

SAMPLE INSTITUTIONAL INVESTMENT POLICY STATEMENT (IPS)

SAMPLE ORGANIZATION
Investment Policy Statement
Account # [xxxxxxx]

I. Purpose

The purpose of this Investment Policy Statement (IPS) is to establish guidelines for the investable assets (the Portfolio) of [SAMPLE ORGANIZATION] held custody at [CUSTODIAN NAME]. This document shall apply to the Finance/Investment Committee as well as all Investment Consultants and/or Investment Managers hired to assist with the management of the Portfolio.

II. Objectives

The primary investment objective is to achieve [GROWTH/MODERATE GROWTH/AGGRESSIVE GROWTH/GROWTH AND INCOME/INCOME].

Investments will be focused on quality securities that are diversified among asset classes and within broad industry categories for each asset class to help minimize risk. Low cost, passive investment solutions will be used where available and prudent.

Generally, there is a correlation between portfolio returns and the amount of portfolio risk you are willing to assume. Portfolio's emphasizing long-term growth tend to experience high price fluctuations over the short term. You will need to accept higher portfolio risk if you wish to achieve higher returns.

III. Time Horizon

The investment guidelines are based upon an investment time horizon of [X YEARS]. The client's strategic asset allocation is also based on this [SHORT/MEDIUM/LONG] term perspective. Short-term liquidity requirements are anticipated to be non-existent, or at least should be covered by cash inflows and/or short-term reserves.

The client recognizes that the possibility of capital loss does exist. When it comes to investing, time is an asset. Staying true to your investment strategy through all market conditions is critical to achieving your goals, especially during times of market volatility.

IV. Risk Tolerance

Risk tolerance describes the degree of risk you are willing to assume to achieve your investment objectives. Generally, higher potential returns carry a correspondingly higher level of risk.

The client's risk tolerance score is [XX out of 100], putting them in [Risk Group X]. Investors in [Risk Group X] have a [LOW/MEDIUM/HIGH] tolerance for risk. They fully understand investing requires a longer-term perspective and are willing to tolerate fluctuations in market value and rates of return to achieve objectives. Reference risk tolerance questionnaire results dated [MONTH, DAY, YEAR] for additional information.

V. Asset Allocation

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing risk and rewards of market behavior, the following strategic asset allocation was selected to achieve the objectives of the Portfolio:

<u>Asset Class</u>	<u>Target, %</u>
U.S. Equity	X%
International Developed Equity	X%
Emerging Market Equity	X%
Domestic Real Estate	X%
Investment Grade Bonds	X%

The weighting of each asset class shall be constrained within +/- 15% of the strategic asset allocation targets. This constraint serves as a trigger to rebalance the portfolio, as well as a constraint within which tactical shifts to the portfolio must remain.

VI. Investment Monitoring and Control Procedures

- A. The investment custodian shall provide the client with monthly statements. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.
- B. All authorized individuals have direct access to account information and have the authorization to make deposit and withdrawal requests. Reference [SAMPLE ORGANIZATION] internal control document for deposit and withdrawal procedures.
- C. The Investment Consultant/Manager shall prepare a quarterly performance report, which should include the Portfolio's performance, asset allocation, and compliance with all applicable guidelines defined in the IPS.
- D. The Portfolio shall be reviewed at least quarterly to ensure that all investments remain in compliance with all applicable guidelines defined in the IPS.

VII. Cash Management Guidelines

- A. The total dollar amount to be kept in cash or money market accounts should represent [X] months of [SAMPLE ORGANIZATION] expenses. Monthly expenses are calculated annually and based on previous year's audited financial statements. Reference [SAMPLE ORGANIZATION] internal control document for additional cash management procedures.

- B. Cash held in the [SAMPLE ORGANIZATION] checking account is used to fulfill monthly obligations, including a buffer for unbudgeted items. The amount will be determined by management and documented in meeting notes.
- C. Cash above and beyond what is determined by management to remain in the [SAMPLE ORGANIZATION] checking account will be placed in a money market account or high-yield savings account earning a competitive interest rate. All money market accounts or high-yield savings accounts should meet additional criteria outlined in Section VIII of this Investment Policy Statement.
- D. Any cash accounts opened or closed need prior approval by the Executive Committee or Board.

VIII. General Guidelines

- A. The Finance/Investment Committee should review investment activity on a regular basis.
- B. In the event a Committee member steps down from the Finance/Investment Committee, he/she is responsible for communicating this action to the other Committee members and the Investment Consultant/Manager. They will be removed as an authorized individual immediately.
- C. Accounts such as interest-bearing checking accounts, money market accounts, certificates of deposit, investment-grade commercial paper, government securities, and publicly traded mutual funds are to be the primary investments. Investing in any other type of investment vehicle requires prior recommendation by the Finance/Investment Committee and approval by the Board of Directors.
- D. Within guidelines, maximum interest rates shall be sought, with the maturity of the investments governed by expected cash needs.
- E. All securities are to be written in the name of [SAMPLE ORGANIZATION].

IX. IPS Review

- A. Any of the following shall trigger a review of the IPS:
 - 1. A change to the organization's Investment Objectives.
 - 2. In the absence of any change to the organization's Investment Objectives, the IPS should be reviewed at least annually.

CLIENT(S)

Signature: _____ Date: _____

Client Name: _____

Signature: _____ Date: _____

Client Name: _____

Signature: _____ Date: _____

Client Name: _____

Signature: _____ Date: _____

Client Name: _____

INVESTMENT ADVISOR/CONSULTANT

Signature: _____ Date: _____

Advisor Name: _____