

Investment Policy Statement
Ohio District Kiwanis Foundation
August 13, 2010

Statement of Purpose

The purpose of this Investment Policy Statement (IPS) is to provide guidelines and a general framework to be utilized by our advisor(s) to effectively, allocate, supervise, monitor, and evaluate the investment assets of the Ohio District Kiwanis Foundation.

This IPS does not constitute a contract. It is intended solely as a summary of investment philosophy to provide guidance for the management of the Ohio District Kiwanis Foundation's portfolio. The hiring and retention of any investment advisor requires an additional and separate agreement/contract which shall be in accordance with the policies and requirements in this IPS.

Recognition of Fiduciary Responsibility

The Ohio District Kiwanis Foundation recognizes the importance of sound fiduciary practices in both the choice of an investment adviser and in our monitoring of the adviser's practices.

The Ohio District Kiwanis Foundation recognizes the following Uniform Standards of Care:

1. Know standards, laws and pertinent trust provisions.
2. Diversify assets to specific risk/return profile for the funds.
3. Prepare a detailed, written investment policy statement.
4. Use "prudent experts" and document due diligence.
5. Control and account for all investment related expenses.
6. Monitor the activities of "prudent experts".
7. Avoid all conflicts of interest and prohibited transactions.

Our investment advisers must also demonstrate a high degree of their own fiduciary responsibility and adhere to prudent choices of investment products and processes. They must acknowledge and adhere to the above Uniform Standards of Care.

Investment Policy Statement

The Ohio District Kiwanis Foundation and its Finance committee take seriously the stewardship and responsibility over its funds. It recognizes that all donations and club advised funds reflect an implicit trust in the Foundation's ability to invest these resources and to use these funds wisely. The Finance Committee will work with its investment adviser to set policy, establish performance benchmarks and monitor the performance of the Ohio District Kiwanis Foundation's portfolio against these policies and benchmarks.

The Foundation's investment philosophy reflects the following fiscal objectives:

Primary Objective: Preservation of purchasing power

Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation in order to preserve the purchasing power of the Foundation's assets.

Secondary Objective: Growth of capital

Asset growth, exclusive of contributions and withdrawals, should provide a rate of return competitive with a balanced portfolio.

These objectives should be achieved by utilizing a strategy of equities, fixed income, alternative investments and cash equivalents in a mix that is conducive to participation in a rising market while allowing adequate protection in a downward market.

The investment funds of the Ohio District Kiwanis Foundation are segregated into levels of investment as shown below:

1. **Current Operating Funds / Short Term Reserves:** Defined as the amount needed to fund current budgeted obligations, grants, scholarships and reserves. These funds are not included in the overall portfolio allocations percentages.
2. **Endowment and Club Advised Funds:** Defined as funds set aside as the corpus of the Foundation and the assets of the Club Advised Funds. These funds are available for investment under the direction of the Board of Directors of the Foundation. It is expected that the past year's contributions and donations can be used to fund the next year's current expenses; however, our portfolio must have a reasonable level of income producing assets to also give liquidity in addition to long-term growth of capital. The minimal level of overall growth expected would be 5% over the Consumer Price Index – Urban.

Investment Strategies

Using the investment instruments outlined below, the following investment guidelines should be followed for each category of funds.

1. Current Operating Funds

0% to 100% Cash and Equivalents or anticipated income from income producing assets

Cash is defined as the Foundation's checking accounts and money market funds at financial institutions chosen by the Board of Directors. These checking accounts and money market funds should be used for current operating funds. These accounts are only typically insured for \$100,000 and the balance in these accounts should not exceed that amount. In the event that the donations and contributions in a current year do not cover the operating expenses, anticipated income from income producing assets will be used as part of our current operating funds.

2. Endowment and Club Advised Funds

Category I 15% Minimum to 25% Maximum

Acceptable investments within this category include: CDs, US Treasuries, interest bearing checking accounts, and liquid money market accounts. The aim of this category of the portfolio above all else is to protect the principal.

Category II 50% Minimum to 65% Maximum

Acceptable investments within this category include income producing stocks, stock funds, balanced funds, bonds, international stocks and international bonds within a fund. The aim of this category is to provide current income along with the possibility of long-term growth of capital. It is understood that the value of this portion of the portfolio will fluctuate and will consequently involve risk.

The resources allocated to this category can be invested with a professional money manager either directly or via a mutual fund. At the point of investment, the individual asset position will be associated with a closely correlated index and monitored relative to its performance on an ongoing basis with its peer group index. If an individual asset in this category underperforms its benchmark by 10% or more in any rolling 12 months, it will be considered as a warning for replacement, unless additional analysis is presented.

Category III 10% Minimum to 30% Maximum

Acceptable investments within this category include non-income producing stocks, stock funds and alternative investments. This category can include large capitalization, mid-capitalization, small capitalization and international stocks with the portfolio. The category can include assets which are income producing. The aim of this category is long-term growth of capital with no consideration given to current income. This category is the most aggressive component of the portfolio and will experience more volatility and possibility of capital losses than the other categories.

The resources allocated to this category can be invested with a professional money manager either directly or via a mutual fund. At the point of investment, the individual asset position will be associated with a closely correlated index and monitored relative to its performance on an ongoing basis with its peer group index. If an individual asset in this category underperforms its benchmark by 10% or more in any rolling 12 months, it will be considered as a warning for replacement, unless additional analysis is presented.

Alternative Investments

Investment vehicles and strategies not typically included in the asset classes described above. Alternative investments may include, but are not limited to: hedge funds, managed futures products and private placements. Each position is recommended not to exceed 3-5% of the total portfolio.

Investment Funds and Manager Selection

The investment funds and managers selected shall have demonstrated the ability to provide above average returns when measured against their peers and their benchmarks over time. It is the responsibility of the investment advisor to provide ongoing review and analysis of the managers and funds within the investment account.

An investment may be replaced or repositioned for any of the following reasons:

- 1) Departure of one or more of the firm's key investment personnel.
- 2) Deviation from the firm's or fund's stated investment discipline.
- 3) Poor investment performance over a "reasonable" period of time (two years as a minimum, with three years a more appropriate period under normal circumstances).
- 4) Change of client's objectives, which become incompatible with the particular investment.
- 5) A better alternative not previously available becomes available.
- 6) The investment category is not within the stated parameters of this IPS.

Investment Adviser Restrictions

1. There shall be no more than 20% invested in any one industry sector.
2. The market value of any one investment position shall not exceed 5% of the total portfolio, with the exception of securities issued by the U.S. Government and its agencies or investment in mutual funds.
3. There shall be no short selling, securities lending, financial future, margins, options, or other specialized investments.
4. There shall be no investments in non-marketable securities, commodities, or speculative real estate.
5. There shall be no investments in private placements or letter stock, with the exception of those given as gifts.
6. If any major management or personnel changes occur with the investment adviser's firm, the Finance committee is to be immediately notified.

Investment Adviser Review Process

1. The Finance Committee, Board of Directors and other interested and authorized persons can/will monitor investments based on the monthly consolidated statement of positions provided by the investment adviser and miscellaneous specific reports and information prepared by the advisor from public sources.
2. Advisor will be available for communication as requested and will provide at least quarterly a written performance analysis including current status, future expectations, analysis of performance and allocation of investments, and performance comparison to peer groups.
3. Verbal report to the Finance Committee chair to provide update and analysis is encouraged at any time.

4. The advisor will also meet in person with Foundation Finance Committee and/or Board as deemed necessary, but at least once per year, in November, to review performance, perspective and analysis of the portfolio, including peer group comparisons.
5. Failure to follow the Ohio District Kiwanis Foundation's Investment Policy Statement will be grounds for removal. Written notification from the Finance Committee will be sent to the investment advisor establishing the violation with a specific time frame of no longer than 3 months from the date of the notification to comply with the policy. Non-conformance will result in termination.
6. Failure to consistently meet investment benchmarks, as established within a reconciled performance monitor, over an extended period of time may result in the investment advisor being placed on "watch" and may lead to termination. Specifically, if portfolio assets trail their respective index by 200 basis points over 3 years and/or portfolio assets are in the 50 percentile ranking or below of a comparable peer group, then the investment advisor is immediately placed on "watch" for not doing due diligence over the portfolio management.
7. Substantive changes in an investment adviser's philosophy, process, people or fees may result in the investment adviser being placed on "watch" and may result in termination.

Policy Review

It shall be the responsibility of the Finance Committee to review this policy periodically but not less frequently than annually. Any modifications shall be approved by the Board of Directors of the Foundation and reviewed with the investment adviser in a timely manner. It is understood, however that it is generally not in the best interest of Ohio District Kiwanis Foundation to react to short-term events that contradict the longer term policy adopted in this policy.

Adopted by Ohio District Kiwanis Foundation on August 13, 2010.

/S/ Al Allender
Al Allender, President

/S/ Jean Forbes
Jean Forbes, Secretary/Treasurer