March 30, 2010
Revised October 23, 2014
Reviewed January 29, 2016
Revised January 31, 2017
Revised August 25, 2017
Revised April 23, 2019

F.M. Kirby Foundation, Inc.
Investment Policy Statement

I. Introduction

The purpose of this Investment Policy Statement is to establish guidelines for the administration of the F. M. Kirby Foundation (the "Foundation") investment portfolio (the "Portfolio"). The statement also incorporates accountability standards that will be used for monitoring the progress of the Foundation's investment program and for evaluating the contributions of the manager(s) hired on behalf of the Foundation.

It is the policy of the Foundation and incumbent upon the Investment Committee to comply with the letter and spirit of the Internal Revenue Code including sections: 4941 (self-dealing), 4942 (mandatory distributions), 4943 (excess business holdings), and 4944 (prohibition against jeopardy investments, prudent man rule).

II. Role of the Investment Committee

The Investment Committee (the "Committee") is acting in a fiduciary capacity with respect to the Portfolio and is accountable to the Board of Directors of the Foundation for overseeing all investable assets owned by the Foundation.

A. This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.

B. The investment policies for the Foundation contained herein have been formulated consistent with its anticipated financial needs and in consideration of its tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.

C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio's investments are managed consistent with the short-term and long-term financial goals of the Foundation. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Foundation.

D. The Committee will review this Investment Policy Statement periodically. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Committee, and written confirmation of the changes will be provided to all Committee and Board members as soon thereafter as is practical.

III. Investment objective and spending policy

A. The Portfolio is to be invested with the objective of optimizing the long-term purchasing power of assets, net of expenses and inflation.

B. For the purpose of making distributions, the Committee will make use of a total-return-based spending policy, meaning that distributions may be funded from net investment income, net realized and unrealized capital gains, and proceeds from the sale of investments.

C. The Committee will review its spending and inflation assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Foundation's spending policy, its target asset allocation, or both.

D. Subject to liquidity requirements, periodic cash flow, either into or out of the Portfolio, will be used to align better the investment portfolio to the target asset allocation outlined in the asset allocation policy below.

IV. Portfolio Investment policies

A. Asset allocation policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

2. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's strategic asset allocation, it expects to do so only in the event of material changes in the Foundation's requirements, to the assumptions underlying Foundation spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

3. Foundation investments will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of the equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

4. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Foundation liquidity needs or to facilitate a planned program of dollar-cost averaging into any given investment.

5. Recognition is given to the efficiencies (including those related to cost and liquidity) generally associated with indexed vehicles, and the Committee should give consideration to the use of such products in the more liquid asset classes.

6. The Committee should seek to achieve an optimal balance between market risk and inflation-adjusted return through prudent allocation across asset classes and individual products. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Foundation's long-term objectives and short-term needs. Within the two major investment categories, the Committee will allocate assets to sub-asset classes and investment products based on current valuations and expected returns, re-balancing regularly to maintain portfolio diversification.

Asset class	Sub-asset class	Target allocation
Equity		75%
	U.S.	
	Non-U.S.	
	Emerging Markets	
Fixed Income		25%
	U.S. Investment grade	
	Non-U.S. Investment grade	
	U.S. Below-investment grade	
	Non-U.S. Below investment grade	
Cash		0%

The list of sub-asset classes above is illustrative only, and the Committee is not restricted by this list.

7. To the extent the Portfolio holds investments in nontraditional, illiquid, and/or nonmarketable securities including (but not limited to) venture capital, hedge funds, and real estate investments, these assets will be treated collectively as alternative investments for purposes of measuring the Portfolio's asset allocation. While not specifically considered within this policy, alternative investments and convertible securities may comprise no more than 33% and 25%, respectively, of total Portfolio assets and, to the extent they are owned, will proportionately reduce target allocations to the three primary asset classes itemized abo

B. Diversification policy

1. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

    a) With the exception of exchange traded funds, mutual funds, and fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of the total Portfolio assets.

    b) With the exception of passively managed investment vehicles seeking to match the returns of a broadly diversified market index, no single investment pool or investment company shall account for more than 25% of total Portfolio assets.

C. Rebalancing

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of short-term changes in market valuations and/or the relative performance of individual investment products. The Portfolio may be rebalanced under the following procedures:

1. The Committee will use the Portfolio's cash flow in excess of liquidity requirements to realign the current weightings closer to the target weightings for the Portfolio.

2. To the extent possible, the Committee will first source the funding of a new asset class or investment product from the asset class and/or investments that are above their target weighting, in order to realign the Portfolio closer to the target weightings.

3. The Committee will review the Portfolio quarterly to determine the deviation from target weightings. If any asset class (equity or fixed income) is +/- 5 percentage points from its target weighting, the portfolio will be rebalanced.

4. The Committee may initiate a rebalancing at any time.

D. Conflicts of Interest

Periodically, the Committee will restrict direct ownership of certain securities due to the potential for perceived Conflicts of Interest. However, indirect ownership through a mutual fund or similar investment vehicle will not be restricted.

V. Monitoring portfolio investments and performance

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

A. The Portfolio's composite investment performance (net of fees and expenses) will be judged against the following standards:

1. The Portfolio's long-term objective of a real return target exceeding qualifying distributions and expenses.

2. A composite benchmark consisting of the Portfolio's strategic policy weightings (75% equities/25% fixed income). Equities will be represented by the MSCI All Country World Index, rebalanced quarterly. Fixed income will be represented by the Barclays Global Aggregate Index, rebalanced quarterly. In addition, the Committee proposes to use widely-recognized passive market indices to measure performance in narrower market segments, as appropriate.

B. The performance (net of fees and expenses) of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:

1. A market-based index appropriately selected or tailored to the manager's agreed- upon investment objective and the normal investment characteristics of the manager's portfolio.

2. The performance of other investment managers having similar investment objectives.

C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon. However, the Committee may undertake an accelerated reassessment of managers based on issues including, but not limited to: style drift, elevated tracking error, organizational change, personnel turnover, and significant variability in assets under management.

D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Committee. Each investment manager is expected to be available to meet with the Investment Committee at least once per year to review portfolio structure, strategy, and investment performance.