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**Date:** June 4, 2009  
**To:** Board of Directors  
**From:** Barbara J. Bonifas, CEO  
Jody Wainscott, Treasurer  
**Subject:** Investment Update

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The Investment Task Group has been carefully reviewing and discussing our investment reports and has continued to bring updates to the board. We recently sought information from each of our four investment managers on the following two issues:

1. If Girl Scouts of Western Ohio's primary interest is to preserve principal, are there any recommendations concerning our investment policy statement that you would make to us? Are there any changes you would make in your strategy?
2. If, on the other hand, our expectation is that we will need to access up to \$1 million in the next two years, what recommendations would you make? Would it change your strategy?

All four investment managers came back with thoughtful responses to these questions. Many of their answers were similar, recommending a more risk-adverse strategy, including a change in our asset allocations. In addition, they asked thought-provoking questions which led us to further discussion.

We are repositioning the investment strategy for our long-term portfolio to preserve principal while maintaining our objective, as stated in our Investment Policy Statement, "to provide for long-term growth of principal and income, and to provide income for the organization's current purposes without undue exposure to risk. The investment managers concern should be total return in a risk-adverse manner with consistency of investment performance. The goal to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of assets is also an important component of the long-term investment strategy." Changes include:

- Revision of the 5-year time horizon to 2-year
- Revision of the asset allocation to 30% equities/70% fixed income from 65% equities/35% fixed income

Transitioning the portfolio will be handled in a prudent manner by our investment managers with continued monitoring by the Investment Task Group. This action is recommended after careful review and evaluation of the following factors:

#### Future Economic Outlook

It is likely that interest rates will increase, inflation will occur and the dollar will continue to devalue.

#### Girl Scouts of Western Ohio assets/liabilities:

We have no debt and our assets/liabilities remain as previously reported with an update to the cash call by GSUSA to Councils to cover a short fall in the retirement plan. (See Attachment L)

#### Girl Scouts of Western Ohio Sources of Income:

- Cookie and nut sales – projected to decrease slightly
- Contributions – projected to decrease slightly
- United Way funding – projected to be the same as past years or to decrease slightly

### Input from Investment Managers:

Our response to the key questions posed by our investment managers about issues relevant to establishing our overall investment strategy, point to repositioning our long-term portfolio as described above to achieve increased stability.

- A. Have our income needs changed? Yes
- B. Has our time horizon changed? Yes
- C. Have our liability needs changed? Yes
- D. Has our tolerance for risk changed? Yes

We will also take the following actions on our long-term investment program:

1. Decrease the number of investment managers (currently at four) in order to take advantage of fee structures and to reduce unnecessary duplication;
2. Send out an RFP to solicit proposals from investment managers, focused solely on fixed income investments;
3. Move the long-term investments, currently held in Fifth Third Bank and National City Bank, into the portfolio of the fixed income manager (to be selected in late June). Fifth Third Bank and National City Bank will continue to hold the short-term investment funds;
4. Following that move, examine whether it is cost effective or otherwise necessary to maintain two investment managers, as opposed to one investment manager, to handle the equity portfolio (note: both Bartlett and RiverPoint Capital currently manage a portfolio of equities and fixed income securities for Girl Scouts of Western Ohio).

At the June board meeting, we will answer questions about these actions and share cost-saving measures that management is planning in light of the economic challenges we face. Your consideration of these important issues is appreciated.

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## **Our Mission**

*Girl Scouting builds girls of courage, confidence, and character,  
who make the world a better place.*