

The Foundation of the Rotary Club of Honolulu

Statement of Investment Policy

MISSION STATEMENT

The mission of the Board of Trustees of the Foundation of the Rotary Club of Honolulu is to raise funds for the Foundation, with primary emphasis on the endowment, and to oversee the investment and expenditure of all funds of the Foundation.

DEFINITIONS

1. "Fund" shall mean the account of the Foundation of the Rotary Club of Honolulu.
2. "Board" shall refer to the Board of Trustees, who provide oversight of the investment of the Assets of the Fund. The Board has established an "Investment Committee", composed primarily of qualified Rotary Club of Honolulu members, who will assist the Board in oversight of the Fund assets.
3. "Investment Professional" shall mean an individual, or group of individuals, employed to manage the investments of all or part of the Fund assets, as a Fiduciary best interest standard. Including Investment Managers, Investment advisors, Investment Management Consultants, Investment Monitors providing advisory services, advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
4. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
5. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met.

DELEGATION OF AUTHORITY

The Board of the Foundation is responsible for monitoring Fund assets. As such, the Board is authorized to delegate certain responsibilities to Investment Professional experts in various fields. These include, but are not limited to:

1. Investment Professionals who may assist the Board in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; exercising discretion to purchase or sell securities and other tasks as deemed appropriate, to meet the Fund's investment objectives within the prescribed guidelines of this Statement of Investment Policy.
2. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchase and sales. The custodian shall meet the SEC definition of a qualified custodian of the Fund accounts.

The Board will not reserve any control over investment decisions, with the exception of specific limitations described in this Statement of Investment Policy. Investment Professionals will be held responsible and accountable to achieve the objectives herein stated. Investment professionals shall request modification which they may deem appropriate, as a Fiduciary and investment expert when the Investment Policy is no longer reasonable. The investments of the Fund are not the responsibility of the Board.

Investment Professionals employed are deemed to be fiduciaries, they must acknowledge such in writing and act in the best interest standard to the Fund. All expenses for such Investment Professionals must be fully disclosed, and without conflicts to be borne by the Fund and deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Board of Trustees / Investment Committee

The specific responsibilities of the Board / Investment Committee relating to the investment management of the Fund assets include:

1. Projecting the Fund's financial needs and communicating such needs to the Investment Professionals on a timely basis.
2. Determining the Fund's risk tolerance and investment horizon; and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies and guidelines which will guide the Fund's Investment Professionals.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).
5. Regularly evaluating the performance of the Fund to assure adherence to policy guidelines and monitor Fund progress.

Responsibility of Investment Professionals

An advisor to the Board of the Fund shall act in the best interest of the Foundation and in a fiduciary capacity. Investment advice concerning the investment management of the Fund assets offered will be consistent with the investment objectives, policies, guidelines and constraints as established in this Statement of Investment Policy or as modified. Specific responsibilities include:

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager or product searches
3. Providing "due Diligence", or research, on the Investment(s).
4. Monitoring the performance of the Fund to provide the Board with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager and product research, and manager performance to the Board.

6. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
7. Reporting, on a timely basis, quarterly investment performance results in comparison to appropriate benchmarks.
8. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment processes, policies, or objectives.
9. Informing the Board regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

GENERAL INVESTMENT PRINCIPLES

1. The Fund assets shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
2. Investment of the Fund assets shall be diversified, daily-liquid, and publicly-traded as to minimize the risk of large losses.

INVESTMENT OBJECTIVES

The investment objective is to maximize total return without undue speculation. Emphasis will be on growth of capital with income.

SPECIFIC INVESTMENT GOALS

Over the investment horizon of 3 to 5 years, it is the Fund's goal to meet or exceed:

- The return of a specific market benchmark
 - 65% MSCI World Index/35% Barclays Intermediate Government Credit

VOLATILITY OF RETURNS

The Board understands that in order to achieve its objectives for Fund assets, the Fund will experience volatility of returns and fluctuations of market value. The Fund is able to accept negative annual returns during difficult phases in a market cycle. The Fund expects a positive return over the investment horizon of 5 years.

Asset Allocation Guidelines

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Equities	50%	85%	65%
Fixed Income & Cash	15%	50%	35%

SELECTION OF INVESTMENT MANAGERS

The Board's selection of the Investment Professionals will be based on prudent due diligence procedures. A qualifying investment professional must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company, exempt from registration with investment powers. The Board requires that each investment professional provide, in writing, acknowledgment of fiduciary responsibility to the Fund.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated shall be compiled at least quarterly and communicated to the Board for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks and a relative peer group. Reports will include metrics to measure the risk adjusted return of the portfolio against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate an Investment Professional for any reason.

Modified July 15, 2021

Adopted June 25, 2007