



INVESTMENT POLICY

Approved: September 9, 2021

SCOPE

The purpose of this document is to outline the SFPE policy in relation to the investment fund. This document provides the purpose and objectives of the investment fund, the procedures for the ongoing management of the fund, and the responsibilities of the relevant parties.

PURPOSE & OBJECTIVES

The purpose of the SFPE investment fund is as follows:

- To provide financial stability to SFPE and provide continuity of operations in the event of a significant decline in other revenue sources.
- To provide capital for initiatives that support the goals and objectives set out in the Strategic Plan.
- To provide capital to support the future growth of SFPE.

The objectives of the investment fund are as follows:

- To keep a minimum of 6 months of budgeted operating expenses to operate the Society if needed.
- To provide an annual contribution of up to 4% of total investment to support operations that may not necessarily create new financial returns.
- To provide an annual contribution of up to 10% of the remaining investment reserve to use for new projects that anticipate a return on investment (ROI). This will support special projects and initiatives with the intent that they would become self-funding or contribute to the Society over time.

The reserves calculations should be based on the investment balance as of September 1 of each year.

PROCEDURES

The following procedures will be followed to ensure the Investment Policy is consistent with the current mission of the Society and accurately reflects the current financial condition and goals of the Society.

1. The Finance Committee shall review this Investment Policy by May 1 each year for any suggested revisions. Recommendations for changes or reconfirmation shall be made to the Board of Directors by June 1 of each calendar year.
2. Recommendations for any policy modifications will be made by the Finance Committee in conjunction with the investment advisor and approved by the Board of Directors.

It is expected that the services of a registered investment advisor (“Investment Advisor” or “Advisor”) will be used with respect to the Society’s funds. The following procedure shall be followed to engage a new or replace a current Investment Advisor. The same procedure shall apply for both individually managed accounts and mutual funds (except for money market mutual funds).

1. The Finance Committee, in consultation with the President and CEO will recommend the hiring or replacing of a registered investment advisor.
2. The Finance Committee will present their recommendations to the Board of Directors for final approval.

REPORTING REQUIREMENTS

The Investment Advisor will provide the CEO with a quarterly written statement that provides information required for the appropriate oversight of the funds. Examples of such information are:

1. All transaction details for each separately managed portfolio for the preceding quarter.
2. The name and quantity of each investment bought or sold with the price and transaction date.
3. An analysis for each investment with its description, percentage of the total portfolio, purchase date, quantity, cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market value.

Additional reports required by the CEO or Finance Committee will be provided by the Investment Advisor. The Investment Advisor will also recommend reports that may be more meaningful for SFPE requirements.

Quarterly, the Finance Committee shall receive a copy of the most recent quarterly report. Copies of the most recent quarterly report will be reviewed at the meeting of the Board of Directors immediately succeeding the Committee's receipt of the report.

The Investment Advisor shall meet as requested by the Finance Committee and at a minimum on an annual basis to provide detailed information about asset allocation, investment performance, future investment strategies, and other matters of interest to the Committee.

INVESTMENT GUIDELINES

These investment guidelines and restrictions serve as a framework to achieve the investment goals at a level of risk considered acceptable. The guidelines allow limited discretion in asset allocation and diversification to increase investment returns and/or reducing risk exposure. The Advisor has broad responsibility to recommend shifts in assets among asset classes and individual securities to pursue alternatives presented as a result of changes in the capital markets.

ASSET QUALITY

1. The quality rating of commercial paper must be A-1, as rated by Standard and Poor's, P-1, as rated by Moody's or better. The value of assets deposited in any bank should not exceed currently available FDIC coverage levels. The assets of any money market mutual funds must comply with the quality prohibitions for fixed-income securities.
2. Fixed-Income Securities: If individual bonds or notes are selected, the quality rating of such bonds and notes must be A or better as rated by Standard & Poor's or P-L as rated by Moody's. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less. If appropriate with the fund objectives, investment style of the fund, and asset allocation, the Advisor may invest in any unrestricted, open-end mutual fund, closed end mutual fund or exchange trade fund listed on a major exchange or a national, over-the counter market.
3. Convertible preferred stock and convertible bonds: The Advisor may suggest use of convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stocks and

convertible bonds must be BBB or better as rated by Standard and Poor's, or BBA or better, as rated by Moody's. The common stock into which both may be converted must satisfy the standards of Section 4, as follows.

4. Common stocks: If appropriate with the fund objectives, investment style of the fund, and asset allocation, the Advisor may invest in any unrestricted, publicly traded common stock, open-end mutual fund, closed end mutual fund or exchange traded fund that is listed on a major exchange or a national, over-the counter market.

CASH FLOW REQUIREMENTS

The CEO will be responsible for advising the Advisor promptly of the Society's cash distribution requirement from any managed portfolio. The Advisor is responsible for providing adequate liquidity to meet such distribution requirements.

EQUITY ASSET DIVERSIFICATION

The Advisor will always maintain reasonable diversification and may not make investments in the equity securities of any one company that exceed 5% (at the time of purchase) nor allow the total securities position (debt and equity) in any one company to exceed 10% of the individual portfolios, if allowed by the fund objectives. The Advisor shall also maintain reasonable sector allocations and diversifications. In that regard, sector holdings should be compared to the appropriate benchmarks.

CUSTODY AND SECURITIES BROKERAGE

The CEO and the Treasurer are authorized to establish such accounts as directed by the Finance Committee and approved or ratified by the Board of Directors as are necessary for the efficient management of the Society's funds. Whenever a brokerage relationship has not been established the Advisor shall execute transactions wherever it can obtain best price and execution.

INVESTMENT TYPES

Equities

The equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented, with the objective of exceeding a nationally recognized index measuring the performance of the designated sector over a five-year moving time period net of fees and commissions.

The following definitions shall apply for the purposes of this policy:

Large Capitalization Domestic Stocks: A portfolio of stocks made up primarily of U.S. based large capitalization companies.

International Stocks: Stocks made up primarily of non-U.S. based companies, the primary shares of which are traded on exchanges outside the U.S.

Small Capitalization Domestic Stocks: Equity securities of small capitalization companies in the U.S.

Fixed Income

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. The following definitions shall apply for the purposes of this policy:

U.S. Government/Corporate Bonds: A portfolio made up primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations rated investment grade or better.

International Bonds: Government and corporate bond investments in developed countries throughout the world excluding the U.S.

Real Estate: Exchange traded companies that own and operate income producing real estate such as apartments, shopping centers, offices, and warehouses.

Target Asset Mix

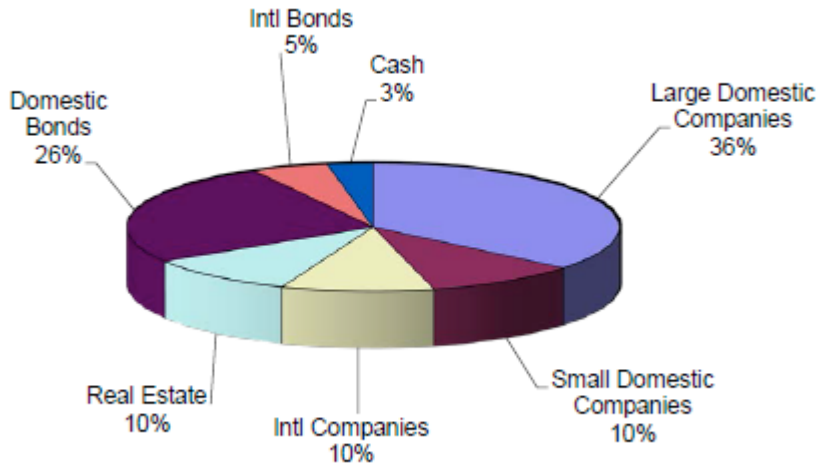
The Society recognizes that the strategic allocation of investment portfolio assets across broadly defined asset classes with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns.

The Society expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Society wishes to keep flexibility with respect to making periodic changes to the investment fund's asset allocation, it expects to do so only in case of material changes with respect to the Society, to the assumptions underlying spending policies, and/or to the capital markets and asset classes in which the investment fund invests.

The investment fund shall be made up of the asset classes listed in the table below. The target weight is the desired weight for each asset class. The minimum weights and maximum weights are to allow for normal market fluctuations.

ASSET CLASS	MINIMUM WEIGHT	TARGET WEIGHT	MAXIMUM WEIGHT
EQUITY			
Large Capitalization Domestic Stocks	31%	36%	41%
International Stocks	5%	10%	15%
Small Capitalization Domestic Stocks	5%	10%	15%
TOTAL EQUITY		56%	

FIXED INCOME			
U.S. Government/Corporate Bonds	21%	26%	31%
International Bonds	0%	5%	10%
Real Estate	5%	10%	15%
TOTAL FIXED INCOME		41%	
CASH	1%	3%	8%



Rebalancing Target Asset Mix

It is expected that the investment portfolio’s actual asset allocation will vary from its target asset allocation because of the varying periodic returns earned on its investments in different asset classes. The Portfolio will be rebalanced to its target normal asset allocation under the following procedures:

1. The Advisor will use incoming cash flow (contributions) or outgoing money movements (withdrawals) of the investment portfolio to realign the current weightings closer to the target weightings for the investment portfolio.
2. The Advisor will review the investment portfolio quarterly to determine the deviation from target weightings.

Investment Restrictions

The following investments are prohibited:

1. Purchase any municipal or other tax-exempt securities.
2. Options, except in mutual funds.
3. Permit the mortgage, pledge, or hypothecation of any assets of the portfolio.
4. Commodity or futures trading, except where the trading objective is to preserve principal.

5. Short selling.
6. Margin transactions or the use of leverage.
7. Loan money or securities to any individual or corporation from the assets of the portfolio other than through the purchase of marketable fixed income securities.
8. Make any investments that may be precluded by any special instructions issued in writing from time to time by the Directors.
9. Letter stock.
10. Private placements.