

Investment Policy Statement

Stuart Rotary Charitable Foundation, Inc.

The Stuart Rotary Charitable Foundation, Inc. (hereafter called FOUNDATION) was established in 1987 to support the work of the Stuart Rotary Club. The Foundation exists to generate and distribute funds in support of the service work of the Stuart Rotary Club.

The Board of Trustees of the Foundation has full discretion and authority with regard to the investment of the Foundation's assets.

STATEMENT OF PURPOSE

The purpose of the document is to outline goals and investment objectives of the Foundation. This policy statement is intended to provide guidance to the Investment Committee and their responsibility for managing the Foundation's assets. It outlines certain specific investment policies which will govern how to seek to achieve those goals and objectives.

1. Describe a risk posture for the investment of the Foundation's assets;
2. Specify the target asset allocation policy for those assets;
3. Establish investment guidelines regarding the selection of the Investment Committee, permissible securities and the diversification of assets;
4. Specify the criteria for evaluating the performance of the Foundation's Investment Committee and of the Foundation investment portfolio as a whole;
5. Encourage effective communication between Investment Committee and the Trustees; and
6. Define the responsibilities of the Trustees and the Investment Committee.

The committee believes that the investment policies described in this Policy Statement should be dynamic. These policies should reflect the Foundation's current financial status, and the committee's philosophy regarding the investment of assets. These policies should be reviewed by the committee periodically and revised as necessary to ensure that they continue to reflect the current financial situation of the Foundation and the capital markets.

STATEMENT OF RESPONSIBILITIES

Specifically, it is anticipated that the parties noted below will have the following roles:

Trustees

- Regular maintenance of investment policies and criteria.
- Setting performance goals and appropriate risk levels.
- Set asset allocation parameters and approve asset classes.
- Review of the asset allocation policy.

Investment Committee

Until such time as the Foundation's endowment grows large enough to justify it, the Foundation will utilize the recommendations of its Investment Committee.

It is understood that the term Investment Committee may refer to Investment Advisors, Trust Officers or other Financial Professionals with appropriate skills to prudently manage the Foundation's funds. The Investment Committee is responsible for deploying the assets based on the policy guidelines set forth in this Investment Policy Statement and for making investment decisions (purchasing, holding, or selling securities).

OBJECTIVES AND GOALS

Risk Tolerance

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Foundation is the determination of an appropriate risk tolerance. The committee examined its willingness to take risk and the Foundation's financial ability to take risk based upon relevant factors, including:

Factors that contribute to a higher risk tolerance are:

1. The Foundation can take advantage of a long time horizon;
2. The Foundation has no defined finite liabilities.

Offsetting these factors are:

1. The foundation must be able to meet any unexpected expenses or liabilities;
2. Large fluctuations may affect the Foundation's willingness to maintain the investment strategy.

Based on these factors, the committee chose a Moderate Conservative risk profile. This profile is for investors who are willing to take a moderate level of risk. Primary emphasis is to strike a balance between portfolio preservation and portfolio appreciation. Investors using this model should be willing to assume a moderate level of volatility and risk of principal loss. A typical portfolio will primarily include a balance of fixed income and equities.

SPENDING POLICY

To resolve the need for current spending while still allowing for long-term capital appreciation, endowment funds will be managed on a total return basis. Total spending from the endowment on an annual basis shall be no more than 5% of the fund value, or not less than the minimum required by statute. To smooth values caused by market variations, the spending will be calculated using a twelve-quarter average market value of endowment values. Exceptions to this spending limitation shall be at the discretion of the Trustees.

ASSET ALLOCATION STRATEGY

The Foundation maintains two accounts: (1) cash and (2) endowment. The cash account is working capital and is managed by the treasurer. The endowment is managed under the terms of this Investment Policy Statement. For the endowment, the policy governing the overall equity and cash positions is to maintain a diversified portfolio designed to provide moderate long-term growth potential and current income.

In line with the Foundation's return objectives and risk parameters, the mix of assets should be maintained as follows (percentages are of the market value of Foundations investments, not including cash account):

Asset Class	Minimum	Target	Maximum	Benchmark
Domestic Equity	20.00%	30.00%	40.00%	S&P 500
Foreign Equity	7.00%	12.00%	15.00%	MSCI AC World ex US
Fixed Income	25.00%	53.00%	65.00%	BBG Barclays US Aggregate Bond Index
Cash/Cash Equiv.	0.00%	5.00%	10.00%	US Treasury Bills 30 Days

Asset Class Totals	Minimum	Target	Maximum
Total Equity	27.00%	42.00%	55.00%
Total Fixed Income	25.00%	53.00%	65.00%
Total Cash Equiv.	0.00%	5.00%	10.00%

REBALANCING PROCEDURES

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Foundation's asset allocation, the aggregate asset allocation should be monitored; and the committee may rebalance the Foundation's assets to the target allocation on a periodic basis. To achieve the rebalancing of the Foundation, the committee may redirect contributions and disbursements from individual investment managers as appropriate, in addition to shifting assets from one investment manager to another.

STANDARDS OF PERFORMANCE, REVIEW AND EVALUATION

The Trustees will select an Investment Committee consistent with these objectives. The assets subject to each such Investment Committee will constitute an “account” or “investment account”.

The investment performance of the total portfolio, as well as asset class components, 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 the statement. The Trustees reserve the right to change the Investment Committee for any reason including the following:

1. Investment performance is less than anticipated given the discipline employed and the risk parameters established, of unacceptable justification of poor results.
2. Failure to adhere to any aspect of the Investment Policy Statement, including communication and reporting requirements.
3. Significant qualitative changes to the Investment Committee.
4. At the convenience of the Trustees.

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

PRUDENCE

All participants in the investment process shall act responsibly. The standards of the “prudent investor rule” shall apply to all transactions and decisions relating to endowment funds. In addition, Trustee members shall avoid all conflicts of interest in oversight of endowment funds.

COMMUNICATION AND REPORTING

The Trustees will review the performance of each investment account and the Foundation as a whole at least quarterly to assure continued compliance with this Statement.

Foundation President

Date