return (ROR) goal for the Minors Trust Fund is to meet or exceed the five-year capital market assumptions of the investment industry of the weighted average of asset classes matching our portfolio. For 2020 the five-year capital market assumption based on asset class are:

5 Yr. ROR & Volatility Goals: Minors Trust 0-14		
	Target ROR	Target Volatility
Domestic Equity*	5.80%	15.42%
International Equity**	7.60%	17.67%
Domestic Fixed Income	3.10%	3.42%
Cash/Cash Equivalent	1.90%	0.46%
Weighted Minors Trust 0-14	4.93%	10.81%

\*Domestic Equity Weighted 66% U.S. Large Cap & 33% U.S. Mid & Small Cap

\*\*International Equity weighted 80% Developed (EAFE) and 20% Emerging.

Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

5 Yr. ROR & Volatility Goals: Minors Trust 15+		
	Target ROR	Target Volatility
Domestic Equity*	5.80%	15.42%
International Equity**	7.60%	17.67%
Domestic Fixed Income	3.10%	3.42%
Cash/Cash Equivalent	1.90%	0.46%
Weighted Minors Trust 15+	3.61%	5.64%

\*Domestic Equity Weighted 66% U.S. Large Cap & 33% U.S. Mid & Small Cap

\*\*International Equity weighted 80% Developed (EAFE) and 20% Emerging.

Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

## Language Revitalization Fund

Fund Purpose - The purpose of this fund is to provide a resource that is used to assist the Oneida Cultural Heritage Department to fund language revitalization programs for persons pursuing opportunities in the Oneida language.

Governing Policy – GTC Resolution 01-28-04-A established the Language Revitalization Fund. The Standard Operating Procedure “Trust Funds Income Transfer on an Annual Basis for the Oneida Language Revitalization Program”, signed by the Trust Enrollment Director, Language Revitalization Director, OTEC Chair, and Oneida Accounting Controller and dated October 24, 2017, dictates 75% of the Language Revitalization Fund’s annual income is to be transferred to the Oneida Language Department. The remaining 25% shall be reinvested into the fund. On April 11, 2016 the GTC changed Resolution 01-28-04-A by directing all future Unallocated/Unclaimed per capita funds being deposited to the Language Revitalization Fund be redirected and deposited too sewer and water effective FY 2017. The existing funds in the Language Revitalization Fund remained in the fund.

Risk Assessment - The portfolio will be conservative. Utilize fixed income for stability and equities for growth.

Asset Allocation - Based on the Risk Assessment, the Asset Allocation will be a mix of Domestic and International Equities, Domestic Fixed Income and Cash/Equivalents, with a majority in fixed income for steady earnings.

Language Revitalization Fund	Min	Target	Max
Domestic Equity (Large, Mid and Small Cap)	0%	23%	45%
International Equity	0%	5%	15%
Domestic Fixed	40%	70%	80%
Cash/Cash Equivalents	1%	2%	4%

The risk-adjusted Rate of Return (ROR) goal for the Language Revitalization Fund is to meet or exceed the five-year capital market assumptions of the investment industry of the weighted average of asset classes matching our portfolio. For 2020 the five-year capital market assumption based on asset class are:

5 Yr. ROR & Volatility Goals: Language Revitalization Fund		
	Target ROR	Target Volatility
Domestic Equity*	5.80%	15.42%
International Equity**	7.60%	17.67%
Domestic Fixed Income	3.10%	3.42%
Cash/Cash Equivalent	1.90%	0.46%
Weighted to Language Revitalization Fund	3.92%	6.83%

\*Domestic Equity Weighted 66% U.S. Large Cap & 33% U.S. Mid & Small Cap

\*\*International Equity weighted 80% Developed (EAFE) and 20% Emerging.  
Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

## **General Per Capita Fund**

Fund Purpose: The overall purpose of this Fund is to grow the corpus of the fund so that a meaningful per capita benefit may be paid to the Oneida Nation's general membership.

Governing Policies: In 2008, GTC directed that the Nation create a Per Capita Fund for the General Membership by passing GTC Resolution 5-10-08-A. A portion of the resolve sections read as follows:

*NOW THEREFORE BE IT RESOLVED, that the GTC directs that a portion of the unrestricted funds is dedicated to be transferred to a "per capita endowment" from which the capital shall not be diminished in accordance with the Endowment Law.*

*NOW THEREFORE BE IT RESOLVED, that the GTC directs that an additional \$1 million in funds in FY2010, and each fiscal year thereafter, shall be deposited into the "per capita endowment fund," in accordance with the Endowment Law.*

Legally Incompetent Adults - For tribal members deemed legally incompetent, a special savings account will be set up in their name. These funds should be safely invested and liquidated as needs and uses are typically short term.

Risk Assessment - Important considerations in determining the risk of the fund include when distributions will begin, the amount or percentage of distribution in relation to the size of the fund, the length of distribution time and other resources available. The guidelines of the endowment fund were defined in a memo from the Oneida Treasurer dated January 24, 2011.

- The annual allocation of \$1 million will be funded by September 30 of each fiscal year.
- Additional funding beyond the requirement of GTC Resolution 5-10-08-A would require subsequent GTC motion or action (2013).
- Withdrawals will not be allowed for a minimum of ten (10) years and may be utilized after review. Withdrawals may occur after 9/30/2020.
- When distributable earnings have reached a minimum of \$250 per enrolled member and the ten (10) year period has elapsed, the funds will be utilized for per capita distribution.
- Investment strategy should be consistent with Tribal and Trust Enrollment Department Investment Policy.

Based on the information provided by the Oneida Treasurer and the Oneida population in 2020, the fund would need to grow to approximately \$179 million to meet the \$250 payment per enrolled Tribal Member.

Emphasis will be placed on asset allocation models that will either create the same amount of returns for less risk or greater returns for the same level of risk. The OTEC has a strong preference for protection of principal while striving to achieve appropriate returns to grow the corpus of the fund. Based on the 2011 memo from the Oneida Treasurer and the defined

timelines and goals of the fund, the Per Capita Endowment Fund’s risk profile is defined as Moderate.

Asset Allocation - Based on the Risk Assessment, the Asset Allocation will focus on equities for long term growth. A significant (but not majority) portion of the allocation in Domestic Fixed Income and Cash/Cash Equivalents will mitigate the short-term volatility of equities. Finally, the allocation will emphasize domestic assets to minimize geo-political uncertainty of international markets.

General Per Capita Fund	Min	Target	Max
Domestic Equity (Large, Mid and Small Cap)	25%	50%	70%
International Equity	5%	13%	25%
Domestic Fixed	15%	35%	50%
Cash/Cash Equivalents	0%	2%	4%

The risk-adjusted Rate of Return (ROR) goal for the General Per Capita Fund is to meet or exceed the five-year capital market assumptions of the investment industry of the weighted average of asset classes matching our portfolio. For 2020 the five-year capital market assumption based on asset class are:

5 Yr. ROR & Volatility Goals: General Per Capita Fund		
	Target ROR	Target Volatility
Domestic Equity*	5.80%	15.42%
International Equity**	7.60%	17.67%
Domestic Fixed Income	3.10%	3.42%
Cash/Cash Equivalent	1.90%	0.46%
<b>Weighted to General Per Capita Fund</b>	<b>5.01%</b>	<b>11.22%</b>

\*Domestic Equity Weighted 66% U.S. Large Cap & 33% U.S. Mid & Small Cap

\*\*International Equity weighted 80% Developed (EAFE) and 20% Emerging.

Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

### ***Disability Fund***

Fund Purpose - The purpose of this fund is to provide a resource that is to be determined by GTC. The fund was created in response to GTC Resolution 6-30-90-A Addendum. The original funds are invested in a Certificate of Deposit, however, a Certificate of Deposit is not appropriate for long-term growth. Once the Certificate of Deposit matures, those funds will be withdrawn and realigned with this investment strategy.

Governing Policy - The policy will be completed once the needs of the Nation are defined.

Risk Assessment - The Disability funds will need to be flexible, so that the investment strategy can readily react to established parameters when defined by the GTC. Therefore, the OTEC has two goals. The first goal is to minimize inflationary risk and one-year downside risk, so that the principal maintains its value. The second goal is to maintain liquidity once the purpose of the fund is defined by GTC and reallocation is necessary.

Asset Allocation – The Disability Fund will be invested in a passive index fund that contains a mix of Domestic and International Equities, Domestic and International Fixed Income, and Cash/Equivalents.

	Min	Target	Max
Equity	10%	20%	30%
Domestic	10%	12%	15%
International	5%	8%	10%
Fixed	70%	80%	90%
Domestic	50%	55%	60%
International	20%	25%	30%
Cash/Cash Equivalents	0%	0%	5%

### ***OST-BIA Trust Funds***

Background - Trust funds remaining on deposit with the Office of Special Trustee (OST) (formerly the Bureau of Indian Affairs) represent certain legal obligations of the U.S. government for the Nation. The OBC has resolved that it would be in the best interest of the Nation for OTEC to monitor and periodically report on these funds.

Fund Purpose - Maintain the historical trust relationship between the Nation and the U.S. Government for receipt of financial resources from treaty obligations and claims against the U.S. Government.

Governing Policy – By federal policy, these funds are all invested in rather short-term obligations of the U.S. Government. The OTEC performs no risk assessment nor suggests an asset allocation for these funds.

Risk Assessment - The OST-BIA Trust Funds have a very low risk tolerance.

Asset Allocation – The funds are invested in public debt guaranteed obligations of the U.S. Government.

### ***Acheson Endowment***

Fund Purpose – The purpose of this endowment is to provide a resource that is used to assist the Oneida Nation for creating programs and activities which shall support programs for persons pursuing higher education or educational advancement.

Governing Policy – On 12/13/2017 the Oneida Business Committee passed OBC Resolution 12-13-17-C establishing the Acheson Education Endowment, in accordance with of the Endowments law. The OBC later amended the Acheson Endowment revising the funding priorities with OBC Resolution 11-13-19-B. The resolution outlines the following educational funding priorities:

- Priority 1: costs associated with vocational and technical trades for adult members, and advanced placement and college level courses for members who are high school students; and
- Priority 2: upon generating sufficient income to pay for Priority 1 expenses, excess disbursements shall be allocated for costs associated with professional exams and licensing; and
- Priority 3: upon generating sufficient income to fund Priority 1 and Priority 2 expenses, excess disbursements shall be allocated to fund the higher education scholarship program; and
- Priority 4: upon generating sufficient income to fund Priority 1, Priority 2, and Priority 3 expenses, excess disbursements shall be allocated to fund expenses related to all educational needs.

Further stipulations of the Acheson Endowment include:

- No disbursements shall be made until Fiscal Year 2028
- Disbursements shall be made based off of 50% of the Acheson Endowment’s interested income as calculated pursuant to section 131.8-2 of the Endowment Law.
- The Tribal Treasurer shall budget at least \$100,000 each fiscal year to contribute to the Acheson Endowment’s principle.

Risk Assessment – The overall investment period is long-term. With a (ten) 10-year distribution moratorium placed on the Fund. The risk profile should allow for growth. Once the distributions begin on an annual basis, the OTEC may want to amend the investment model.

Investment Objective: Based on the factors above, the overall objective is to grow the corpus of the fund with moderate risk. Investing in a balanced portfolio consisting of the broad asset classes of equity, fixed income and cash.

	Min	Target	Max
Domestic Equity	55	65	75
International Equity	0	10	20
Domestic Fixed Income	15	20	45
Cash/Cash Equivalents	2	5	10

### ***Oneida Nation School System Endowment***

Fund Purpose - The purpose of this fund is for long-term planning and funding of the programming and education support services of the Oneida Nation School system. Further, the

Oneida Nation School System Endowment shall be used for the purposes of creating programs and activities which shall support Priority K-12 in the Oneida Nation School System..

Governing Policy – BC Resolution # 02-27-19-B. Creation of the Oneida Nation School System Endowment in Accordance with the Endowments Law. Disbursements shall only be made if the Oneida Nation School Board (ONSB) has adopted a resolution identifying a three-year spending plan which may include programming, educational support services, and infrastructure. The ONSB resolution may also designate the amount of the endowment’s annual income for disbursement with a maximum 75% of income available for disbursement. The remainder will be reinvested in the Oneida Nation School System Endowment. If ONSB does not adopt a resolution identifying a three-year spending plan, then all income from the Oneida Nation School System shall be reinvested into the endowment. As of the adoption date of this Investment Policy Statement, an ONSB resolution identifying a three-year spending plan has not been adopted.

Risk Assessment – The specific need and time horizon has not yet been established in accordance with a resolution adopted by the Oneida School Board. Therefore, the OTEC has two goals. The first goal is to minimize inflationary risk and one-year downside risk, so that the principal maintains its value. The second goal is to maintain liquidity in case the purpose of the fund requires significant investment allocation changes.

Asset Allocation – The School System Endowment will be invested in a passive index fund that contains of mix of Domestic and International Equities, Domestic and International Fixed Income, and Cash/Equivalents.

	Min	Target	Max
Equity	15%	20%	25%
Domestic	10%	12%	15%
International	5%	8%	10%
Fixed Income	70%	80%	90%
Domestic	50%	55%	60%
International	20%	25%	30%
Cash/Cash Equivalents	0%	0%	5%

The risk-adjusted Rate of Return (ROR) goal for the Oneida Nation School System Endowment is to meet or exceed the five-year capital market assumptions of the investment industry of the weighted average of asset classes matching our portfolio. For 2020 the five-year capital market assumption based on asset class are:

5 Yr. ROR & Volatility Goals: Oneida Nation School System Endowment		
	Target ROR	Target Volatility
Domestic Equity*	5.80%	15.42%
International Equity**	7.60%	17.67%
Domestic Fixed Income	3.10%	3.42%
Cash/Cash Equivalent	1.90%	0.46%
<b>Weighted Oneida Nation School System Endowment</b>	<b>3.63%</b>	<b>6.75%</b>

\*Domestic Equity Weighted 66% U.S. Large Cap & 33% U.S. Mid & Small Cap

\*\*International Equity weighted 80% Developed (EAFE) and 20% Emerging.  
Source: JP Morgan 2020 Long-Term Capital Market Assumptions (Nov. 4, 2019)

## **HISTORY**

The history of the Oneida Trust Fund dates back nearly three (3) decades, and its antecedents more than two (2) centuries.

1775

The Oneida assisted the Revolutionary Army and the Colonists to gain independence from British rule.

1794

The United States recognized the Oneida land holdings and awarded compensation. This is the origination of the Annuity fund.

1822

Driven from their homelands in New York State, the 1822 Treaty granted the Nation an interest in all Menominee land holdings in Wisconsin. Menominee ceded Oneida land to the U.S. Government in 1822.

1967

A federal court ruled that 4 million acres of land had been taken illegally from the Oneidas in the Treaty of Butte de Mort of 1832 (also referred to by the BIA as the Stambaugh Treaty).

September 27, 1967

The 90th Congress passed Public Law 90-93 (S. 1972), provided for the distribution of a judgment by the Indian Claims Commission in Docket 75. As of that date, there were 6,652 eligible members enrolled in the Nation.

April 28, 1974

The GTC approved a 19-year payment scheduled for 6,652 enrolled tribal members from the settlement of \$1,171,248 of which 15% was set aside for reservation improvement. The GTC also established the OTEC and delegated to the OTEC the responsibility to develop a Trust Plan and the authority to administer the Trust upon final approval of the Oneida Trust Plan.

January 8, 1977

The GTC approved the Docket 75 Trust Plan and established a historical precedent by preserving the judgment funds through payment to the beneficiaries of interest only as opposed to total distribution of the judgment on a per capita basis.

March 21, 1977

The OTEC and the U.S. Secretary of Interior enter into a Trust Agreement.

July 7, 1986

The structure of the Oneida Higher Education Scholarship Fund was approved conceptually by the GTC.



July 10, 1989

The OTEC submitted a formal resolution to the BIA to withdraw the unclaimed Individual Indian Monies from the account balance in Docket 75 for the implementation of the Scholarship Fund.

January 8, 1990

The GTC authorized the OTEC to develop criteria, screen, interview, and select an investment firm and financial advisor, and to proceed with a plan to move the remaining Docket 75 Trust Funds from the Bureau of Indian Affairs.

March 28, 1990

The remaining funds from the Trust Fund, Docket 75, were wired to the Nation's custodian.

June 30, 1990

The GTC designated the Trust Fund the "Oneida Elderly Per Capita Payment Distribution Plan" and resolved to deposit \$1.5 Million annually into the Fund through the year 2000.

September 25, 1990

The Policies & Procedures for Scholarship Fund were approved by the OTEC and the Oneida Business Committee.

January 4, 1993

The GTC resolved (Resolution 1-4-93-A) to deposit an additional \$3 million annually into the Elderly Per Capita Fund for five (5) years, from 1993 through 1998.

November 22, 1993

The GTC resolved (Resolution 11-22-93-B) a three (3) year per capita disbursement of \$225 for each enrolled Tribal Member. The first Minor's Per Capita Trust Fund was established.

November 1994

The OTEC made the first distribution under the Elder Per Capita Payment Distribution Plan.

November 9, 1994

The Minors Per Capita Trust Fund was established and governed according to the Per Capita Trust Agreement between the Nation and Oneida Trust Enrollment Committee.

April 1998

The OTEC placed a ten (10) year moratorium on withdrawal of the remaining \$300,000 funds from Docket 75, consolidating Docket 75 with three (3) other Judgment Awards. This was done to encourage growth while protecting the tax-exempt status of the funds.

April 17, 1999

A New Minors Trust Fund was established by the GTC with a distribution of \$1,500 to each Minor tribal member.

November 4, 2000

A Minors Trust Fund to be pooled with other Minor Trust Funds was established with an annual distribution of \$750 for the years 2001, 2002 and 2003 to each Tribal Member.

April 22, 2003

The OTEC expanded the scope of assets to include international investing. While all investments carry risk, international investing provides greater diversification.

January 4, 2006

The OTEC expanded assets to create our own hedge fund, providing greater diversification for the EEGWT.

April 2007

The Nation and the OTEC enter into agreement with Callan Associates for third party review as well as asset allocation and asset liability study.

April 2008

Callan completes the asset allocation and liability study for the Elder Per Capita fund.

September 28, 2008

The OTEC lowers the risk parameters based on information provided by Callan Associates.

November 25, 2008

The OTEC adopts resolution 11-25-08 renewing the ten (10) year moratorium on withdrawal of the remaining funds from Docket 75 which at the time was valued to be \$545,287. The intention of the renewed moratorium was to re-establish the principle amount to \$1,000,000.

January 5, 2009

GTC approves Oneida Life Insurance Plan Plus (OLIPP) with a report back at the July 2009 semi-annual meeting.

March 1, 2009

The Nation and the OTEC moved all assets to The Northern Trust Company to custody the assets. Combining all assets under one custodian allows the Nation and Trust to streamline operations and lower custodial fees.

July 6, 2009

GTC received final report regarding the recommendation to create OLIPP and dissolves the existing Burial Policy effective 10/1/09. The OTEC proposes to use the Elder Per Capita, Higher Education and General Welfare Trust (EEWGT) pursuant to GTC Resolutions 6-30-90-A Addendum and 8-19-91-B and that the Tribal Member Life Insurance Fund (F/K/A: Burial Fund) be transferred to the Trust in order to pay OLIPP premiums. Finally, Tribal Contribution will be increased to \$1,000,000 annually to the Trust.

July 7, 2010

The Burial Fund is transferred to the EEGWT. The Finance Department will now transfer a total of \$1,000,000 annually to the Trust. The Trust is responsible to fund the premiums for OLIPP.

November 28, 2011

Funding the 5% allocation of the EEGWT to real estate begins. Three (3) Real Estate Managers were selected to invest the real estate allocation: Cornerstone, Heitman and UBS.

March 26, 2013

The Amended and Restated Memorandum and Articles of Association was signed. This was the start of closing the British Virgin Islands portion of the Standing Stone Fund investment and moving it to Northern Trust.

2013

Standing Stone Fund was liquidated and transferred to Trust custodians. The Fund was closed as a Limited Company. The OTEC created a new investment model to simulate hedge fund strategies, maintain diversification and lowering risk in the EEGWT.

April 25, 2013

HarbourVest Capital Partners is selected to invest a 5% allocation to private equity called the HarbourVest Partners IX Fund. The first capital call was April 25, 2013.

June 25, 2013

The OTEC selects a small cap money manager based on Callan Associates' list of potential Investment managers including King Investment Advisors. Boston Eagle Investment Managers was selected as the small cap manager.

June 25, 2013

Elder Per Capita 5% inflationary increase was changed to every three (3) years by the OTEC. Policy was reviewed in 2016.

September 2013

The first allocation to a small cap specific investment manager is made, further diversifying the trust.

April 11, 2016

GTC directs that any Unallocated / Unpaid per capita funds go to sewer and water starting in FY 2017. Therefore, the Language Revitalization Fund will no longer receive contributions from unclaimed per capita payments.

June 13, 2016

GTC met to discuss and take action regarding proposed per capita plans. GTC met at a reconvened meeting on April 12, 2017 and after presentations and discussion GTC adopted a per capita payment plan of \$1,300 to be paid beginning FY 2017 through FY 2021.

July 11, 2019

GTC accepted a memo request from the Tribal Treasurer dated May 13, 2019 to reallocate budgeted FY2019 and FY2020 funds for a "Disability Endowment" to be used instead as funding for a disable/handicapped program with anticipated operations beginning July 1, 2020. Any anticipated contributions for a "Disability Fund" effectively ceased from this GTC action.

September 10, 2019

OTEC adopts resolution 9-10-19 affirming the EEGWT’s funding priorities as OLIPP premiums to be the first priority expense, Elder 65+ Per Capita Payments as the second priority expense, the Trust Enrollment Department’s budget as the third priority expense, the Susan White Trust Scholarship as the fourth priority expense, and growing the EEGWT’s principal as the fifth priority.

September 26, 2019

OTEC adopts resolution 9-26-19-A freezing the inflationary increases to the Elder 65+ Per Capita Payments until the OLIPP premiums are self-funded. The Elder 65+ Per Capita Payments shall remain \$703.54 per member.

September 26, 2019

OTEC adopts resolution 9-26-19-A renewing the (10) year moratorium on withdrawal of funds from Docket 75 on the basis that the withdrawal would diminish the account to approximately \$400,000.

May 26, 2020

OTEC approves amendments to the Investment Policy Statement utilizing the LDI and Long-Term Assets strategy for EEGWT.

August 25, 2020

OTEC approves amendments to the Investment Policy Statement permitting Rule 144a securities based on limiting conditions.

**Addendum A**

Manager	Benchmark	Style
Boston Trust Walden Company	S&P 500	Value
<ul style="list-style-type: none"> <li>• EEGWT Public Equity</li> <li>• Acheson Endowment</li> </ul>		
Trillium Asset Managers		Core
<ul style="list-style-type: none"> <li>• EEGWT Public Equity</li> </ul>	S&P 500	Growth
<ul style="list-style-type: none"> <li>• Minors 0-14</li> </ul>	Custom Benchmark	Balanced
<ul style="list-style-type: none"> <li>• Minors 15+</li> </ul>	Custom Benchmark	Balanced
Campbell Newman Asset Managers		
<ul style="list-style-type: none"> <li>• EEGWT -Judgment Award</li> </ul>	Russell 3000	All Cap
Merganser Capital Management		
<ul style="list-style-type: none"> <li>• EEGWT LDI Fixed Income</li> </ul>	ICE BAML 1-5 Year US Corp/Govt Index	Aggregate
NIS (National Investment Services of America)		
<ul style="list-style-type: none"> <li>• EEGWT-Cored Fixed Income</li> </ul>	Bloomberg Barclays US Aggregate	Aggregate
Oneida Trust Department		

• EEGWT-Trust International Fund	Custom Benchmark	International Balanced
• Language Revitalization	Custom Benchmark	Balanced
• EEGWT-Fixed Income/Cash	NA – Used for multiple purpose	NA
• General Per Capita Fund	Custom Benchmark	Balanced
• EEGWT-Standing Stone Fund	HRF Fund of Funds	Alternative
• Oneida Nation School System Endowment	Custom Benchmark	Core
EEGWT-Real Estate		
• Heitman	NFI-ODCE	Core
• UBS	NFI-ODCE	Core
• Barings	NFI-ODCE*	Core
HarbourVest IX Partners		
• EEGWT-Private Equity	ThomsonONE Private Equity Performance Database	Private Equity
HarbourVest HIPEP VIII Partnership Feeder Fund		
• EEGWT-Private Equity	ThomsonONE Private Equity Performance Database	Private Equity
HarbourVest 2020 Global Fund	ThomsonONE Private Equity Performance Database	Private Equity
• EEGWT-Private Equity	ThomsonONE Private Equity Performance Database	Private Equity
Aristotle		
• EEGWT Public Equity	Russell 2000	Small & Mid Cap

\*NFI-ODCE = National Council Real Estate Investments Fiduciaries Fund Index - Open End Diversified Core Equity

### Investment Monitoring:

Quarterly performance will be evaluated to test progress toward the attainment of longer-term targets. It is understood there are likely to be short-term periods during which performance deviates from benchmark targets and market indices. During such times, greater emphasis shall be placed on peer performance comparisons with Investment Managers employing similar styles.

Several factors may contribute to an Investment Manager’s over- or under-performance at any given time - market dynamics, investment skill, and/or investment strategy or style. Given this uncertainty, it is unwise to mandate termination purely for lagging performance at any specific point. A “Watch List” will be utilized to identify Investment managers whose performance and/or organizational changes are cause for concern.

At the discretion of the OTEC, an Investment Manager may be included on the Watch List based on the qualitative and quantitative criteria described below. Once an Investment Manager is placed on a Watch List, the OTEC will be notified and performance will be closely monitored

and scrutinized. Additional actions could include staff meetings with the Investment Manager or a formal re-interview of the Investment Manager by the staff/OTEC. The Investment Manager shall remain on the Watch List until the issues identified are resolved in a satisfactory manner. In order to facilitate the evaluation of Investment Managers, the OTEC will use various analytics to measure performance compared to indices, benchmarks and peers. The following key metrics were approved by the OTEC on 4/24/2017.

1. Rank compared to Peer Performance: below the (66<sup>th</sup>) Percentile Peer Analyses
2. Return compared to Benchmark Index: below (2%) of the Benchmark Index.
3. Risk compared to Sharpe Ratio: below (1%) for Equities or below (0.5%) for Fixed-Income.

The analytics will include but are not limited to the following: comparisons of each Investment Manager's rank, return and risk: measured by the variability of the portfolio's quarterly performance for four (4) consecutive quarters over a five (5) year period. Additional analysis may also include the following: changes in ownership, changes in professional staff, and changes in investment strategy or process, client service problems, significant account loss or significant rapid growth of new business, significant legal action, and increase in fees.

Investment Managers can be added or removed from the Watch List at the OTEC's discretion.

A formal Investment Manager evaluation may include the following steps:

- An analysis of recent transactions, holdings and portfolio characteristics to determine the cause of underperformance or verify a change in style.
- A meeting with the Investment Manager, which may be conducted on-site or via conference call, to gain insight into organizational changes and any changes in strategy or discipline.
- A review of viable investment alternatives to determine if the firm remains attractive going forward compared to other candidates.
- Quarterly review of performance relative to an appropriate market index and an appropriate peer group of active Investment Managers focusing on measurement periods of one year or more.
- Quarterly review of portfolio characteristics and pattern of performance to evaluate style consistency and level of risk.