

POLICY

Investment Policy

4027

The purpose of this Statement of Investment Policy is to establish, document, and communicate the investment goals, philosophy, guidelines and risk tolerance of Bullhook Community Health Center's (BCHC) Investment Funds. It is intended that this statement provide meaningful guidance in the management of the Fund's assets.

2. General Issues

A. Investment Objectives

1. The overall financial objective of the Investment Fund is to preserve the real (inflation-adjusted) purchasing power of the Investment Fund assets while balancing acceptable levels of market volatility.
2. Draws on funds placed in the Investment Fund are anticipated to be in support of future capital projects rather than routine operations. The time horizon for monies placed in the Investment Funds is therefore intended to focus on periods of at least several years. Because of this time horizon, asset allocation decisions will be based on the long-term performance characteristics among permitted asset classes. Consistent with recommendations from the Finance Committee, CEO, and CFO, the Board will maintain responsibility for establishing a level of spending from the Investment Fund consistent with the desire to preserve financial flexibility. The Board may reduce this spending rate when it judges that expectations of portfolio returns may be insufficient to prevent the erosion of purchasing power.
3. Because liquidity is generally provided by operating reserves, funds held in the Investment Fund are not expected to sustain routine needs.

B. Parties of Interest

1. Board of Directors

The Board of Directors bears ultimate responsibility for the Fund and the appropriateness of its investment policy and execution. This includes:

- (1) Establishing clear and reasonable investment objectives, asset allocation parameters between asset classes, guidelines, and goals and risk tolerance as documented in this statement;
- (2) Communicating to the Finance Committee, CFO, and the External Investment Advisor current and any future changes to their role and responsibilities;

(3) Evaluating the performance of the Investment Firm with regard to the investment goals, guidelines and objectives stated herein

2. Finance Committee

The Finance committee will meet monthly prior to the scheduled Board of Directors meeting and review the activity in the investment account and the performance of the Investment Advisor. The Finance Committee will present important information to the Board of Directors and make suggestions for any necessary changes, additions or deletions.

3. Chief Financial Officer

The CFO is responsible for the custody and safekeeping of all assets of the Fund, record keeping, and providing statements of all Fund activity (e.g., transactions, income receipts, contributions, and withdrawals). A detailed Statement of Fund activity and a detailed listing of all Fund assets are to be provided to the Finance Committee and other parties designated by the Board quarterly.

4. Investment Advisor

It is the responsibility of the Board of Directors, in consultation with the Finance Committee, CEO and CFO to appoint and terminate external investment advisor(s). BCHC does not have the ability to influence specific investments, which limits any conflicts of interest based on specific companies which may be included within the investment fund.

The Investment Advisor is responsible for the investment of the Fund's assets, monitoring and making recommendations to the Finance Committee and the Board of Directors. The Investment Advisor is expected to meet the investment objectives and adhere to the investment objectives and guidelines stated herein.

5. CEO

Oversee all aspects of Investment Fund and Interested Parties.

3. Investment Guidelines and Restrictions

A. Portfolio Volatility and Risk

The Volatility of the quarterly rates of return should be controlled to preserve capital. It is expected that the volatility of the portfolio segments will be reasonably close to the volatility of appropriate market indexes.

B. Asset Allocation

It shall be the policy of the Fund to invest the assets in accordance with the maximum and minimum range for each asset category as stated below

| Asset Category | <u>Minimum</u> | <u>Policy</u> | <u>Maximum</u> |
|----------------|----------------|---------------|----------------|
| Equity | 0% | 20% | 30% |

| | | | |
|----------------------|-----|-----|------|
| Fixed Income | 20% | 30% | 60% |
| Cash and Equivalents | 0% | 0% | 100% |
| Alternatives | 0% | 50% | 80% |

The Asset Mix Policy and acceptable minimum and maximum ranges established by the Board represent a long-term view. As such, rapid and significant market movements may cause the Fund's actual asset mix to fall outside the policy range, but any divergence should be of a short-term nature.

C. Equities Guidelines

Unless otherwise noted, equities may include:

Common, Convertible, and Preferred Stocks

Managed Money

Mutual Funds and EFTs

Annuities and Fixed Indexed Annuities

All common and convertible preferred stock (and preferred stocks) held in the portfolio should be traded on the New York or American Stock Exchange or using the NASD National Market trading system.

The purpose of holding equity securities is to provide capital growth for the Fund.

D. Fixed Income Guidelines

These guidelines apply to fixed income securities, managed money, or mutual funds with greater than one year to maturity. They may include:

U.S. Government Securities

Corporate Bonds

Mortgage-Backed Pass-Through Securities

Other Asset-Backed Pass-Through Securities (e.g., bonds backed by credit card receivables, auto loans)

Collateralized Mortgage Obligations

Mutual Funds and ETFs

Annuities and Fixed Income Annuities

The purpose of holding fixed income assets in the Fund is to provide income, help control the volatility of the rate of return of the total portfolio and preserve capital.

The minimum quality rating of any single fixed income security held in the Fund is "BBB" by Standard and Poor's and "BAA" by Moody's. No more than 50% may be invested in fixed income securities with a quality rating of A+ or below.

E. Cash Equivalent Securities Guidelines

Cash equivalent securities are defined to be securities with one year or less to maturity at time of issue. They may include:

Money Market Mutual Funds

Certificates of Deposit

Commercial Paper

Bankers Acceptances

U.S. Government Securities
 Short-term Investment Funds (or other money market funds)
 Annuities and Fixed Indexed Annuities

The purpose of holding cash equivalent securities is to have cash available for anticipated withdrawals and to be an investment vehicle to be used by the Investment Manager(s) when equity, fixed income or other securities are sold and no attractive equity or fixed income, securities are available for purchase.

The minimum rating of any single issue of Commercial Paper held in the Fund should be "A1" by Standard and Poor's and "P1" by Moody's.

D. ALTERNATES

These guidelines apply to alternates with greater than one year to maturity. They may include:

Fixed Index Annuities

An alternative investment is a financial asset that does not fall into one of the conventional investment categories. Conventional categories include stocks, bonds, and cash. Most alternative investment assets are held by institutional investors or accredited, high-net-worth individuals because of their complex nature, lack of regulation, and degree of risk.

Alternative investments include private equity or venture capital, hedge funds, managed futures, art and antiques, commodities, and derivatives contracts. Real estate is also often classified as an alternative investment.

4. Investment Performance Review

The purposes for reviewing the investment performance of the Fund and its Investment Advisor are stated below:

To fulfill the fiduciary responsibility of the Board to monitor the performance of the Investment Advisor;

To determine if the Finance Committee and Investment Advisor are meeting their investment objectives and to ensure that the all parties are adhering to the investment guidelines and restrictions.

To ensure that the Investment Advisor has not taken excessive risk in achieving the rates of return, and to determine if the Investment Advisor has added value through active management (e.g., security selection, changes in asset allocation).

5. Communications

A. Responsibilities of the Finance Committee

To meet with the Investment Firm as necessary, but at least annually to understand and discuss current and future changes in the nature and structure of the Fund, the assets to be managed, the investment guidelines and restrictions to which the Investment Fund must adhere. Provide statements, recommendations, and information to the Board of Directors on a quarterly basis.

B. Responsibilities of the Investment Firm

1. Written reports

On a quarterly basis, the Investment Firm will provide the CFO with a Printed Report that details a list of the assets held in the fund, transactions that occurred during the latest quarter and year-to-date, a report of capital gains and losses, and a summary of the investment performance of the Investment Firm.

Explain all occurrences when the portfolio falls outside of the guidelines and policies stated in the Investment Guidelines and Restrictions Section. The Investment Firm should always be aware that the assets of the Fund should be managed consistent with the safeguards and diversity to which a prudent investor would adhere, i.e., exercising judgement and care under the circumstances prevailing, which men/women of ordinary prudence would employ in the management of their own affairs in regard to speculation, but to the permanent disposition of their funds, considering both income safety of capital.

2. Meeting with the Finance Committee

A qualified representative of the Investment Firm would be available to meet with the Finance Committee at least annually, but more frequently if necessary, to review the investment statements and environment, and its current investment strategy.

Investment Advisor will inform the Finance Committee immediately of major changes in the Firm, including a change in ownership, the departure of one or more investment professionals or a change in investment style and/or approach.

Summary

This statement will be reviewed, at a minimum, on an annual basis and will be revised if necessary. This statement is meant, among other things, to provide guidance to the Investment Firm in its management of the Fund's assets. It is believed that the investment guidelines and policies stated herein are sufficiently flexible to achieve the investment objectives described herein.

This Statement and any subsequent revisions should be reviewed by the Investment Firm immediately upon receipt of this Statement. If the Investment Firm disagrees with any part of this statement, the concerns should be communicated to the Finance Committee. Failure to do so will be assumed to mean that the Investment Firm accepts this statement as written in its entirety.


 CHIEF EXECUTIVE DIRECTOR

Date: 6-10-19


 CHAIR, BOARD OF DIRECTORS

Date: 6-10-19

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| Date first adopted | |
| Date Revised | |
| New date adopted/Board of Directors approval | |