

Investment Policy of [ORGANIZATION]

SCOPE OF THIS INVESTMENT POLICY

This statement reflects the investment policy, objectives, and constraints of [ORGANIZATION]'s investments.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This investment policy is set forth by the [ORGANIZATION] and validated annually by the Executive Committee in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of the investment goals and objectives of invested assets.
3. Offer guidance and limitations to Investment Managers and Investment Management Consultants regarding the investment of fund assets.
4. Establish a basis for evaluating investment results.
5. Manage fund assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the management and investment of assets toward desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The [ORGANIZATION] Executive Committee is a fiduciary, and is responsible for directing and monitoring the management and investment of Fund assets on behalf of [ORGANIZATION] . As such, the Executive Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. **Controller.** The [ORGANIZATION] Controller may advise the Executive Committee in: establishing investment policy, objectives, and guidelines; selecting Investment Management Consultants; reviewing such consultants over time; measuring and evaluating investment performance; reviewing asset allocations within class ranges at least quarterly to ensure they are in compliance with stated objectives and other tasks as deemed appropriate.
2. **Investment Management Consultant(s).** The Investment Management Consultant may select Investment Managers and review the performance of such Managers over time. Additionally, the Consultant may assist the Controller in recommending investment policy, objectives and guidelines, measuring and evaluating investment performance and other tasks as deemed appropriate.

3. Investment Manager(s). Each Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives consistent with such guidelines as [ORGANIZATION] may establish.
4. Custodian(s). Each custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
5. Additional specialists such as attorneys, auditors, and others may be employed by the Executive Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

The Executive Committee will not exercise control over investment decisions or the selection of Investment Managers, with the exception of specific limitations described in these statements. Investment Management Consultants will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper Investment Managers, each Investment Management Consultant should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

DEFINITIONS

1. "Fund" shall mean the [ORGANIZATION] Investment portfolio.
2. "Executive Committee" shall refer to the Committee authorized to administer the Fund as specified by [ORGANIZATION] Bylaws.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.
4. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets. More than one Investment Manager may be employed.
5. "Investment Management Consultant" shall mean any individual or organization employed to: select Investment Managers; provide advisory services, including advice on investment objectives and/or asset allocation; and monitor portfolio performance. More than one Investment Management Consultant may be employed.
6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.

7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is 1-5 years.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the Fund.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.
4. The [ORGANIZATION] Board has established that minimum operating reserves must be maintained with sufficient liquidity to ensure the organization will be able to continue operating at reduced levels for at least six months in the event of an unforeseen economic emergency.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Executive Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Investment Discipline - Investment Management Consultants are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.
4. Liquidity – [ORGANIZATION] accounting services require the ability to deposit and withdraw funds on a continuous basis. Investment Management Consultants therefore should make decisions that will maximize returns through short term investments, while understanding the need for liquidity.
5. Long Term Investments – a portion of the Fund's overall portfolio will be invested in long term growth mechanisms. This amount will be determined either as a percentage of the overall fund or a fixed amount of the fund by the [ORGANIZATION] Executive Committee on the advice of the Investment Management Consultant(s).
6. Alternative Fund Sources – this Fund may receive funds from various sources which have their own specific investment policies in place. The sources of these funds may come from planned giving or estate

planning, foundation sources or others. In these cases, this investment policy will be modified to reflect those conditions and subsequently guide Investment Managers in the handling of those specific funding mechanisms.

INVESTMENT OBJECTIVES

In order to meet its needs, [ORGANIZATION] 's investment objective emphasizes asset preservation and limited capital growth with some focus on income.

SPECIFIC INVESTMENT GOALS

Over the strategic investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed:

An absolute annual rate of return of 4-7%, including fixed income.

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account (if more than one account is used).

DEFINITION OF RISK

The Executive Committee realizes that there are many ways to define risk. Each person or organization involved in the process of managing [ORGANIZATION] 's assets must understand how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Executive Committee considers the tolerance for risk to be classified as low to medium. That is, comfortable with fluctuations in the portfolio, and less so with the possibility of large declines in value. [ORGANIZATION] 's risk/return trade-off is classified as low to moderate.

ASSET ALLOCATION

Effective 12/2/2009, [ORGANIZATION] wishes to allocate its investment assets as follows:

Asset Class	Target	Allowable Range
Equities	20%	0 – 35%
Fixed Income	65%	40 – 100%
Cash	15%	0 – 60%

Due to the need for Fund liquidity, it may be necessary to make investments in short term deposits that are lower return/lower risk. This may necessitate balancing the Fund with higher risk investments for the remainder of the Fund in order to achieve the desired rates of return.

DIVERSIFICATION

Investment Management Consultants are responsible for maintaining a balance between fixed income and equity securities based on the asset allocations set above. The following parameters shall be adhered to in managing the portfolio:

Fixed Income

- No more than 15% of the fixed income portion of the portfolio will be invested in securities of any one issuer, with the exception of the U.S. Government and/or its agencies, insured municipal bonds, savings bonds, and money market funds.
- No more than 50% of fixed income assets may be invested in one fund with the exception of broadly diversified, core bond funds.
- At the portfolio level, in aggregate, fixed income investments will have an investment-grade rating (Moody's Baa) or higher.

Equity

- Equity exposure to any individual company will not exceed 5% of the total equity segment.
- For mutual funds, with the exception of an index related investment (e.g. S&P SPDR, Vanguard 500 Index, S&P 500 ETF), no individual mutual fund may represent more than 50% of portfolio assets.

Rebalancing

- At least once each quarter the Controller will ensure that the fund allocations are within specified ranges.
- Investment Management Consultants will be directed to adjust portfolio positions as necessary.

PERMITTED ASSET CLASSES AND SECURITY TYPES

The following asset classes and security types have been approved for use:

Asset Classes

- Fixed Income
 - Domestic Bonds
 - Non-U.S. Bonds
- Equities
 - Domestic
 - Non-U.S.
 - Emerging Markets
 - REITs
- Cash and Cash Equivalents

Security Types

- Equity Securities
 - Domestic listed and unlisted securities

- Equity and equity-related securities of non-U.S. corporations, in the form of American Depositary Receipts (“ADRs”)
- Equity Mutual Funds
 - Large Cap Core, Growth & Value
 - Mid Cap Core, Growth & Value
 - Small Cap Core, Growth & Value
 - International Emerging Markets
 - REITs
- Exchange Traded Funds (ETFs)
- Fixed Income Securities
 - Government/Agencies
 - Mortgage Backed Bonds
 - Corporate Bonds & Notes
 - Unit Trusts
- Fixed Income Mutual Funds
 - Corporate
 - Government
 - High Yield
 - International and Emerging Market
 - Convertible
 - Preferred
- Closed End Funds
- Cash & Cash Equivalents
 - Money Market Mutual Fund
 - Commercial Paper
 - CDs and Bankers Acceptance
 - Guaranteed Investment Contracts (GICs)
 - SAVRS
 - Weekly Floaters

Prohibited Assets

- Precious Metals
- Venture Capital
- Short Sales
- Purchases of Letter Stock, Private Placements, or Direct Payments
- Leveraged Transactions, Puts, Calls, Straddles, or other option strategies, except as permitted above
- Derivatives, with exception of ETFs

GUIDELINES FOR INVESTMENTS

Investment Managers will be evaluated by the Investment Management Consultants who will conduct a process that includes both quantitative and qualitative criteria. Investment options are reviewed periodically to ensure that high-quality standards are maintained. The overall process seeks to ensure that the investment strategies implemented will be compatible with [ORGANIZATION]’s return requirements and tolerance for risk.

Investment Management Consultants are expected to manage the portfolio in a manner consistent with this document and in accordance with State and Federal law and the Uniform Prudent Investor Act.

The Investment Management Consultants shall be responsible for:

1. Designing, recommending and/or implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this document.
2. Advising the Executive Committee about the selection of and the allocation of asset categories.
3. Recommending investment vehicles within each asset category.
4. Monitoring the performance of all selected assets.
5. Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year and being available at such other times as needed.
6. Preparing and presenting appropriate reports.

The Executive Committee shall be responsible for:

1. The oversight of the investment portfolio
2. Advising Investment Management Consultants of any change in the current situation which could possibly necessitate a change to the overall risk tolerance, time horizon, or liquidity requirements; and thus, would dictate a change to the overall investment objective and goals for the portfolio.

COMMUNICATION

As a matter of course, each Investment Management Consultant shall keep the Executive Committee apprised of any material changes in its investment philosophy, recommended investment policy and tactics. In addition, the Investment Management Consultants shall contact the Executive Committee on a pre-determined schedule to review and explain the portfolio's investment results and any related issues. The Investment Management Consultants shall also be available on a reasonable basis for telephone and e-mail communication when needed.

Investment Management Consultants shall also notify the Executive Committee, in a timely manner, of any changes in their structure or ownership, changes in key personnel, relevant changes in laws or regulations, or any pending investigations.

REPORTING

1. The Custodian shall provide periodic reports listing all assets held, values for each asset, and all transactions affecting assets within the portfolio, including additions and withdrawals
2. The Executive Committee shall receive the following management reports from each Investment Management Consultant on a mutually agreed upon schedule as well as continuous access to on-line reporting tools:
 - a. Portfolio performance results
 - b. Performance results of comparative benchmarks for the same periods
 - c. End of period status regarding asset allocation

PROXY VOTING

Investment Management Consultants shall ensure that all proxies are promptly voted and that appropriate action is taken in connection with tender offers and other corporate actions in a manner consistent with the long-term interests and objectives of the plan.

Investment Management Consultants shall:

1. Provide the Executive Committee with current proxy voting policies.
2. Keep the Executive Committee informed of changes to proxy voting policies.
3. Keep detailed records of said voting of proxies and related actions.
4. Report annually to the Executive Committee their actions in connection with any controversial matter, or as specified by the Executive Committee.
5. Comply with all regulatory obligations related thereto.

The Executive Committee reserves the right to vote proxies, at its discretion.

BROKERAGE

The Executive Committee prefers transactions effected for the Fund be at the best price and execution. However, if an Investment Manager receives “soft dollar” compensation for transactions involving Fund assets, detailed records will be kept and communicated to the Executive Committee, including disclosure of the amounts paid to Investment Managers and benefits to the Fund.

PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Controller shall be compiled at least quarterly and communicated to the Executive Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Executive Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate an Investment Manager or Investment Management Consultant for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the Investment Management organization.

Investment Managers shall be reviewed regularly by the Investment Management Consultant regarding performance, personnel, strategy, research capabilities, costs, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Executive Committee plans to review this investment policy at least annually.

This statement of investment policy is adopted on _____, ____ 20__ by the [ORGANIZATION] Board of Directors, executed by the Executive Committee whose signatures appear below.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

DRAFT