

INVESTMENT POLICY STATEMENT

Sample Family Foundation

Prepared for:

10/21/2011
Dated

This investment policy statement should be reviewed and updated at least annually.
Any change to this policy should be communicated in writing on a timely basis
to all interested parties.

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the Trustee(s) (Trustee(s)) of the Sample Family Foundation and the Investment Advisor (Advisor) in effectively supervising, monitoring and evaluating the management of the trusts assets. The investment program is defined in the various sections of the IPS by:

1. Stating in a written document the Trustee(s)'s attitudes, expectations, objectives and guidelines for the investment of their assets.
2. Setting forth an investment structure for managing trust assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
3. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.
4. Encouraging effective communications between the Trustee(s), the Advisor and interested parties.
5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international governmental and regulatory entities that may impact the trust assets.

BACKGROUND

EXECUTIVE SUMMARY

Trust Name:

Type of Trust:

Tax Id:

Date Established:

State Domiciled:

Fiscal Year End:

Current Assets:

Time Horizon:

Modeled Return:

Modeled Loss:

STATEMENT OF OBJECTIVES

The objectives of the trust have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives are:

1. Moderate growth of principal
2. Annual distributions to income beneficiary

Time Horizon

Risk Tolerances

The Trustee(s) recognizes and acknowledges some risk must be assumed in order to achieve the investment objectives of the portfolio and that there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Trustee(s)'s ability to withstand short- and intermediate-term variability of values was considered. The time horizon of the trust and the annual contributions suggest that some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

Moral and Social Guidelines

It is recognized that all who are involved in the investment process have a legal obligation as fiduciaries to achieve maximum returns consistent with the level of investment risk appropriate to the investment objectives. This obligation must be balanced with the moral and ethical concerns of the Trustor(s) at all points in the investment management process. It is further recognized that there may be circumstances (where investments are pooled with other investors as in mutual funds or index funds for economies of scale and diversification) where control over or influence over the investment decisions is limited.

Performance Expectations

In general, the Trustee(s) would like this portfolio to earn a targeted return of at least 6.5%. It is understood that an average return of 6.5% will require superior manager performance to: (1) retain principal value; and, (2) purchasing power. Furthermore, the objective is to earn a long-term rate of return that is at least 4.0% greater than the rate of inflation as measured by the CPI.

STATEMENT OF OBJECTIVES (CONTINUED)

ASSET ALLOCATION

	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large-Cap Equity	7	7.3	7.6
Small-Cap Equity	3.4	3.6	3.8
Micro-Cap Equity	3.4	3.6	3.8
International Equity	7.5	8.1	8.7
Emerging Markets	3.8	4	4.2
Hedged Equity	10.8	11.4	12
Fixed Income	29	32	35
Commodities	2	2.5	3
MLP	7.1	7.5	7.9
Diversified Alternatives	9.5	10	10.5
Managed Futures	9.5	10	10.5
		100	

CONTROL PROCEDURES (Monitor and Supervise)

Performance Objectives

The Trustee(s) acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Trustee(s) intends to evaluate manager performance from a long-term perspective.

The Trustee(s) is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and it is at the Trustee(s)'s discretion to take corrective action by replacing a manager if she deems it appropriate at any time.

On a timely basis, but not less than quarterly, the Trustee(s) will meet to review whether each manager continues to conform to the search criteria outlined in the previous section; including, but not limited to:

1. The manager's adherence to the portfolio's investment guidelines;
 2. Material changes in the manager's organization, investment philosophy and/or personnel;
- and,

3. Any legal, SEC and/or other regulatory agency proceedings affecting the manager.

The Trustee(s) has determined it is in the best interest of the trust that performance objectives be established for each investment manager. Manager performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund).

CONTROL PROCEDURES (Monitor and Supervise) (CONTINUED)

Performance Objectives (continued)

Asset Class	Index	Peer Group
Large-Cap Equity		
Core	S&P 500	Large-Cap Core
Growth	Russell 1000 Growth	Large-Cap Growth
Value	Russell 1000 Value	Large-Cap Value
Small-Cap Equity	Russell 2000	Small-Cap
Micro-Cap Equity	Russell Microcap	Micro-Cap
International Equity		
Developed	MSCI EAFE	Developed
Emerging Markets	MSCI Emerging Markets	Emerging
Fixed Income		
Intermediate-term Bond	Barclays US Gov/Credit Intermediate	Intermediate-Term Bond
Short-term Bond	Barclays US Gov/Credit Short	Short-Term Bond
Diversified Alternatives	HFRI Fund of Funds – Diversified Index	Absolute Return Funds
Hedged Equity/Directional Alternatives	HFRI Equity Hedge Index	Hedged Equity
Commodities	Commodity Blend Index	Commodity Broad Basket
MLPs	Alerian MLP	

Measuring Costs

The Trustee(s) will review at least annually all costs associated with the management of the Portfolio’s investment program, including:

1. Expense ratios of each investment option against the appropriate peer group.
2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.
3. Whether the manager is demonstrating attention to “best execution” in trading securities.

DUTIES AND RESPONSIBILITIES

As a fiduciary, the primary responsibilities of the Trustee(s) are to work with the Advisor to do the following:

1. Prudently diversify the Portfolio's assets to meet an agreed upon risk/return profile.
2. Prudently select investment options.
3. Control and account for all investment, record keeping and administrative expenses associated with the Portfolio.
4. Monitor and supervise all service vendors and investment options.
5. Avoid prohibited transactions and conflicts of interest.

Investment Advisor

The Trustee(s) have retained an objective, third-party Advisor to assist the Trustee(s) in managing the overall investment process. The specific duties and responsibilities of the Investment Advisor are:

1. Assist the Trustee(s) as requested in the preparation, implementation and maintenance of the Investment Policy Statement.
2. Provide investment options (mutual funds or portfolio managers or separately-managed accounts) with supporting research to the Trustee(s) to assist in making prudent selections.
3. Assist in the implementation of the diversification and asset allocation strategy as directed by the Trustee(s) in accordance with the guidelines described in this Investment Policy Statement.
4. Meet with the Trustee(s) quarterly to review the Investment Performance Reports and assure compliance with the Investment Policy Statement relative to asset allocation and performance expectations.

Investment Managers

As distinguished from the Advisor, who is responsible for managing the investment process, the investment managers are responsible for making investment decisions (security selection and price decisions). The specific duties and responsibilities of each investment manager are:

1. Manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective Service Agreements, Prospectus or Trust Agreement.
2. Exercise full investment discretion with regards to buying, managing, and selling assets held in the Portfolios.

DUTIES AND RESPONSIBILITIES (CONTINUED)

Investment Managers (continued)

3. If managing a separate account (as opposed to a mutual fund or a commingled account), seek approval from the Trustee(s) prior to purchasing and/or implementing the following securities and transactions:
 - Lettered stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
 - Securities lending; pledging or hypothecating securities.
 - Investments in the equity securities of any company with a record of less than three years continuous operation, including the operation of any predecessor.
 - Investments for the purpose of exercising control of management.
4. Vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the Portfolios as described in this IPS. Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.
5. Communicate to the Advisor all significant changes pertaining to the fund it manages or the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are examples of changes to the firm in which the Trustee(s) is interested.
6. Effect all transactions for the Portfolio subject “to best price and execution.” If a manager utilizes brokerage from the Portfolio assets to effect “soft dollar” transactions, detailed records will be kept and communicated to the Trustee(s).
7. Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with the Uniform Prudent Investor Act and all applicable laws, rules, and regulations.
8. If managing a separate account (as opposed to a mutual fund or a commingled account), acknowledge co-fiduciary responsibility by signing and returning a copy of this IPS.

Custodian

Custodians are responsible for the safekeeping of the Portfolio’s assets. The specific duties and responsibilities of the custodian are:

1. Maintain separate accounts by legal registration.
2. Value the holdings.
3. Collect all income and dividends owed to the Portfolio.
4. Settle all transactions (buy-sell orders) initiated by the Investment Manager.
5. Provide reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Portfolio since the previous report.

INVESTMENT POLICY REVIEW

Approved by the Trustee(s) on: _____ (Date)

Signature: _____
(Trustee(s))

Signature: _____
(Co-Trustee(s))