

ABC Nonprofit Sustainability Fund

INVESTMENT POLICIES AND GUIDELINES

General Overview

The Sustainability Fund (the “SF”) was established by ABC Nonprofit Board of Directors (the “Board”) in 2009 to support general operations of ABC Nonprofit (the “organization”). With Board approval, the organization is allowed an *Annual Distribution* of up to 5%.

The Board has established a Finance Committee (the “Committee”) to be responsible for monitoring the SF’s investments, recommending changes to its policies when appropriate, and facilitating communication with its investment advisor (the “investment manager”).

XYZ Corp is the investment manager and XXX Corp is the custodian. As a non-profit organization, the account is tax exempt.

Investment Guidelines and Objectives

Investment Returns

The SF should achieve competitive investment results (after fees) across a market cycle. This includes a comparison with returns generated by other sound and prudent investment managers as well as against the Benchmark described below.

Under normal circumstances, the total return (income plus capital appreciation) should exceed the Annual Distribution by at least the rate of inflation in order to retain portfolio purchasing power.

Asset Allocation

The investment manager will seek to maintain broad asset exposure within the following ranges:

	Range	Most Probable
Total Equity Investments	45-85%	65%
U.S. Equities	45-85%	55%
International Equities	0-20%	10%
Fixed Income Investments	25-50%	35%
Cash Equivalents	0-10%	5%

The SF will utilize the following Benchmark for tracking relative performance:

	Ticker	Weight
Standard & Poor’s 500 Large/Mid U.S. Equities	SPY	45%
Russell 2000 Small U.S. Equities	IWM	10%
MSCI ACWI – ex U.S. International Equities	ACWX	10%
Barclays Intermediate Government/Credit Fixed Income	AGG	35%

The investment manager may move allocations outside these ranges only upon written notification and explanation to, and prior approval of, the Committee. If market activity or SF cash flows cause a temporary movement outside these ranges, the investment manager should act prudently over time to reposition the portfolio within the ranges. The investment manager will provide the Committee with a written plan of action if it determines that such prudent activity will require more than 30 days to implement.

Risk Tolerances & Parameters

The investment manager is prohibited from investing in private placements, letter stock, and uncovered options; and from engaging in short sales, margin transactions or other specialized activities, including Exchange Traded Notes (ETNs), leveraged Exchange Traded Funds (ETFs) and mutual funds investing in alternative asset classes, without prior written Board approval.

Sufficient *liquidity* will be maintained to provide for timely distributions.

Assets will be *diversified* in a way to avoid significant exposure to any one security or industry

- The combined asset value from any one individual issuer, across their stocks and bonds, shall not exceed five percent (5%) of total portfolio assets.
- Maximum investment (at cost) in any one industry is limited to twenty five percent (25%) of the common stock portfolio.

Volatility should be reduced by concentrating on quality investments

- Only Investment Grade corporate and municipal bonds, as rated by Standard and Poor's, Moody's or Fitch may be purchased

Annual Distribution

The *Annual Distribution* amount is determined by the Committee annually and recommended to the Board for their approval.

As a guideline in determining the *Annual Distribution*, the Committee will consider prior year investment performance. The maximum distribution is 5% of the fair market value of year-end assets if the prior calendar year total return was >6%, otherwise, the distribution is limited to 3%.

Communication from the Investment Manager and/or Custodian

Written communications in the form of statements or reports shall be supplied monthly by the investment manager to the Committee, either by mail or electronically.

The investment manager will notify the Committee of any deviation from these Guidelines.

This investment policy is hereby adopted by:

XYZ Corp

By: _____
Joe Smith, Director of Advisory Services

Date

ABC Nonprofit

By: _____
Susan Brown, Executive Director

Date