

+AMERICAN IRIS SOCIETY FOUNDATION
Investment Policy

The Investment Policy of the American Iris Society Foundation (the Foundation) is adopted by the Board of Directors for the purpose of establishing investment management policies to fulfill the Foundation's goals and objectives.

GOALS AND OBJECTIVES

The investment goal is to achieve moderate growth and current income over time. Annual investment earnings, plus donations and income from the Sidney P. Du Bose Trust should be enough to cover all annual Foundation operating expenses. Annual operating expenses shall not exceed annual income generated. Any capital gains will be returned to investment capital and will not be considered a part of investment earnings.

The investment objective is a real (after inflation) total return of 5% per annum or more over a five-year rolling period.

Asset allocation will be a significant factor in meeting the Foundation's objectives. Excluding an amount of cash reserved for paying operating expenses, the allocation of investments into a diversification of asset types will be set to generate a real total annual return of 5%.

Assets will be diversified into different asset classes and investment styles (i.e. value, growth, dividend stocks, large-cap, mid-cap, small-cap etc.) by the Board of Directors of the Foundation.

ALLOCATION POLICY

Except for minimal cash that will be maintained in operating accounts to facilitate Foundation transactions, assets will be invested into mutual funds, equity securities, fixed income securities, and cash and cash equivalents meeting the criteria described below. No more than 5% of the portfolio total can be in any one given equity or fixed income security.

ALLOCATION RANGE TABLE

INVESTMENT TYPE	ALLOCATION RANGE
Cash	0 to 20%
Income	0 to 50%
Growth and Income	0 to 75%
Growth	0 to 25%
Aggressive	0 to 10%

The categories may grow an additional 10% above the allocation range before the Foundation Board of Directors must opt to sell some of the holdings within that category to bring it back down within the allocation range.

DEFINITIONS OF INVESTMENT TYPES

Cash: Cash or cash equivalents such as Treasury Bills, Money Market Funds, Commercial Paper and Certificates of Deposit.

Income: U.S Government and Agency securities, Corporate Notes and Bonds, Preferred stock and Bond funds containing government bonds, municipal bonds, corporate bonds or predominantly investment grade bonds.

Growth and Income: Common Stock, Convertible Notes and Bonds, Convertible Preferred stock, and Stock funds of primarily large cap stocks that pay a relatively significant dividend, "balanced funds" composed of stocks and bonds. A significant dividend is a yield equal to or greater than 1%.

Growth: Stock funds of large cap stocks that pay no dividend or a relatively insignificant dividend. An insignificant dividend is a yield less than 1%.

Aggressive: Stock funds of midcap or smallcap stocks, bond funds containing primarily high yield bonds or other funds deemed to be of high risk by the Board of Directors.

MUTUAL FUND SELECTION CRITERIA

1. The Board of Directors of the Foundation will not delegate discretionary authority to any broker/dealer or bank. The Secretary Treasurer of the Foundation will have the authority to approve purchase of investments with the co-approval of the President of the Foundation. These two officers together may elect to replace or liquidate any mutual fund at any time for any reason deemed consistent with the goals and objectives of the Foundation.
2. The President and Secretary/Treasurer will determine the suitability and quality of the investments with an emphasis on long-term track record (i.e. 5 years or more) over short-term track record (i.e. 1 year or less) and risk.
3. At least annually the Board of Directors will formally review all current investments for suitability and quality. Any individual mutual fund that has had its Morningstar Fund Overall Rating or Morningstar Category Rating reduced will be subject to particular scrutiny. Each mutual fund invested will have had a Morningstar rating of 3 stars or better at any point during the trailing 12 month period. Any investment that has fallen out of compliance with this policy will be considered for disengagement, and will be disengaged if compliance is not achieved within 6 months of falling out of compliance.

REVIEW POLICY

The Investment Allocation Range is to be reviewed annually by the Board of Directors and rebalanced as agreed upon by a majority of the Board members.

Approved 8-19-16

