

Alliance High School Endowment Fund Financial Policy

Investment Policy

Donor gifts will be invested in a low cost index fund.

The current fund of choice is the Vanguard Conservative Growth Fund (VSCGX) and an account has been opened and seeded at Vanguard. The fund has had an average annual return of 9.08%, 9.53% and 5.42% over the last 1, 5 and 10 years respectively. Its expense ratio is 0.15%. The account has been setup to reinvest dividends and capital gains. The Vanguard account information and latest balance statement is available on the AHSEF website at <http://www.ahsef.org>. Quarterly balance statements will also be made available on the website.

Withdrawal Policy

AHSEF will annually distribute 4% of the fund's average market value over the previous 12 quarters.

The 4% withdrawal rate is currently considered a safe withdrawal rate. The rolling average market value over the previous 12 quarters is used in order to reduce the impact of variations in donor gift giving levels and market volatility on the fund's market value.

AHSEF Giving Policy

The objective of AHSEF is to encourage long term academic excellence at Alliance High School.

The current giving policy is to distribute the withdrawal to a merit based scholarship using a transparent and deterministic formula and regardless of financial need. If in the future the goals of the merit based scholarship are met, scholarships that take financial need into account will be awarded.

Directed Gifts Policy

In addition to the AHSEF Giving Policy and focus on awarding of merit-based scholarships, in the event that an individual gift larger than US \$15,000 is donated to award scholarships in a directed manner, the fund shall strive to accommodate the wishes of the donor of the gift.

Giving to AHSEF

USA citizens' gifts to AHSEF are tax deductible since we are a 501(c)(3) tax exempt organization.

Gift can be sent directly to the Vanguard account at

Vanguard,
455 Devon Park Drive,
Wayne, PA 19087-1815

Gifts should be made payable to: AHSEF, Fund # 724, Account # 88080604891

Merit Based Scholarship Formula

The AHSEF withdrawal will be distributed annually at the end of the school academic year using a merit based deterministic and transparent formula that incentivizes long term academic excellence. Assuming the annual cost of attending AHS is X (currently \$800), and that students in each form are ranked using the most comprehensive annual Continuous Assessment Test (CAT) or equivalent and regardless of financial situation, the fund's annual withdrawal will be distributed in the order and proportions listed below until it is exhausted.

Order	Student	Amount
1	First form 1 student	X
2	First form 2 student	X
3	First form 3 student	X
4	Second form 1 student	$\frac{2}{3} X$
5	Second form 2 student	$\frac{2}{3} X$
6	Second form 3 student	$\frac{2}{3} X$
7	Third form 1 student	$\frac{1}{3} X$
8	Third form 2 student	$\frac{1}{3} X$
9	Third form 3 student	$\frac{1}{3} X$

For example, in the first year, the anticipated income is \$210. All of it will go to the first form 1 student. In a future year, assuming X remains at \$800 and the annual income is \$2,000, the first form 1 student will get \$800, the first form 2 student will get \$800 and the first form 3 student will only get \$400 since the income will have been exhausted.

For more information about the Alliance High School Endowment Fund, please contact any of the directors or officers, namely, Emmanuel Kitonyo, Martin Mbaya, Okomboli Ong'ong'a, Jacob Sitati or Tanvir Sharif.