

Girl Scouts of Western Ohio
4930 Cornell Road
Cincinnati, OH 45242-1804
513-489-1025 or 1-800-537-6241
Fax: 513-489-1417
www.girlscoutsofwesternohio.org

Date: September 10, 2009
To: Board of Directors
From: Jody Wainscott, Treasurer
Subject: Investment Task Group Report

At the June 2009 board meeting, the investment task group reported our plan to reposition the investment strategy for our long-term portfolio to preserve principal while maintaining our Investment Policy Statement objective 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. Changes include:

- Revision of the 5-year time horizon to 2-year (based on forecasting the council's financial needs)
- Revision of the asset allocation to 30% equities/70% fixed income from 65% equities/35% fixed income

The plan has been implemented as follows:

1. We have reduced the number of investment managers from four to two. Fixed income securities totaling \$4.4 million were moved from Fifth Third Bank and National City Bank and divided equally between our equities investment managers - Bartlett and RiverPoint. Fifth Third Bank and National City Bank continue to manage our short-term investment portfolio.
2. Bartlett and RiverPoint decreased their fees due to the increased size of the portfolio each are now managing.
3. We analyzed whether it is cost effective and efficient to keep both Bartlett and RiverPoint to manage the long-term portfolio versus reducing to one investment manager. By retaining two managers, we achieve the following advantages:
 - Our equity portfolio has a built in hedge factor since each manager uses a different investment strategy (total growth or total income) while maintaining compliance with our Investment Policy Statement.
 - We can perform meaningful comparative analysis with regards to their portfolio performance, evaluation of market conditions and forecast about the economy, inflation/deflation, interest rates and other trends. It is helpful to compare and contrast advice received from two different managers when they are both following the same Investment Policy Statement.
 - Each firm will have larger portion of our portfolio assets to manage. This works in our favor because it gives them added incentive to give our account the attention it deserves.

The selection process, which resulted in awarding our business to Bartlett and RiverPoint, involved the development of a Request for Proposal which was then sent to several reputable firms who specialize in fixed income investments. Each declined to offer a quote because the size of our fixed income portfolio does not meet their \$10 million minimum qualification. Bartlett and RiverPoint were contacted about their interest and capability to manage this portion of our portfolio. A series of discussions were held to evaluate their level of expertise, approach to disciplined investment strategies and historical performance results.

The investment task group will provide a recap of the performance results of our portfolio at board meetings. We will meet with investment managers early in the fourth quarter to evaluate:

1. performance results,
2. compliance with the Investment Policy Statement, and
3. advice regarding investment strategies due to economic conditions, forecasts and trends.