

H. Investment Policy – FMMC Endowment

1. Objectives of the Investment Funds

The primary objective of the Investment Portfolio is to obtain the highest overall return consistent with a moderate level of risk appropriate to a membership, nonprofit corporation. Some variability in returns is tolerated, but a high level of safety must exist. A consistent positive return is preferable to higher average yearly returns at the cost of negative years.

2. Income Needs

The portfolio should be structured to provide a reasonable stream of current income. The target percent return for such income shall amount to 5% per annum on the total investment portfolio. Based on inflation, market conditions, and needs of the FMMC, the income level objective may be adjusted from time to time.

3. Risk Tolerance and Time Horizons

The Endowment Portfolio is a long-term fund. The investment time horizon for the endowment portfolio is seven years or more, so interim fluctuations should be viewed with appropriate perspective. From time to time, the portfolio may experience losses overall, in one or more asset categories, or in individual holdings.

4. Types of Securities

a. Income investments shall be defined as government and investment grade corporate bonds purchased as individual securities, Certificates of Deposit, and/or through mutual funds including exchange traded funds (ETFs) and closed end funds (“Funds”) that invest primarily in the foregoing.

b. Equities shall include common stocks, American Depository Receipts (ADRs), convertible bonds, convertible preferred stock and preferred stock which can be purchased as individual securities and/or through Funds that invest primarily in the foregoing.

5. Asset Mix

Investment assets shall be balanced between income investments and equities. The maximum dollar amount that shall be invested in equities as defined above is 60% of the market value of the total portfolio. Common stocks including ADRs will be limited to 50% of the market value of the total portfolio. Securities may be purchased on an individual basis and/or through Funds.

Partnership interests are not considered appropriate investments for this portfolio.

Based on the objectives and needs stated above, the investment management company is responsible for deciding the asset allocation and security selection.

6. Responsible Persons and Reporting Expectations:

The FMMC Board of Directors shall be responsible for the selection and oversight of the Investment Manager. The Investment Manager shall be fully responsible for the management of the investible assets entrusted and shall report quarterly in writing to the Treasurer and Chair of the Finance Committee. The report shall include a complete list of securities held in the account(s), purchases and sales during the period, and summary of investment results measured against relevant benchmarks such as risks and volatility. The Investment Manager shall meet with the Finance Committee at least annually. The Investment Manager shall be available for questions and discussions.

The brokerage firm with which the accounts shall be placed will send monthly statements. Confirmation of transactions of orders placed will be sent to the Treasurer at the time of the order by the brokerage firm.