

## PERSONAL INVESTMENT PHILOSOPHY (Your name here)

<b>Type of Plan</b>	Personal
<b>Current Assets:</b>	\$
<b>Time Horizon:</b>	10 Plus Years
<b>Expected Return:</b>	Equal to or greater than CPI (consumer price index) after 4% annual distributions
<b>Risk Tolerance:</b>	Moderate
<b>Spending Policy:</b>	4% of prior year end value

### Current Asset Allocation

	<b><u>Current Allocation</u></b>
Domestic Large Cap Equities	<b>32.0%</b>
<i>Growth Style</i>	<i>16.0%</i>
<i>Value Style</i>	<i>16.0%</i>
Domestic Small Cap Equities	<b>12.0%</b>
International & Emerging Equities	<b>8.0%</b>
Real Estate Investment Trusts	<b>5.0%</b>
Fixed Income	<b>38.0%</b>
Cash & Equivalents	<b>5.0%</b>

**Evaluation Benchmark:** Total return to exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

- 35% S&P 500
- 20% Russell 2000 Small Cap Index
- 38% Lehman Intermediate Govt/Corp.
- 02% 180 Day T-Bills

# **Statement of Investment Policy, Objectives, and Guidelines**

## **SCOPE OF THIS INVESTMENT POLICY**

This statement of investment policy reflects my investment policy, objectives, and constraints.

## **PURPOSE OF THIS INVESTMENT POLICY STATEMENT**

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of assets.
3. Define expectations and limitations regarding the investment of assets.
4. Establish a basis for evaluating investment results.
5. Manage assets according to prudent standards.
6. Establish the relevant investment horizon for the assets.

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

If investment experts are employed they are deemed to be fiduciaries and 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. "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.
2. "Securities" shall refer to the marketable investment securities, which are defined as acceptable in this statement.
3. "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 10 plus years.

## **ASSIGNMENT OF RESPONSIBILITY**

### **RESPONSIBILITY OF AN INVESTMENT CONSULTANT(S)**

The Investment Consultant's role is that of a non-discretionary advisor. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager searches when requested.
3. Providing "due diligence", or research, on the Investment options.
4. Monitoring the performance of the funds to provide me with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and performance to me.
6. Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement.

### **GENERAL INVESTMENT PRINCIPLES**

1. Investments shall be made solely in the interest of me and my beneficiaries.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man 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. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. Employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.

### **INVESTMENT MANAGEMENT POLICY**

1. Preservation of Capital - Consistent with investment styles and philosophies and reasonable efforts to preserve capital I understand that losses may occur in individual securities and funds.

2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, I recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, reasonable efforts to control risk will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline – where ETFs and mutual funds are used, it is expected investment management styles for which they were hired will be adhered to. Managers will be evaluated annually for adherence to investment discipline.

## GOALS

The goal is to achieve a total rate of return sufficient to provide expected distributions during my lifetime and for growth necessary to increase future distributions.

## SPENDING POLICY

My highest emphasis is on providing income to meet my current and future income needs. As such, spending in dollar terms from year to year as inflexible. While spending is inflexible, and therefore relatively consistent and predictable, expected investment returns from "riskier" portfolios are not consistent and predictable. Therefore, in order to reduce the likelihood of underperformance and excessive deterioration of real principal during such periods, this fund must tend toward a more "conservative" investment strategy than might be the case if income were not a need. **The distribution to spending is set at 4% of the prior year-end market value.**

## INVESTMENT OBJECTIVES

In order to meet my income needs and income growth, the emphasize is on total return, so that there is growth from capital appreciation and income from dividend and interest income.

Specifically, the primary objective in the investment management for Fund assets shall be:

Long-Term Growth of Capital -To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

## SPECIFIC INVESTMENT GOALS

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

**An absolute rate of return after all distributions and expenses, equal to or greater than the rate of inflation as measured by the Consumer Price Index (CPI).**

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account. The return on each asset classes is expected to:

1. Meet or exceed the market index, or blended market index selected.
2. Display an overall level of risk in the portfolio, which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of annual returns.

## **DEFINITION OF RISK**

I realize there are many ways to define risk. I believe that any person or organization involved in the process of managing the Fund's assets understands 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 investment policy statement. I define risk as high volatility (fluctuation) of investment returns.

## **LIQUIDITY**

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet income needs, I will annually, during the first quarter of the year, evaluate my expected need for funds. This will allow sufficient time to build up necessary liquid reserves.

## **MARKETABILITY OF ASSETS**

All assets must be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price.

## **INVESTMENT GUIDELINES**

### **ALLOWABLE ASSETS**

1. Cash Equivalents
  - Treasury Bills
  - Money Market Funds
  - Savings accounts Certificates of Deposit
2. Fixed Income Securities
  - U.S. Government and Agency Securities
  - Fixed annuities
  - FDIC insured Bank Certificates of Deposit

3. Equity Securities
  - Common Stocks
  - Convertible Preferred Stocks
  - American Depository Receipts (ADRs) of Non-U.S. Companies
  - Stocks of Non-U.S. Companies (Ordinary Shares)
4. Mutual Funds
  - Mutual Funds, which invest in securities, as allowed in this statement.
5. Other Assets
  - ETFs

### **DERIVATIVE INVESTMENTS**

Derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, I will take a conservative posture on derivative securities in order to maintain my risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to specifically prohibit derivatives but to allow for the change of allowable assets following an annual review. Derivative investments may be used, as this time, only as a hedge against risk and not as an investment or an investment class.

### **PROHIBITED ASSETS**

Prohibited investments include, but are not limited to the following:

1. Commodities and Futures Contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital Investments
6. Individual Real Estate Properties
  1. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
  2. Mortgaged back securities
  3. Hedge funds

### **PROHIBITED TRANSACTIONS**

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

## ASSET ALLOCATION GUIDELINES

Investment management of the assets shall be in accordance with the following asset allocation guidelines:

### 1. Aggregate Fund Asset Allocation Guidelines (at market value)

	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Cap Equities	28.0%	<b>32.0%</b>	36.0%
<i>Growth Style</i>	<i>14.0%</i>	<i>16%</i>	<i>18.0%</i>
<i>Value Style</i>	<i>14.0%</i>	<i>16%</i>	<i>18.0%</i>
Domestic Small Cap Equities	12.0%	<b>12.0%</b>	18.0%
International & Emerging Equities	5.0%	<b>8.0%</b>	16.0%
Real Estate Investment Trust	3.0%	<b>5.0%</b>	8.0%
Fixed Income	38.0%	<b>38.0%</b>	45.0%
Cash & Equivalents	4.0%	<b>5.0%</b>	10.0%

### Evaluation Benchmark:

Total return to exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

- 35% S&P 500
- 20% Russell 2000 Small Cap Index
- 05% 1<sup>st</sup> Boston Convertible Bond Index
- 38% Lehman Intermediate Govt/Corp.
- 02% 90 Day T-Bills

## EMPLOYMENT OF AN INVESTMENT ADVISOR AND INSTRUCTIONS

I believe it is not necessary or desirable at this time that I employ an investment advisor. Currently I can select a diversified portfolio of securities and investments that represent a cross section of the economy. However, in order to achieve my long-term goals, it may be prudent to engage an advisor(s) to insure a prudent level of portfolio diversification. The securities of any one company or government agency should not exceed 10% of the total fund, and no more than 20% of the total fund should be invested in any one industry. Individual treasury securities may represent 40% of the total fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Fund's aggregate bond position.

## **GUIDELINES FOR FIXED INCOME INVESTMENTS AND CASH EQUIVALENTS**

1. Fund assets may be invested only in commercial paper rated A1 (or equivalent) or better.
2. Fixed income maturity restrictions are as follows:
  - Maximum maturity for any single security is 30 years.
  - Weighted average portfolio maturity may not exceed 15 years.
3. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

## **PERFORMANCE REVIEW AND EVALUATION**

Annual evaluations in the first quarter of each year will be complete and will review the investment performance of the total portfolio, as well as asset class components and 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, otherwise a change will be made when:

1. Investment performance is significantly less than anticipated given the discipline employed and the risk parameters established, or there is an unacceptable justification of poor results.
2. There is failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. There is significant qualitative change to the investment management organization.

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

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations, as established in this statement of investment policy, this plan and the investment portfolio will be reviewed at least annually.

This statement of investment policy is adopted on \_\_\_\_\_, \_\_\_\_ 20\_\_\_\_ by

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