The Stocker Foundation

Investment Policy Statement

Established in 1979, The Stocker Foundation, a private family foundation in Lorain, Ohio, awards grants to tax-exempt nonprofit organizations whose eligibility is restricted by geography and guided by the Legacy Statement of Beth K. Stocker; the Foundation's sole donor. The mission of The Stocker Foundation is to "Strengthen communities where Trustees reside" with special emphasis on positively impacting the lives of children, youth, and families.

Purpose of this Policy Statement

This policy statement outlines the investment objectives, goals, and guidelines established by the Board of Directors (the "Board") of The Stocker Foundation ("The Foundation"). To aid them with their fiduciary responsibility, The Board has established an Investment Committee ("the Committee") to monitor the investments, the performance of investment managers, and report to the Board of Directors at regularly scheduled meetings.

This statement:

Provides a clear and accurate understanding of all investment objectives, including describing appropriate risk positioning for the Foundation's assets (the "Portfolio"),

Establishes investment guidelines regarding the selection of investment managers, permissible securities, and diversification of assets,

Specifies criteria for evaluation of the performance of Investment Managers

Defines the responsibilities of the Board of Trustees, the Investment Committee, and other parties responsible for management of the Portfolio

The investment policies set forth in this document were established after reviewing The Foundation's unique needs and circumstances, and a careful evaluation of the risk and potential returns expected from the various mixes of equity, fixed income, and cash equivalent securities. The investment policies described in this statement should be dynamic. These policies will be reviewed and revised at least once every three years.

General Objectives:

The general investment objective of The Foundation is to achieve a long-term rate of return that will allow the Foundation to satisfy annual distribution requirements, meet expenses, and offset the impact of inflation.

Fund assets shall at all times be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives for the Foundation, the Board has taken into account the time horizon available for investment, the nature of the Foundation's commitments, and requirements of both federal and state laws (e.g., UPIA) and other factors that may affect their risk tolerance.

To achieve these objectives, the Board seeks to create a conservative, well-diversified and balanced portfolio of high quality equity, fixed income, and cash equivalent securities. To better assure that all investments are managed in both a prudent and professional manner and in compliance with these guidelines, the Board has determined that qualified investment managers shall be retained to manage assets. The Board shall select investment managers based on their professional abilities to manage investments in the asset classes for which they are hired. When deemed appropriate, the Board may authorize investments in mutual and/or commingled funds.

Return Objective:
To strive to achieve and/or exceed a real (net of inflation) annualized rate of return of at least 5% net of all fees and expenses over three and five-year trailing periods.

Benchmark Objective:
To strive to achieve and/or exceed an annualized rate of return of at least 1% greater than appropriate indexes over three and five-year trailing periods.

Risk Objective:
Investment managers are expected to take reasonable and prudent amount of risk to achieve the stated investment return objectives. Notwithstanding the prior sentence, investment managers should make every reasonable effort to preserve the principal of The Stocker Foundation's portfolio.

Liquidity Objective:
Grant payouts and administrative expenses will be estimated on an annual basis and communicated to investment managers such that adequate liquidity can be provided while maintaining the integrity of the portfolio structure. Income earned will be the first source of liquidity, however. Cash needs will be estimated quarterly, and cash balances will be kept at a minimum since other asset classes provide higher potential returns over time.

Investment Committee Responsibilities:
The Investment Committee is responsible for the oversight of the investable assets of the Portfolio. The Committee is responsible for establishing an investment policy for the Portfolio and to implement approved policies and guidelines, subject to the oversight and approval of the Board of Directors.

It is expected that the objectives and policies described herein will be used as the criteria for selecting and evaluating the appropriate Investment Managers for the management of the Portfolio's assets. Specifically, the responsibilities of the Committee include:

- Recommending a long-term strategic plan for the Portfolio. This includes evaluating risk tolerance and recommending long-term asset allocation policy for the Portfolio consistent with the long-term investment objectives, financial needs and circumstances of the Portfolio;

- Recommending, when deemed appropriate by the Committee, amendment(s) to the investment policy and objectives to capture an individual manager's style and expertise with respect to the Portfolio under management;

- Establishing an appropriate Investment Manager structure and the selection or termination of Investment Managers/funds;

- To monitor and evaluate the performance of the Portfolio's assets as a whole and of each Investment Manager;

- The selection or termination of administrators, consultants, and custodian for the Portfolio's assets;

- Such other duties as may be described in this policy or as required by applicable laws or regulations.

Investment Manager Responsibilities:

Fiduciary Responsibilities
Each Investment Manager is expected to manage the Portfolio's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and in accordance with applicable laws. Each investment manager shall discharge his/her responsibilities in accordance with generally accepted fiduciary standards.

Security Selection/Asset Allocation
Within the guidelines and restrictions set forth herein, it is the intention of the Board to give each investment manager full investment discretion with respect to assets under his/her management.

Notwithstanding the foregoing, the asset allocation strategy for each Investment Manager may deviate from the overall asset allocation of the Portfolio, however, the Committee is responsible for monitoring the aggregate asset allocation and may re-balance to the target allocation on a periodic basis.

It is expected that each Investment Manager will utilize a stable asset allocation strategy and not engage in tactical or market-timing asset allocation decisions. The performance of each Investment Manager is measured versus a fully invested market index, or combination of market indices, representative of the Investment Manager's investment style, asset allocation, and risk level.

Investment Goals:

The Board of Directors recognizes the necessity of a long-term horizon when formulating investment policies and strategies. However, shorter-term investment goals have been established and are intended to provide quantifiable benchmarks to measure and evaluate manager performance.

The Board of Directors has established the following investment goals for The Stocker Foundation:

- To earn an average annual rate of return over the long-term, which exceeds the rate of inflation (CPI) and expenses by at least 5.0%

- In addition, it is expected that the rate of return earned by the portfolio will rank above average when compared to a representative universe of other, similarly managed portfolios.

Investment Guidelines:

To achieve the goals and objectives outlined above, the Board of Directors has established the following target asset allocation for The Stocker Foundation's long-term portfolio:

Asset Allocation

Asset Class	Minimum	Target	Maximum	Target Indices
Equity	40%	50%	60%	
Fixed Income	20%	30%	50%	Barclays Intermediate
Cash	10%	15%	20%	
Commodities ETFs	0%	5%	10%	

Equity Class Diversification

Asset Class	Minimum	Target	Maximum	Target Indices
Domestic Large Cap Stocks	60%	75%	90%	S&P 500; Russell 1000
Domestic Mid-Cap Stocks	0%	10%	15%	S&P Midcap 400
Domestic Small-Cap Stocks	0%	5%	10%	Russell 2000
International/Emerging Market	0%	10%	15%	MSCI EAFE

This target allocation was selected after a review of the forecasted risk and return of various asset mixes. It is designed to achieve The Foundation's long-term return objectives while minimizing, to the extent possible, the variability of results.

Rebalancing Procedures

The Investment Committee will review the actual allocations to each asset class at least quarterly. In the event of significant deviations from the above stated targets, the Committee shall meet or conference to decide whether to rebalance the existing assts to the target asset mix. To achieve the desired rebalancing of the Portfolio, the Committee may transfer assets from one manager to another. The Committee shall coordinate all rebalancing actions with the Investment Managers.

When selecting investment managers to manage various asset classes, attention will be given to manager style in order to better achieve the desired diversification. Investment managers may be hired to manage individual portfolios and/or by investing Stocker Foundation assets in commingled or mutual funds. Specific assignments and guidelines for investment managers of individual portfolios will be outlined in addenda to this overall Investment Policy Statement. However, as commingled and mutual fund investments will be dictated by the investment policies and guidelines of those funds, no additional constraints may be levied on funds of this type.

Permitted Securities

Unless otherwise stated in the addenda to this Investment Policy Statement, all individually managed portfolios shall be invested only in fully negotiable equity, fixed income, and cash equivalent securities, provided they meet the following criteria:

Equity Securities:

1) Investments in all equity securities shall be limited to those actively traded on a major stock exchange;

2) At the time of purchase, no more than 5% of an investment manager's equity portfolio may be invested in the shares of a single company;

3) Investments in the shares of companies that have been publicly traded for less than one year are limited to no more than 5% of the market value of an investment manager's total equity portfolio;

4) For investment managers with domestic equity assignments, no more than 15% of their equity portfolio value shall be invested in securities issued by companies domiciled outside of the United States

Fixed Income Securities:

1) Investments in all corporate fixed income securities shall be limited to those securities rated "Baa" or higher by Moody's and/or "BBB" or higher by Standard & Poor's rating services. Fixed income securities held which are downgraded below the minimum rating by both entities shall be sold at the earliest beneficial opportunity;

2) No more than 10% (at cost) of the total fixed income portfolio shall be invested in the securities of any single corporate issuer;

3) The total investments in all fixed income securities issued by foreign governments or corporations shall not exceed 25% of the total fixed income portfolio; (and)

4) There is no limit on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.

Cash Equivalent Securities:

1) Investments in cash equivalent securities shall be limited to the following:

    a) Direct obligations of the United States Government with a maturity of one year or less;
    b) Commercial Paper with a maturity of 270 days or less that is rated A-1 or higher by Standard & Poor's or P-1 by Moody's;
    c) Repurchase Agreements collateralized by the U.S. Treasury and Agency Securities;
    d) Eurodollar Time Deposits of banks rated at least "A" or better held in an interbank fund location within the territorial United States;
    e) Bankers Acceptances issued by the largest 50 banks in the United States;
    f) Federal Agency Issues; (and)

g) The money market or STIF where the quality is consistent with the above instruments

Socially Responsible Investments:

The Board of Directors has developed a Socially Responsible Investment (SRI) strategy, which seeks to maximize both financial return and social good. The Stocker Foundation believes that corporate responsibility and societal concerns are valid parts of investment decisions. The Stocker Foundation favors corporate best practices that promote environmental stewardship, consumer protection, human rights, and diversity. In general, The Foundation seeks to avoid businesses that are extremely involved (e.g., cannot constitute "core business" or the manner in which the "majority of profits are derived") in alcohol, tobacco, gambling, weapons, and/or pornography. Investment managers will use both positive and negative screens to evaluate investments or mutual funds based on social, environmental, and good corporate governance criteria. Managers are expected to communicate with the Committee immediately about any questionable holdings.

Prohibited Investments:

Without the prior written approval of the Committee, investment managers are strictly prohibited from investing in the following securities:

a) Fixed Income Securities not denominated in U.S. Dollars or Eurodollars;
b) Financial Derivatives (futures, forwards, options, or swaps);
c) Venture Capital;
d) Guaranteed Insurance Contracts;
e) Commodities***;
f) Precious Metals or Gems****;
g) Hedge Funds;
h) Non-mutual fund holdings of International Equities (issues not traded on domestic exchanges or in the over-the-counter markets); and
i) Real Estate Investment Trusts (REITS)

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Meetings and Communications

Each investment manager is expected to provide any reasonable information requested by the Board or Committee. At a minimum, each manager shall provide a written quarterly report detailing their investment activity, the portfolio's current fair market value, and any changes in investment philosophy or strategy. At least once annually, investment managers may be asked to meet with the Board and/or Committee to review performance and philosophy. A representative of each Investment Manager shall be available on a reasonable basis for telephone communication when needed.

Any material events that affects the ownership or capital structure of the investment management firm, senior personnel changes at the investment management firm, or any material event that affects the management of this account must be reported promptly to the Committee.

Monthly statements of assets and transactions shall be provided on a timely basis.

Investment Manager Evaluation:

On a quarterly basis, the Investment Committee will review each manager's performance and adherence to the Investment Policy Statement. The review will include:

a) Market and Total Fund returns;
b) Total portfolio volatility;
c) Individual manager returns versus indices, benchmarks, and universes;
d) Adherence to mission and related guidelines and objectives;
e) Shareholder activity including proxy votes;
f) Asset Allocation and Spending Policy; and
g) The continuing appropriateness of this document;

Each investment manager shall be responsible only for those assets under his/her management

Manager Performance Evaluation

As noted above, the Committee will monitor the performance of the Investment Managers and of the composite of the separately managed accounts on a quarterly basis.

The Committee will evaluate each Investment Manager's success in achieving the investment objectives outlined in this document over at least a three-year time horizon. The Committee realizes that most investments go through cycles. Therefore, there will be periods of time in which the investment objectives are not met or when some Investment Managers fail to meet their expected performance targets.

Each Investment Managers performance should be reported in terms of rate of return and changes in dollar value. The returns should be compared to appropriate market indices and peer group universes for the most recent quarter and for annual and cumulative periods.

Guidelines for Corrective Action

The Committee recognizes the importance of a long-term focus when evaluating the performance of Investment Managers. The Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indices. The Committee, however, may require an extra level of scrutiny, which may include termination, of an Investment Manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm or the management of this account. Failure on the part of the Investment Manager to notify the Committee may be grounds for termination;

- Any material client servicing deficiencies, including a failure to communicate in a timely fashion significant changes to the portfolio holdings

- Deviations from the terms of the contract without prior written approval of the Committee constitutes grounds for termination

- The Committee will not, as a rule, terminate an Investment Manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Committee will allow a sufficient interval of time over which to evaluate performance

- An Investment Manager may be replaced at any time as part of an overall restructuring of the Portfolio

<u>Review of Policy:</u>
The Board of Directors will review this Investment Policy Statement and its addenda at least once every three years and amend it to reflect any changes in philosophy or objectives. However, if at any time the investment managers believe that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, this should be communicated immediately to the Chair of the Investment Committee in writing.

In witness Hereof, the Board of Directors of the Stocker Foundation consent to and adopt the foregoing Policy Statement, revised as of ________________2009, and authorize their duly appointed Chairman and Secretary to affix their names thereto on this _____day of ____2009.

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Chairman Secretary