

INVESTMENT POLICY STATEMENT
FOR
ABC Foundation



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ORGANIZATION ABC

INVESTMENT POLICY STATEMENT

I. BACKGROUND AND ORGANIZATIONAL MISSION

Organization ABC (“ABC”) is a nonprofit organization established and maintained as a 501(c)(3) organization in accordance with the Internal Revenue Code.

Our mission is to... The purpose of this pool of assets is to support...

II. PURPOSE

The purpose of this Investment Policy Statement (“IPS”) is to establish a clear understanding between ABC and SunTrust Bank, as investment manager, (“Investment Manager”) of the investment objectives and policies applicable to the assets assigned to Investment Manager for management (the “Fund”), as provided on the Appendix to this IPS. This IPS:

- Outlines ABC’s goals and provides the framework for a disciplined approach to investing;
- Establishes reasonable expectations, objectives and guidelines for the investment of the Fund;
- Sets forth an investment structure detailing permitted asset classes and expected allocation among asset classes;
- Encourages effective communication between the Investment Manager and ABC;
- Creates a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to ABC; and
- Establishes the criteria for monitoring performance of the investments.

This IPS is not a contract. This IPS is intended to be a summary of an investment philosophy that provides guidance for ABC and Investment Manager.

This IPS provides a set of general guidelines that will permit ABC to oversee the investment of the Fund. The guidelines and objectives contained herein are broad in scope; more detailed information may be required for designated accounts with specific operational needs.

III. ROLES AND RESPONSIBILITIES

A. ROLES AND RESPONSIBILITIES OF ABC

ABC has the responsibility of monitoring the investment activities and performance of Investment Manager. Accordingly, ABC shall monitor adherence of Investment Manager to the “Prudent Investor Rule” and other such laws and regulations that may apply now or in the future to the investment of the Fund.

Policy guidelines may be amended from time to time by ABC after consideration of the advice and recommendations of an Investment Manager, Investment Advisers, and/or Consultant.. All modifications of policy guidelines shall be in writing and signed by ABC.

B. ROLES AND RESPONSIBILITIES OF INVESTMENT MANAGER

Investment Manager is responsible for assisting ABC in formulating an appropriate investment policy based on the needs, objectives, and risk profile of the Fund. Further,

Investment Manager shall serve as the investment manager and investment advisor to the Fund until its resignation or termination by ABC.

Specifically, Investment Manager shall be responsible for:

- Advising ABC about the selection of and allocation to asset categories, investments and managers for the Fund;
- Identifying and selecting specific investments and managers within each asset category;
- Managing and rebalancing allocations to specific investments and managers;
- Monitoring the performance of all selected asset categories, investments and managers;
- Periodically reviewing the appropriateness of the investments and managers for the Fund;
- Preparing and presenting appropriate reports;
- Meeting with ABC at least once each year, and at other times deemed necessary at ABC's request; and
- Recommending and implementing changes to any of the above.

IV. INVESTMENT OBJECTIVES

The Fund's primary objective is to provide long term growth of capital to meet the future obligations of the Fund with a secondary objective of providing the necessary income to meet the current operational needs of ABC. Another consideration and objective of the Fund is to prudently manage risk by diversifying investments in a manner that lowers overall volatility.

V. TIME HORIZON

ABC's investment time horizon is in excess of ten years. ABC recognizes the possibility of principal loss due to the fluctuation of asset values over shorter periods of time. However, historical asset class return data suggests that the risk of principal loss over a holding period of at least ten years can be minimized with the long-term investment mix employed under this IPS.

VI. RISK TOLERANCE

ABC recognizes that higher returns involve higher volatility and ABC has indicated a willingness to tolerate some volatility (based on the target allocation of the Fund) in order to optimize the total return of the Fund. The Fund will be managed in a manner that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the stated objectives. It has been demonstrated that risk is best minimized through diversification of assets.

VII. INVESTMENT GUIDELINES

A. ASSET ALLOCATION

Academic research suggests that the decision to allocate assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the asset classes shown below were selected to achieve the objectives of the Fund. No guarantees can be given about future performance, and this IPS shall not be construed as offering such a guarantee.

The asset class targets and ranges show the approved investment levels associated with the Fund's investment objectives. Within each of these asset categories, sub asset classes and strategies, which are expected to act and react in combination, will be used. The portion of the Fund invested in each sub-class and strategy will change periodically to reflect Investment Manager's tactical investment policy so long as it is within the acceptable ranges

listed. Any proposed investment changes outside these ranges must be approved by ABC in writing prior to being implemented.

	Target	Lower Limit	Upper Limit
TRADITIONAL			
Equity	x%	x%	x%
Domestic Large Cap Equity	x%	x%	x%
Domestic Mid Cap Equity	x%	x%	x%
Domestic Small Cap Equity	x%	x%	x%
International Equity	x%	x%	x%
Fixed Income	x%	x%	x%
Investment Grade Fixed Income	x%	x%	x%
High Yield Fixed Income	x%	x%	x%
International Fixed Income	x%	x%	x%
NON-TRADITIONAL	x%	x%	x%
RESERVES	x%	x%	x%

B. INVESTMENTS

The following onshore and offshore investments and investment vehicles may be utilized for the investment of the Fund: mutual funds, exchange traded funds, collective trust funds, unit trusts, managed accounts, publicly traded partnerships, investment trusts, REITs, commodity mutual funds and individual securities including but not limited to money market instruments, stocks and bonds. The actual weightings of these investments can and will vary.

C. ADJUSTMENT TO THE TARGET ALLOCATION

From time to time, market conditions may cause the portfolio’s investments to vary from the established allocations. To remain consistent with the asset allocation guidelines established by this IPS, each broad asset class in which the Fund invests shall be reviewed by Investment Manager for potential rebalancing back to target or initial allocations. Investment Manager and/or ABC retain the ability to not rebalance the Fund back to target or initial allocations based on market conditions, economic events or account activity unless expressly stated within this IPS or in writing by ABC.

D. BENCHMARKS

The objective of the total portfolio of the Fund is to achieve a total return, net of fees, exceeding a blended benchmark comprising the following indices:

- x% Russell 3000 Index and/or Standard & Poor's 500 Index
- x% Barclays Capital U.S. Aggregate Bond Index

The objective of the fixed income portfolio of the Fund is to achieve a total rate of return, exceeding that of the Barclays Capital U.S. Aggregate Bond Index.

The objective of the equity portfolio of the Fund is to achieve a total return, net of fees, exceeding that of the Russell 3000 Index and/or Standard & Poor's 500 Index.



E. RESTRICTIONS

There shall/shall not be a limitation on the Fund's...

VIII. EVALUATION AND REVIEW

The objective of the evaluation and review process is to monitor the progress of the investments of the Fund. Performance will be measured and reviewed by ABC. With a view toward a three to five year performance horizon, Investment Manager will review and report to ABC no less often than annually that:

- The total portfolio of the Fund is achieving its stated objectives;
- Investment Manager is performing satisfactorily in relation to both objectives set forth herein and the recognized market indices;
- Investment Manager is adhering to these guidelines;
- The overall policies and objectives continue to be appropriate, reasonable and achievable.

IX. COMMUNICATIONS AND CLIENT SERVICE

Investment Manager shall provide to ABC the following information:

- Portfolio performance results over the most recent quarter and a year-to-date basis, as well as over a rolling one, three, five and ten year period (if applicable);
- Performance results of each individual investment or manager for the same periods;
- Performance results of comparative benchmarks and blended benchmarks for the same periods; and
- Performance results on a time-weighted rate of return basis.

X. COORDINATION WITH ABC DOCUMENTS

Notwithstanding any of the foregoing, if any term or condition of this IPS conflicts with any term or condition of ABC's documents, the terms and conditions of ABC's documents shall control.

[Signatures appear on the next page.]

APPROVED on _____ (date) BY ABC:

Authorized Signer #1: _____ (signature)

(printed name)

Authorized Signer #2: _____ (signature)

(printed name)

Authorized Signer #3: _____ (signature)

(printed name)

APPROVED on _____ (date) BY INVESTMENT MANAGER:

SunTrust Bank: _____ (signature)

(printed name)

SAMPLE



ABC ORGANIZATION
APPENDIX TO INVESTMENT POLICY STATEMENT

<u>Account #</u>	<u>Account Name</u>	<u>Target Allocation</u> <u>Fixed / Equity</u>
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SAMPLE