

Investment Policy Statement

I. Introduction

This Investment Policy is issued by the Deering Estate Foundation's (DEF) Finance Committee for approval by the Board and is intended to be an attachment to the DEF Endowment Policy ("Endowment Policy"). It is a summary of an investment philosophy that provides guidance for the Board and the Finance Committee and is set forth to give donors and grantors a clear statement of DEF's investment philosophy and objectives.

II. Responsibilities

DEF's Board is ultimately responsible for raising, investing and disbursing Endowment assets. In compliance with the bylaws, the Finance Committee has the delegated responsibility for developing and reviewing fiscal procedures and overseeing and making recommendations on short and long-term investments, including monitoring the investment management of the Endowment assets. Full responsibilities of the Finance Committee are described in the Endowment Policy.

III. Ethics and Conflicts of Interest

All decisions made by the Members of the Board, the Finance Committee and the DEF staff are to be made solely on the basis of a desire to advance the best interests of the Endowment for the good of DEF. Board, Finance Committee and staff members must at all times avoid a conflict of interest with respect to their fiduciary responsibility and has the responsibility to disclose any material interests in financial institutions that could be related to the performance of the Endowment or that conduct business with the Endowment, or any personal, familial, or business relationships that could be considered a conflict of interest.

When the Finance Committee is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall not participate in the vote or the deliberation, unless the Board or Committee requests information or interpretation for special reasons.

Full description of Conflict of Interest Policy may be found in the DEF Governance policy. Members of the Board, Finance Committee and any investment consultant are to fill out a DEF Conflict of Interest form annually.

IV. Investment Objectives

The Board has adopted an overall Investment Objective of long-term growth and income for the Endowment Fund. This approach is expected to earn long-term total returns from capital appreciation and growth in income sufficient to outpace the long run inflation rate while providing a substantial and stable source of funds for operations. Endowment assets are to be invested with prudent levels of risk

and with the expectation that long-term total returns (income plus capital appreciation) will preserve and grow the corpus of the Endowment and produce a stable distribution stream.

The Finance Committee will monitor the performance of the Endowment on a quarterly basis and meet periodically to review the performance as a Committee. Evaluation of progress toward the Investment Objective should be made with a long-term perspective.

Specifically, the Endowment Fund objectives are:

- To obtain a reasonable level of risk-adjusted return.
- To limit exposure through prudent diversification across asset classes.
- To establish policies based on total return rather than current income. This provides the greatest investment flexibility and therefore greatest opportunity for growth of assets.
- To maintain the purchasing power of the Fund.
- To apply a 12-month smoothing rule to mitigate the effects of short-term market volatility.
- To consider the costs of administering and managing the Fund and make conscious effort to manage them well.

V. Asset Allocation Strategy

In line with the Investment Objectives and risk parameters of the Endowment, the global asset allocation should be generally maintained as 60% Equities and 40% Fixed Income. Deviations from this asset mix guideline may be authorized in writing by the Finance Committee with approval from the Executive Committee.

Periodically, the Finance Committee shall review the allocation and make recommendations regarding rebalancing or change in asset allocation as needed and approved by the Board. Transactions or unanticipated market actions that cause a deviation from these policy guidelines shall be brought to the attention of the Finance Committee by the investment manager(s) or fund(s) prior to executing transactions, when practical.

VI. Procedure for Revising Guidelines

All investment guidelines will be reviewed annually or when deemed necessary by the Finance Committee. In order to facilitate timely adjustments and rebalancing to the Foundation's target asset allocation without undue delays, the Asset Allocation Policy may be revised with a majority vote of the Finance Committee.

VII. Investment Strategy

The Finance Committee will select and make a recommendation to the Board for approval of all investment managers or funds, using the following criteria:

- Past performance, considered relative to other investment managers or funds having similar investment objectives.
- An assessment of the likelihood of future investment success, relative to other opportunities.
- Access to a broad range of asset classes.
- Capable management, good reporting and reasonable expenses.

VIII. Meetings and Communications

The Finance Committee shall keep the Board apprised of any material changes in the investment manager or fund's outlook, investment policy, and tactics. Furthermore, any material event that affects the ownership or capital structure of the investment management firm, senior personnel changes at the investment management firm or any material event that affects the management of this Endowment must be reported as soon as information is obtained to the Executive Committee.

The Finance Committee shall meet on a bi-annual basis to review Endowment performance; and shall keep meeting minutes to be filed with permanent records. The Chair of the Finance Committee will make a report to the full Board at least annually.

IX. Performance Evaluation

Evaluation of progress towards investment objective should be made with a long-term perspective. The Finance Committee will review manager and fund performance on a quarterly basis and as needed and may at anytime for any reason recommend to the Board replacement of an investment manager regardless of its performance.

X. Approval

It is understood that this Investment Policy is to be reviewed annually by the Finance Committee and the Board to determine if any revisions are warranted by changing circumstance including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers or funds. Should the Board approve a deviation from this policy or implement a change in policy, the circumstances and rationale for the change shall be documented and attached to this investment policy.

President
The Deering Estate Foundation, Inc.

Date