

THE TOIGO ALUMNI ENDOWMENT
INVESTMENT POLICY
September 2009

This Investment Policy applies to management of the assets of the Toigo Alumni Endowment, a California Non-profit Public Benefit Corporation (The "Endowment"). All relevant and applicable laws of the State of California governing investment of such assets shall supersede conflicting information contained herewith. Management of the Endowment's assets must not be in conflict with the Bylaws of the Toigo Alumni Endowment.

A. INVESTMENT OBJECTIVES

Assets shall be invested in a diversified portfolio which:

- I. Seeks first to preserve capital and second, second to preserve purchasing power and third to achieve growth over time;
- II. Is invested with a long term perspective and has a moderate tolerance for risk;
- III. Delivers a suitable total return in relationship to these guidelines, market conditions and like funds of similar size;
- IV. Generates sufficient cash flow, or maintains ample liquidity to meet the Endowment's stated spending goals as well as to cover expenses incurred; and
- V Seeks to prudently minimize the burden of management fees and transaction costs within reason

B. ELIGIBLE INVESTMENTS

Eligible investments shall include:

- I. Money Market mutual funds
- II. Fixed income securities issued by the United States Government and U.S. Corporations including Yankees, 144A and other private placements. Notes and bonds issued by foreign governments, supranational entities and foreign corporations are also permitted.
- III. Domestic and international equities.
- IV. Foreign exchange contracts must be limited to hedging currency exposure existing within the portfolio. Direct speculation on currency movements is prohibited.
- V. Mutual Funds and/or Exchange Traded Funds (ETFs) which invest in the asset classes listed above including balanced and global funds. Both actively or

passively managed (index) funds are permitted. Up to 100% of the Endowment's assets may be invested in mutual funds.

In the event that the Endowment receives in kind contributions of securities or other investments which are not permitted by current investment guidelines, the Investment Committee (the "Committee") and/or Investment Manager will look to sell such holdings within a reasonable period (not to exceed 3 months).

C. INVESTMENT GUIDELINES

Endowment Assets will be allocated primarily between traditional (OTC and Exchange traded) equity and fixed income assets. Given the Endowment's stated dual goals of preservation of capital, first and growth, second, and in an effort to achieve that growth with a moderate level of risk, assets will be invested in the following ranges:

Equities – 35 – 70%

Exposure through Mutual Funds, commingled vehicles and ETFs is permitted.

International equities will not exceed 25% of assets at time of purchase.

Domestic Small Cap Equities will not exceed 15% of assets at time of purchase.

Fixed Income – 30 -80%

Exposure through Mutual Funds and other commingled vehicles is permitted

Cash and Cash Equivalents – 0- 15%

Exposure through Mutual Funds and other commingled vehicles is permitted

Cash equivalents are defined as securities that are permitted by SEC Rule 2(a)7, governing investment in money market funds.

Strategic Investments – 0- 10%

These investments may include hedge funds, managed futures funds, convertible bond funds, Real Estate Investment Trusts (REITS), private equity, distressed funds, other commingled vehicles, such as Limited Liability Corporations (LLCs) which invest in the instruments outlined in B. Eligible Investments above, or other managed funds. Strategic investments typically have low correlation to traditional asset classes such as stocks and bonds. By adding such investments to a diversified portfolio, overall risk, as measured by standard deviation may be reduced. Additionally, enhanced returns may also be achieved. These are the two objectives being sought by inclusion of these types of investments.

D. PERFORMANCE MEASUREMENT, REPORTING and SPENDING

Performance goal

The aim is to produce an average net total return for the combined assets of the Endowment equal to CPI plus 5% over a business cycle. At any given time, a number of investment strategies will be employed to achieve this goal while managing risk.

Benchmarks

Within the Endowment portfolio, performance of the various investments will be measured against relevant and commonly used indexes according to asset type and stated strategy. For separately managed assets/accounts, The Investment Committee and Professional Investment Manager will agree upon benchmarks. When investment is made via mutual funds or other comingled vehicles, the Investment Committee shall determine appropriateness of the published benchmark and/or relevant comparative universe (e.g. Lipper and Morningstar rankings).

Spending

It is the intention of the Endowment to spend between 3 and 7% annually of the fair market value of the endowment's total funds, to average 5% of the fair market value of the endowment's total funds over a 3 year period, in support of the Robert Toigo Foundation's programs and activities.

Reporting

Professional Investment Managers will provide performance reports/statements to the Endowment on a quarterly basis. These reports must include performance measurement of the asset and the relevant benchmark. In addition, a current holdings list should be provided.

A full audit of the Endowment will be performed annually by an independent auditor.

E. ROLES AND RESPONSIBILITIES

A Conflict of Interest document is maintained by the Endowment and shall govern conduct of those involved in the management of Endowment assets.

The Toigo Endowment Board of Directors

The Board of Directors (BOD) has oversight of the Investment Committee. Composition of the Board and of the Investment Committee shall be governed by the Endowment's Bylaws.

The Investment Committee (the "Committee")

Will be selected or elected from the larger body of the BOD in accordance with the Endowment's Bylaws.

The Committee will supervise investment of Endowment assets by selecting Professional Managers and Funds and monitoring their performance. It is the responsibility of the Committee to ensure that the Endowment's investments, separately and in aggregate, are appropriate for the stated objectives and performance goals. The Committee will meet quarterly to review performance of the various strategies, the aggregate portfolio and individual managers/funds. At least once per year, the Committee will formally report investment performance results to the BOD. Additionally, the Committee will prepare an annual report to donors.

The Committee is required to perform an annual review of the Investment Policy and, when applicable, propose changes in strategy and/or implementation to the BOD for discussion. Changes to the Investment Policy require a majority vote of the BOD. If no changes are proposed, the Committee must make known to the BOD that the Policy has been reviewed and deemed appropriate and allow for further review by members of the BOD.

The Committee reserves the right to recommend to the BOD changes in the selection of professional investment managers, funds or fund families. Such changes require a majority vote of the BOD.

Professional Investment Managers

Assets will be allocated by the Investment Committee and managed by Professional investment managers and/or fund families. Allocation may be made with the assistance of outside professional consultants and/or by representatives of the Investment Management or Mutual Fund companies.

Investment managers/funds selected by the Investment Committee must have an established reputation for and track record of prudence and competence. Professional investment managers selected must exercise reasonable judgment within the guidelines of this policy. Mutual funds selected by the investment committee and or its appointed agents and ratified by the Board must operate within the parameters of allowable investments/guidelines.

Strategic adjustments within the asset portfolio may be required to rebalance asset allocation back its target following a period of volatility in the market. Such adjustments should be executed so as to minimize excessive turnover and transaction costs whether done by the manager or at the directive of the investment committee of the board. When executed by a Professional Investment Manager, the Manager must notify the Investment Committee on a timely basis regarding such strategic adjustments or plans.

Professional Investment Managers should be cognizant of tax areas of concern for the Endowment as a tax-exempt California Corporation such as taxable unrelated business income and must notify the Endowment if the possibility of incurring such taxes and related penalties arises.

The Robert Toigo Foundation (the "Foundation")

The Endowment has no employed staff and, as such, uses the administrative services of the Foundation. The Endowment has in force and shall maintain an Administration Agreement with The Robert Toigo Foundation that allows for reimbursement to the Foundation for services rendered in the management of the Endowment.

Approved December 2010 and confirmed March 2011.