

RICHARDSON ROTARY FOUNDATION

INVESTMENT POLICY

I. PURPOSE

This investment policy addresses the methods, procedures and practices which must be exercised to ensure the effective and prudent fiscal management of the Richardson Rotary Foundation funds.

II. INVESTMENT PRINCIPLES

- A. Investments shall be made solely in the interests of the Foundation.
- B. Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.
- C. Investments shall be reasonably diversified to reduce the risk from having a large percentage of total assets in a single issue.
- D. Investments shall be monitored for value according to market conditions and trends, and may be sold to realize gains or to protect principal.

III. INVESTMENT OBJECTIVES

- A. Preservation and Safety of Principal – Preservation of capital is the foremost, but not exclusive, objective of the Foundation.
- B. Liquidity – The Foundation's investment portfolio will remain sufficiently liquid to enable the Foundation to meet all of its operating requirements for a minimum of four years. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investment in securities with active secondary markets.
- C. Total Return – The primary objective of the Foundation is to achieve an annualized total return, net of fees and expenses, through appreciation and income, equal to or greater than the rate of inflation, as measured by the Consumer Price Index.

IV. RESPONSIBILITY AND CONTROL

The Treasurer of the Foundation shall be responsible for the ongoing day-to-day management of Foundation assets, making investment decisions according to the guidelines established by the Foundation's Board of Directors. The Treasurer will seek the advice of the Foundation's outside professional investment advisor in making those decisions.

V. GUIDELINES FOR INVESTMENTS

A. Allowable investments:

1. Cash
2. Treasury bills and notes
3. Money market funds
4. Certificates of deposits
5. U.S. Government and Agency Securities
6. Securities backed by the U.S. Government
7. Corporate notes and bonds
8. Bond mutual funds
9. Mutual funds
10. Unit investment trusts (UITs)
11. Exchange traded funds (ETFs)
12. Real estate investment trusts (REITs)

B. Prohibited investments:

1. Private placements
2. Venture capital investments
3. Real estate directly held
4. Hedge funds
5. Short selling
6. Individual preferred or common stocks
7. Margin transactions

C. Bonds vs Equity Ratio

Assets will be invested with an approximate ratio of 40% bonds and 60% equity.

Assets should be rebalanced at least once a year.

VI. MONITORING PORTFOLIO INVESTMENTS AND PERFORMANCE

The Board of Directors of the Foundation will monitor the portfolio's investment performance against the portfolio's stated investment objectives. Periodically, but no less frequently than annually, it will formally assess the portfolio and the performance of its underlying investments.

The outside investment advisor shall be provided a current copy of this Investment Policy, and any additional instructions and copies of meeting minutes pertaining to the management of the portfolio. The outside investment advisor shall be required to return a signed verification that he has read the Policy.

Approved by the board of the Richardson Rotary Foundation.

Foundation President, Courtenay Tanner

Date