

IMPORTANT INFORMATION ABOUT YOUR INVESTMENT POLICY STATEMENT

The following Investment Policy Statement (“IPS”) draft is provided to you as a partially completed template for your review and reference. Where applicable, policies, procedures, and guidelines presented herein are based on information provided by you and/or your financial advisor. While every effort has been made to ensure accuracy, please note that the ultimate responsibility for accuracy, applicability, and adherence to all statements contained within the final adopted IPS lies with the Board of Directors. It is highly recommended that the organization review the IPS with legal counsel prior to adoption. The IPS should be reviewed periodically to ensure it continues to meet the current needs of the organization's investment strategy.

Please contact your financial advisor with any questions regarding the IPS process.

Investment Policy Statement

Approved on: ___ / ___ / _____ by Board of Directors

This investment policy statement should be reviewed and updated at least annually. Any changes to this policy should be communicated in writing on a timely basis to all interested parties.

I. SCOPE AND PURPOSE

This section defines the organization and structure of the investment program. It includes key information about the fund, including type of institution (private or public foundation, endowment, etc.), its intent, objectives, spending policy and the assets currently in the fund.

A. EXECUTIVE SUMMARY

Name of institution: _____

Institution mailing address:

Type of institution:

Foundation

Endowment

Nonprofit

Association

Other (please specify): _____

IRS Tax Identification No.: _____

Mission or charitable intent of institution:

Total assets: \$ _____

B. BACKGROUND

Date of establishment: ___ / ___ / _____

C. INTENT OF THE IPS

The purpose of this investment policy statement (IPS) is to assist the _____ in effectively supervising, monitoring and evaluating the investment of the fund assets. Simply put, this IPS outlines a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be specific and meaningful while remaining flexible enough to be practical. Any changes in investment policy should be in writing and communicated to all parties.

D. OBJECTIVES OF FUND

Fund objective:

Growth Growth and Income Income Capital Preservation

Other (please specify): _____

Total return objective: _____ % annually

Time horizon: _____ years

Ability to take risk:

High Medium Low

Willingness to take risk:

High Medium Low

Maximum acceptable annual loss % (if applicable): _____

General description of the fund's overall investment objectives:

E. SPENDING POLICY

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) offers additional flexibility in endowment spending. The UPMIFA creates a presumption of imprudence for spending rates greater than 7%.*

The board may apply a smoothing rule to mitigate the effects of short-term market volatility when calculating annual spending. This rule can be applied to the following (please choose one):

Moving average. The equilibrium spending rate will be applied to an average of the past three years of the portfolio's market values.

Preset increment over last year. The level of spending will be increased by <<percent>>% over that of the previous year.

Judging the need for spending. The board will determine the amount to be spent based on the needs of the recipient organizations.

Specify other rule to be applied: _____

Spending policy: _____ % annually

* Private foundations, including family and corporate foundations, require a minimum of 5% spending per year.

II. GOVERNANCE

This section defines all parties involved with the fund's investments and summarizes their respective responsibilities.

A. BOARD OF DIRECTORS/INVESTMENT COMMITTEE RESPONSIBILITIES

The board of directors are fiduciaries responsible for directing and monitoring the investment management of fund assets. As such, the board is authorized to delegate certain responsibilities to professional experts in various fields including, but not limited to, the fund's investment consultant, third-party investment managers, custodians and any additional specialists.

B. CONSULTANT RESPONSIBILITIES

The investment consultant may assist the board or investment committee in establishing investment policies, objectives and guidelines; selecting investment options; reviewing investment options over time; measuring and evaluating investment performance; and other related tasks.

C. INVESTMENT MANAGER RESPONSIBILITIES

If selected, the investment manager(s) has discretion to purchase, sell or hold specific investments that will be used to meet the fund's investment objectives.

D. CUSTODIAN RESPONSIBILITIES

The 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 valuation of all assets owned, purchased or sold, as well as movements of assets into and out of the fund accounts as directed by authorized parties.

E. ADDITIONAL SPECIALISTS RESPONSIBILITIES

Additional specialists such as attorneys, auditors and actuaries may be employed by the board to help meet its responsibilities and obligations of prudently administering fund assets.

III. INVESTMENT OBJECTIVES & RISK MANAGEMENT

This section defines the investment objectives of the fund as they relate to one or more broad investment objectives. It also covers corresponding performance goals for the overall fund along with each eligible asset class. It should define a policy portfolio with target asset class weightings that align with the fund's risk and return objectives and will serve as the basis for performance and risk evaluations. In addition, this section should include any investment restrictions unique to the fund, as well as investment manager selection and termination criteria.

A. ASSET CLASSES

1. Description of asset classes

Equities: The equity asset classes should be maintained at risk levels appropriate for the risk/return expectations given herein. Ultimately, the objective should be to exceed a nationally recognized index measuring the performance of the designated sector over a full market cycle (generally three to five years) net of fees. Investment vehicles may include individual stocks, mutual funds and exchange-traded funds (ETFs). The following definitions will apply for the purposes of this policy:

U.S. stocks	Stocks of U.S.-based companies, the primary shares of which are traded on a major U.S. exchange.
International stocks	Stocks of non-U.S.-based companies, the primary shares of which are traded on exchanges outside the U.S. American Depositary Receipts (ADRs) and are considered international stocks.
Emerging markets stocks	Stocks of non-U.S.-based companies that are expected to grow significantly. Investing in these countries has potential for greater returns, but it also carries more risk than typical domestic investing.

Fixed income: Investments in fixed income securities will be actively managed to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. Investment vehicles may include individual bonds, mutual funds and exchange-traded funds (ETFs). The following definitions will apply for the purposes of this policy:

U.S. government/ corporate bonds	Fixed income securities denominated in U.S. dollars issued by the U.S. government, U.S. government agencies or U.S. corporations.
High-yield corporate bonds	Bonds issued by U.S. corporations that are generally rated below BBB/Baa.
International bonds	Fixed income securities denominated in currencies other than U.S. dollars. Issuers may be both governments and corporations.
Mortgage-backed securities	A debt security backed by an underlying pool of mortgages.
Municipal bonds	Bonds issued by local governmental subdivisions such as cities, towns or counties.

Alternative investments: Alternative investments refer to investment vehicles and strategies that are not typically included in the asset classes described above. These may include, but are not limited to, hedge funds, managed futures products, commodities and commodity contracts. Investment vehicles may also include mutual funds and exchange-traded funds (ETFs).

Cash and cash equivalents: Cash reserves should be invested in short-term (less than one year) fixed income instruments. Appropriate instruments include direct and general obligations of the U.S. government and U.S. government agencies, interest-bearing demand or time deposits, certificates of deposit, money market portfolios of FDIC member agencies, commercial paper and repurchase agreements. Investment vehicles may include mutual funds and exchange-traded funds (ETFs).

Stock exchanges: To ensure marketability and liquidity, investment managers will purchase equities listed on the following exchanges: New York Stock Exchange, American Stock Exchange and NASDAQ over-the-counter market. If an investment manager determines that there is a benefit or a need to purchase securities listed on other exchanges, they will need written approval from the board.

2. Target asset class weightings and representative indices

Asset class	Representative index	Minimum weight	Maximum weight	Target weight

3. Investment restrictions

Prohibited investments include:

Private placements

Options

Short selling

Margin transactions

Other (please specify): _____

Liquidity needs (if applicable):

Legal or regulatory constraints (if applicable):

Tax considerations (if applicable):

Other unique circumstances or considerations:

B. INVESTMENT DUE DILIGENCE

1. *Minimum requirements for selection*

Selection of investment manager(s) must be based on prudent due diligence procedures. At a minimum, a qualifying investment manager must be a registered investment advisor under the Investment Advisers Act of 1940, or a bank or insurance company.

Other requirements to consider may include, but are not limited to, investment mandate (e.g., large-cap value, multi-strategy hedge fund, etc.), portfolio composition, minimum track record, assets in the strategy, manager tenure, team structure, and additional risk and return parameters.

2. *Defined performance criteria*

The investment performance of the portfolio will be measured against commonly accepted performance benchmarks, including:

Broad market benchmark or blend of benchmarks (please specify) _____

Target rate of return (please specify) _____

Other (please specify) _____

3. *Performance monitoring*

Investment managers will be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact the manager's ability to achieve the desired investment results.

Performance reports will be generated and delivered to the client on a quarterly basis.

4. *Manager or portfolio termination*

The decision to retain or terminate an investment manager cannot be made by a simple formula. It is the Board's confidence in the investment manager's ability to perform in the future that ultimately determines the retention of a manager or portfolio.

IV. ONGOING REVIEW & MONITORING

This section outlines who is responsible for reviewing the IPS and at what frequency. In addition to covering associated costs, this section also documents the schedule for rebalancing the fund's investments and asset classes back to their target weights.

A. TIME FRAME FOR IPS REVIEW

The IPS will be reviewed:

Annually

Other (please specify) _____

The IPS is not expected to change frequently. Additionally, short-term changes in the financial markets should not require adjustments to the IPS.

B. MONITORING COSTS

Costs associated with the management of the investment program will be reviewed at least:

Annually

Other (please specify) _____

C. PARAMETERS FOR REBALANCING

The investment allocation will be monitored in a joint effort between the consultant and the investment committee.

Neither the upper nor the lower limit of the asset allocations is intended to require portfolio activity for the sole purpose of complying with the guidelines. However, deviation from these guidelines will be treated as discussion topics.

Rebalancing frequency:

Annually

Other (please specify) _____

It is recommended that the target allocation be maintained so that the fund will be able to achieve its long-term goals.

D. APPROVAL VERIFICATION

This investment policy statement is adopted on ___ / ___ / ____ by those whose signatures appear below:

Name (please print)

Title (please print)

Signature

Name (please print)

Title (please print)

Signature

Name (please print)

Title (please print)

Signature