Statement of Investment Policy

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INTRODUCTION AND PURPOSE

The Trustees of the M. J. Murdock Charitable Trust (Trust) adopt this "Statement of Investment Policy" to provide a clear understanding of the investment policy, guidelines and objectives of the M.J. Murdock Charitable Trust. This policy is intended to be an ongoing document that is flexible enough to function in the current and reasonably foreseeable investment climate. The policy will be under continual review and will change as circumstances warrant.

BACKGROUND AND ADMINISTRATIVE INFORMATION

Organization

The Trust was formed in 1975 from the estate of Melvin Jack Murdock. The Trust is a private foundation organized in the state of Washington and primarily benefits the people of the five northwest states of Oregon, Washington, Idaho, Montana and Alaska. The Trust's mission is to enrich the quality of life in the Pacific Northwest by providing grants and enrichment programs to organizations seeking to strengthen the region's educational, spiritual, and cultural base in creative and sustainable ways. As a private foundation, the Trust is exempt from federal income tax. In all we do the Trust is mindful of the Washington State laws and the Internal Revenue Code as it relates to the management of the assets by a fiduciary.

Investment Decision Making

The Trust is governed by a board of three Trustees, who are elected Trustees for life. Conforming to fundamental fiduciary duties, the Trustees make all major investment decisions based upon recommendations from the discussions with the Chief Investment Officer (CIO). The CIO has the principal responsibility for developing investment recommendations. The Trust does not retain an outside investment consultant, but may from time to time use one along with other investment professionals as considered necessary. Decisions made by the Trustees are recorded in the minutes of meetings of the Board of Trustees.

Outside Investment Management

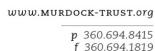
All investment assets are managed by outside investment managers or professionals. Any mandates given to these managers are based upon a thorough discussion of the Trust's investment objectives and policy.

Custody of Assets

The Trust uses BNY Mellon as custodian for its marketable securities and mutual funds. Nonmarketable investments are generally held in custody as directed by the general partner or managing member of the limited partnerships or limited liability companies.









INVESTMENT OBJECTIVES

Total Return

The Trust's primary investment objective is to achieve the total return necessary to maintain "real value" of assets with limited risk (i.e. permanent loss of capital) over a long period of time so that it can function in perpetuity without diminished capacity. Growth of the real value of assets to a modest extent is a secondary objective.

Strategic Asset Allocation

To achieve the Trust's long-term goals, the Trust has adopted an efficient strategic asset allocation. This allocation envisions a reasonably stable distribution of assets among three asset classes or Risk Buckets as follows:

	Target	Range	Expected
			Return
Risk Bucket I (lower risk)	15%	5%-25%	4%-8%
Risk Bucket II (medium risk)	50%	35%-65%	8%-12%
Risk Bucket III (higher risk)	35%	20%-50%	12%-16%
Total	100%		10% - 12%

Rebalancing

Deviations from target within the range are permitted without action and generally are the result of short-term performance variations and transitioning in and out of asset classes. Deviations outside the range should result in adjustments in cash flow or other actions to move toward the target allocation within a reasonable period of time.

Diversification/Risk Control

To control risk and minimize permanent loss of capital, the Trust will diversify among Risk Buckets and within Risk Buckets to the extent deemed necessary to reduce risk to an acceptable level for the expected return. Investment managers are monitored to assure risk is

within acceptable limits and consistent with expectations. If the aggregate exposure to any investment manager exceeds 15% of the Trust's total assets, then such exposure will be managed so as not to exceed 20%.





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Investment Philosophy

The following statements capture the essence of our investment philosophy.

- Trustees who embrace their fiduciary responsibilities
- Small group of decision makers (low turnover)
- Trustees active in decision making
- Flexible investment policy risk buckets, minimize rebalancing
- Relationship driven investment selection active management
- Maximize manager skill broad mandates when possible
- Open door policy
- Focus on long-term 3, 5 & 10 year performance, be patient
- Strive to be every manager's favorite client
- Relentless focus on improving in every way possible
- Focus on total return (highest return known to man) with adequate risk controls & liquidity
- Net returns everything else is a distraction

OUTSIDE INVESTMENT MANAGER SELECTION & TERMINATION

Manager Selection

The investment staff has an "Open Door" policy to encourage an exchange of investment ideas and themes with a global array of independent investment managers. Before a new manager is hired, the Trustees and staff carefully consider the niche to be filled and the performance, quality, and risk characteristics expected for that manager. Managers under consideration should demonstrate they have met such performance and risk criteria over an appropriate period of time.

Generally, among other things, investment managers being considered are those:

- Whom the staff members have watched and gotten to know over long periods of time.
- Whose style fits strategically within our overall asset allocation structure.
- Whom the staff members have visited in their offices and/or in ours.
- Who already have an institutional client base and are willing to openly share current and former client references.
- Whose future performance and risk are expected to be within acceptable limits.





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Investment manager selections shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person would use, who is acting in a like capacity and is familiar with these matters.

Proxy Voting

With this "Statement of Investment Policy," the Trust shall direct all managers to vote proxies in an informed manner that will maximize the total return from investments.

Termination

The Trust values long term relationships. That being said, there are no permanent investment manager appointments, and a manager is subject to termination at any time for any reason. Managers will be terminated if their style, performance or risks are inconsistent with Trust expectations, regardless of the length of tenure. Once the decision to terminate a manager is made, asset transfer and liquidation should be handled in a manner that is to the best advantage of the Trust. Such notice of termination shall be provided consistent with the underlying governing agreement.

INVESTMENT GUIDELINES

Compliance

The Trust will comply with all accounting and reporting requirements as required by governmental agencies and other regulatory agencies. The Trust requires that outside investment managers comply with all applicable laws, rules, and regulations. Compliance with the Investment Advisory Agreement, mutual fund prospectus, Limited Partnership Agreement, Limited Liability Company Agreement, or other governing instruments, and this Investment Policy is essential. Accordingly, compliance will be monitored regularly by the Trust.

Consistency

Investment manager philosophy, style, and strategy shall remain consistent and any changes will require immediate written notification to the Trust.

Performance Evaluation

The Trust will evaluate the investment performance over meaningful time periods against return expectations used in the strategic asset allocation process. Individual manager or product performance will be compared against risk/return expectations, other managers of a





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similar style, and various market indices as a frame of reference. Overall Trust performance shall be compared against institutions with similar objectives and of a similar nature.

Performance comparisons on a short-term basis will be made for purposes of gaining a better understanding of outside managers, controlling and understanding risk and refining expectations. NOTE: Manager performance will be evaluated net of related investment

management fees, custody costs, UBTI (unrelated business taxable income), and other such applicable costs, if any.

Controlling Expenses – Transaction Costs

Investment management fees shall be reasonable for the services provided. Transactions shall be executed at competitive rates on a "best execution basis" and will be monitored periodically by the Trust.

Commission Recapture

The Trust will attempt to recapture those commissions managers feel can be directed on a "best execution basis".

Periodic Meetings/ Monitoring

On an as deemed necessary basis, investment managers will make a formal report to the Trust of their performance, in light of their risk/return expectations, and their outlook for the future in their style of investing. In addition, Trustees and/or staff will periodically visit managers in their offices.

