

THE XYZ FOUNDATION INVESTMENT POLICY

I. INTRODUCTION

The XYZ Foundation (the "Foundation") is a not-for profit charitable organization incorporated in the state of XYZ and is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. The Foundation is committed to philanthropy best practices in order to fulfill its mission of honoring donor intent and serving the charitable needs of our community.

II GOALS

The Investment policy seeks to:

- Preserve and protect the Foundation's assets;
- Maintain liquidity to meet the Foundation's operating requirements; and
- Earn an appropriate return on investments

All transactions must be undertaken for the sole interest of the Foundation and its beneficiaries. The assets must be invested with the safeguards to which a prudent person would adhere.

III PURPOSE

This Statement of Investment Policy is meant to provide guidance for the Foundation rather than dictate a rigid policy.

- A. Describe the role of the Board of Directors, the investment/finance committee and investment advisor
- B. Outline guidelines for the investment of the Foundation's assets
- C. List parameters and benchmarks for selecting appropriate investments.

A. Role of the Board of Directors, committees, and advisor

- The Board of Directors may delegate monitoring of the assets to an Investment Committee comprised of community volunteers with expertise in investments, Foundation staff and board members. In the absence of an Investment Committee the Finance Committee, will
- assume this duty.
- The Board of Directors must approve any disbursements from the investment account.
- The Board of Directors will approve the recommendations of money managers as proposed by the investment advisor. The professional money managers will make the individual security decisions within their respective portfolios. The Board of Directors reserves the right to request to exclude specific individual securities from separately managed accounts. This option is not available with mutual funds.
- The Investment Committee will meet at least twice per year to review investment performance. The Investment Committee reserves the right to recommend modifications to the Board of Directors for approval regarding changes to asset allocation target and range percentages.
- The Committee may terminate investment advisors who do not adequately discharge their duties, including, but not limited to, failure to meet the investment objectives, failure to

adhere to the investment guidelines or failure to adequately communicate with the Committee.

- The Committee will report to the Board not less than annually on the status of the investments, evaluation of the investment advisor, and recommendations for changes in investment policy to be approved by the Board.

Investment Advisor

- The selection of the investment advisor shall be guided by a Request for Proposal (RFP) to include two or more candidates.
- The Foundation requires any investment advisor so retained to be registered under the Investment Advisors Act of 1940, and annually to provide to the Committee a copy of Form ADV, as referenced by Rule 204-3 of the Act.
- The Investment advisor’s primary responsibilities shall be to:
 1. Implement the investment guidelines described in the Investment Policy
 2. Support the Foundation in their fiduciary responsibilities
 3. Incur investment costs not to exceed an aggregate of 1.25%.

B. Guidelines:

The following chart represents a balanced growth portfolio for endowed funds that assumes moderate risk and maximizes total return. The Foundation’s investment goal is to earn, through appreciation and income, an annual return net of fees, inclusive of 12-b-1 fees, of at least 4-7% over a five year period.

Asset Class	Asset Class Detail	Target	Range
Equities	Large Cap Growth	10	5-25
	Large Cap Value	16	5-25
	Small/Mid Cap	10	5-15
	International	15	5-25
	Emerging Markets	5	0-10
Fixed Income	Core Fixed Income	25	15-50
	High Yield Bonds	5	0-10
	International Bonds	5	0-10
Alternatives	Alternatives	5	0-15
Cash/Cash Equivalents	Cash/Cash Equivalents	4	0-10

C: Definitions:

ALTERNATIVES: may include investments in the following categories: Hedged Equity, Arbitrage, Macro, Relative Value, Event Driven, Managed Futures, Commodities, Master Limited Partnerships (MLP), and Real Estate Investment Trusts (REIT).

CASH/CASH EQUIVALENTS:

All cash investments shall adhere to the FDIC limit of \$250,000 per institution.

Cash restricted by donor and held in money markets shall not be counted in the asset allocation.

D Benchmarks

Depending on the portfolio size and therefore ability to diversify in more detail, each portfolio and asset class within the portfolio shall be reported against specific benchmarks which shall be amended periodically by the Committee with input by the investment advisor(s) and formally approved by the Board of Directors.

Asset Class	Asset Class Detail	Benchmark
Equities	Large Cap Growth U.S. Equities	Russell 1000 Growth
	Large Cap Value U.S. Equities	Russell 1000 Value
	Small/Mid Cap U.S. Equities	Russell 2500
	International Equities	MSCI EAFE
	Emerging Markets Equities	MSCI Emerging Markets
Fixed Income	Core Fixed Income	Barclays U.S. Aggregate
	High Yield Fixed Income	ML US HY
	International Fixed Income	ML Global HY & EM
Alternatives	Alternatives	Varies based on alternative strategy
Cash/Cash Equivalents	Cash/Cash Equivalents	Citigroup 3-Month T-Bill