



Investment Policy Statement

INTRODUCTION:

This Investment Policy Statement is intended to guide the Investment Committee and the Investment Consultant in review of all aspects regarding the investment of the **SHASTA REGIONAL COMMUNITY FOUNDATION** assets. It is intended to be sufficiently specific to be meaningful yet flexible enough to be practical and to outline investment:

- a.) Objectives
- b.) Selection and retention standards
- c.) Performance evaluation
- d.) Due diligence review

Responsibilities of Investment Committee:

The **SHASTA REGIONAL COMMUNITY FOUNDATION** Board of Directors has delegated to the Investment Committee the authority and responsibility to invest and monitor available assets for the Foundation.

Investment Objectives:

It is the Committee's intention to utilize a broad range of diversified investments. This range should provide the cash flow necessary to generate funds to:

- a.) Support the Foundation's programs;
- b.) Offset inflation and over time to enlarge the assets.

The combination of investment asset classes should produce a "Balanced Portfolio" of approximately 40% fixed income securities and 60% percent equities. The average annual performance should approximate five and one half (5 ½%) percent, net of changes in the Consumer Price Index.

Management Company Selection:

The Investment Committee is authorized to engage professional investment management assistance in attempting to achieve the investment objectives.

The Committee has determined to utilize Mutual Funds in an effort to achieve the investment objectives. To be considered, a Mutual Fund candidate must belong to a fund family which:

- a.) Displays consistent and superior long term performance
- b.) Manages at least \$30 billion
- c.) Has continuously managed for at least twenty five years

- d.) Maintains an average relative performance rating of Morningstar 3 or other industry-recognized standards that the Investment Committee may select.

Investment Options:

The Investment Committee will arrange to provide a broad range of mutual funds with the following objectives:

- Stability of principal
- High current income
- Current income with potential growth of income and capital
- Maximum total return from capital appreciation and income
- Maximum capital appreciation
- Access to foreign investment opportunities.

Investment Consultant's Responsibilities:

The Committee may appoint an Investment Consultant. The Consultant will guide the Committee with:

- a.) Specific fund selection;
- b.) Regular investment and fiduciary overview;
- c.) Propose amendments to this statement

Performance Standards:

The Committee will meet with the Investment Consultant at least quarterly and review the fund family (ies) and the funds' absolute and relative performance. The review will detail comparison of funds of a similar category and appropriate indices. Consistent underperformance (4 quarters) from these tests, or a change of the fund manager, or the fund's investment objective will prompt an in-depth analysis. This analysis may result in replacement of that fund or the family. An in-depth analysis will also occur if the fund family is involved in a merger or an acquisition.

The Committee understands the long-term nature of these investments and will normally consider a business cycle (4 to 5 years) as an appropriate time measure for purposes of achieving the appropriate standards.

Annual Review:

This statement, as well as the performance of the Investment Consultant will be reviewed annually or as needed. Amendments will be considered in view of:

- a) Economic outlook
- b) Portfolio risk levels
- c) Foundation requirements

Investment Restrictions:

The following investments will not be considered at this time:

- Commodities
- Derivatives

- Insurance contracts
- Limited partnerships.

Conclusion:

This statement is to be used only as a guideline to formulate and monitor the investment practices of the **SHASTA REGIONAL COMMUNITY FOUNDATION** assets. It is not a contractual statement. It is to be used as a flexible document to assist the Investment Committee in the management of its fiduciary duties.