INTRODUCTION

It is the objective of the Florida Kiwanis Foundation, Inc. "the Foundation" to secure funds by donations, bequests, subscriptions and other suitable and appropriate means, and to invest and expend such funds in support of the following directives:

To promote and provide special educational, cultural, recreational, and social benefits to minors by providing activities that contribute to the development of good character of minors, and by providing activities that contribute to the educational and cultural development of minors. These activities include, but are not limited to, the following:

- improvements in the physical and mental well-being of young people through such programs as "Young Children: Priority One,"
- leadership development programs for Kiwanis sponsored youth organizations at various educational school levels,
- individual Kiwanis club projects which benefit the communities which these clubs serve, and
- the objectives and programs of the Florida District of Kiwanis International.

PURPOSE

This Investment Policy Statement establishes the guidelines by which the investment assets of the Foundation should be managed. These guidelines are designed to enhance the probability of achieving the goals and objectives of the Foundation in a manner that is consistent with the laws, regulations and policies that govern the prudent management of investment assets in a fiduciary setting. The document is further intended as a reference tool as well as an operating code and communications link between the Board of Trustees, the Investments Committee, the Foundation staff, and its Investment Consultant and Investment Managers (if applicable.)
GENERAL OBJECTIVES

The investment objectives of the Foundation are to preserve the purchasing power of the Plan's assets and to earn a reasonable real rate of return (after inflation) over the long term, while minimizing to the extent reasonable the short term volatility of results.

To achieve these objectives, the Board of Trustees seeks to create a well diversified and balanced portfolio of equity, fixed income, money market and other investments. The Board of Trustees may invest Foundation assets in any securities and other assets they deem appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is not prohibited by law. The Board of Trustees has determined that outside investment managers may be retained to assure that investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

The time horizon for these investments is perpetual; that is, the principal shall be preserved in perpetuity with some portion of the investment return spent annually. Capital values do fluctuate over shorter periods and the Foundation does recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of at least three to five years can be minimized with the long-term investment mix employed under this Investment Policy Statement.

Liquidity

The annual spending rate for the Endowment will be recommended by the Investments Committee on an annual basis for approval by the Board of Trustees. The spending rate for the foreseeable future will be up to 6% of the total market value of both the Endowment and uncommitted Grants Fund combined as of June 30 preceding the Kiwanis year beginning October 1. Once the total spending amount is approved for the coming year, the Investment Manager(s)/Consultant(s) will set aside that amount in a money market or cash equivalent, risk free investment.

General Investment Principles

Market Timing and Shifts. The Board of Trustees wishes to allow its Investment Manager(s) the opportunity to practice their skill without undo interference. However, it is hereby made clear that this policy statement was the product of the study of proven performance patterns in the capital markets. The Board recognizes that there is considerable evidence that the passage of time causes the greatest rewards to accrue in favor of consistent investing approaches.
Furthermore, the overall risk exposure could become uncontrollable without reasonable, careful adherence to the asset allocation guidelines in this policy. It is not, therefore, the general intention of this policy to allow short-term judgments to introduce significant unplanned risk. The Board of Trustees recognizes that adherence to this policy will occasionally appear to be either too risky or too conservative for current market conditions. However, the Board also recognizes that experts rarely agree about the near-term direction of the capital markets, and that such opinions have generally proven to be a poor guide for action.

_Benchmark Indices and Performance Objectives._ The Board of Trustees recognizes that Investment Manager(s) must use the broad capital markets as their basic tools for investment and that a substantial portion of investment returns will not be attributable to management skills, but rather to the markets themselves. However, the Board expects that its investment managers will add value to the broad market returns over a full market cycle, net of fees.

**ROLES AND RESPONSIBILITIES**

**Responsibilities of the Foundation Officers and Board of Trustees**

The Kiwanis Foundation Board of Trustees maintains the ultimate responsibility for approving and adoption the Investment Policy Statement and managing the investment assets. The Board of Trustees has delegated, in turn, certain responsibilities as defined below to the Investments Committee.

Knowing better the overall purpose and needs of the Foundation, it is the responsibility of the Officers and the Board of Trustees to review all reports and analysis provided by the Investments Committee to insure that the investment approach reflects the true intention of the Foundation and that the investment performance and resulting progress is commensurate with the Foundation's long-term planning.

**Responsibilities of the Investments Committee**

- Oversee the management of the Investment Assets
- Create, review and revise, as needed, a statement of investment policies and objectives
- Recommend policy guidelines for the asset allocation of the assets within the equity and fixed income segments according to investment style, taking into account near term cash needs and liquidity
- Recommend annual spending rates from the Endowment
- Recommend selection and retention or termination of Investment Manager(s)/Consultant(s) regarding the management of the invested assets
• Monitor the invested assets and provide periodic reports to the Board of Trustees regarding investment performance and other pertinent information

Responsibilities of the Foundation Staff

• Receive and review, or compile as requested and distribute to the Investment Committee all reports from the Investment Manager(s)/Consultant(s), or outside professionals regarding the investment accounts
• Ensure that sufficient liquidity exists in the investment accounts to handle both anticipated and, to the extent possible, unanticipated cash needs of the Foundation
• Provide any other information that is relevant to the Foundation Investment Assets to the appropriate parties of this document

Responsibilities of the Investment Manager(s)/Consultant(s)

• Serve as an advisor to the Investments Committee. As such, the Investment Manager(s)/Consultant(s) will make recommendations to the Committee but will not have discretion to make investment or allocation decisions without approval from the Committee
• Offer advice and manage the assets in a manner that is consistent with the investment objectives, policies, guidelines and constraints as established in the Investment Policy Statement
• Be available on request to meet with the Investments Committee and/or the Board of Trustees to discuss issues regarding firm, investment process, performance, etc.
• Comply with all legislation and regulations as they pertain to the manager’s duties functions and responsibilities as a fiduciary in managing the investment assets
• Provide statements setting forth all account activity and the financial position of the account monthly
• Measure, monitor, and evaluate the performance of all the investments within the Foundation accounts on an individual investment basis and for the account as a whole and report the findings to the Investment Committee on a quarterly basis. This includes but is not limited to the following:
  - Statements showing compliance with asset allocation guidelines
  - Comparison of returns to benchmarks
  - Comparison of returns to the performance of a universe of comparable investment managers
  - Details of relevant statistics as they pertain to investment assets, market indices, investment management entities, etc.
OPERATIONAL ISSUES

Diversification

The Foundation's assets will be well diversified to reduce the risks of large losses. To achieve this diversification, the following policies have been adopted:

- Each asset class, such as stocks and bonds, will be broadly diversified to be similar to the market for the asset class. The market for stocks shall be represented by the Wilshire 5000. The market for bonds shall be represented by the Lehman Corporate/Government Bond Index.
- Equity portfolio holdings may include diversifying alternative investments, such as international stocks and equity real estate.
- Short-term fixed income investments, defined as fixed income issues maturing in less than one year, will be managed to add value. Credit risk will be avoided in these investments since the intent is to dampen overall volatility.
- The average quality of the total bond portfolio will be maintained at A or better. No more than 10% of the portfolio may be in issues rated Baa by Moody's, or BBB by Standard & Poor's, or below. Total average duration should not exceed 120% of the bond market's duration, where the bond market is represented by the Lehman Corporate/Government Bond Index.
- Equity investments should emphasize high quality, income-producing companies with good marketability. No individual issue shall constitute more than 5% (at cost) of the total equity portfolio.

Performance Review

The investment performance of the Investment Manager(s)/Consultant(s) will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement of policy.

The Investments Committee will review Investment Manager(s)/Consultant(s) returns versus appropriate indices as well as comparable performance to similar managers by investment style. Over the full market cycle attributed to each Asset Class, Investment Managers are expected to outperform the specific market indexes. Accordingly, the Board of Trustees will consider performance to be adequate if the investment manager outperforms their respective index/peer group over a full market cycle. Performance over shorter periods will be monitored as a means of identifying the current trend of results.
SPECIFIC INVESTMENT GOALS

- To match or exceed the annual rate of return determined from the sum of the following components:

<table>
<thead>
<tr>
<th>Annual distribution percentages as calculated for the fund</th>
<th>~6.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation percentage as measured by the Consumer Price Index (CPI)</td>
<td>~2.5%</td>
</tr>
<tr>
<td>Total Return</td>
<td>~8.5%</td>
</tr>
</tbody>
</table>

- To achieve the above return objective while experiencing the same or less volatility than a composite of the market indices defined by the Target Allocation below
- To match or exceed the rate of return determined from a composite of market indices outlined in the following section.
Asset Allocation Range and Target

The Florida Kiwanis Foundation, Inc. believes that the following allocation of asset classes is intended to produce satisfactory performance over time. The Investment Manager(s) will invest the assets of the Foundation given the relevant passive benchmark outlined below.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Allocation Range</th>
<th>Target</th>
<th>Peer Group</th>
<th>Passive Index Benchmark for</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Style Definitions</td>
<td>Performance Measurement</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Blend</td>
<td>20%-60%</td>
<td>35%</td>
<td>Large Cap</td>
<td>Russell 1000</td>
</tr>
<tr>
<td>Sm-Mid Cap Blend</td>
<td>0%-25%</td>
<td>15%</td>
<td>Mid Cap Blend</td>
<td>Russell 2500</td>
</tr>
<tr>
<td>International</td>
<td>0%-25%</td>
<td>15%</td>
<td>Foreign Large Blend</td>
<td>MSCI: EAFE</td>
</tr>
<tr>
<td>Total Equity</td>
<td>20%-80%</td>
<td>65%</td>
<td></td>
<td>% Index Blend</td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term Bond</td>
<td>5%-25%</td>
<td>10%</td>
<td>Short-Term Bond</td>
<td>LB 1-3 yr Bond</td>
</tr>
<tr>
<td>Intermediate Bond</td>
<td>15%-35%</td>
<td>25%</td>
<td>Intermediate Bond</td>
<td>LB Intern Govt/Cr</td>
</tr>
<tr>
<td>Total Fixed</td>
<td>20%-60%</td>
<td>35%</td>
<td></td>
<td>% Index Blend</td>
</tr>
<tr>
<td>Alternative</td>
<td>(If Applicable)</td>
<td></td>
<td>Spec. Real Estate</td>
<td>Wilshire REIT Index</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0-10%</td>
<td>0%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>0-10%</td>
<td>0%</td>
<td>Spec. Real Estate</td>
<td>Wilshire REIT Index</td>
</tr>
<tr>
<td>Total Alternative</td>
<td>0-20%</td>
<td>0%</td>
<td>% Index Blend</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>0%-20%</td>
<td>0%</td>
<td>3-Mo. Treasury-Bill</td>
<td></td>
</tr>
</tbody>
</table>

Average Historical Return: 7.9%

Downside Risk: -11.6%

Commodity Related Investments

If the Investment Manager(s)/Consultant(s) believes that an allocation to commodity related investments such as gold, silver, oil & gas, etc. is appropriate those investments will be limited to a total exposure of 20% of the value of the portfolio.
Deviations from Policy

Any deviations from this Investment Policy must be reviewed and recommended by the Investments Committee and approved by the Board of Trustees of the Florida Kiwanis Foundation, Inc. prior to the action being taken.

Review of Policy

The Bylaws of the Foundation require the Board of Trustees to review the Statement of Investment Policy and its addenda periodically and to amend them to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager(s)/Consultant(s) believe that the specific objectives defined herein or in their addenda cannot be met or that these guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing.

ACKNOWLEDGEMENT AND ACCEPTANCE

The undersigned acknowledge that this Investment Policy was approved by the Board of Trustees on behalf of the Florida Kiwanis Foundation, Inc.

1. Signed/Date:  Robert Zeuko  8-24-07  
   Printed Name/Title:  Robert Zeuko, President

2. Signed/Date:  E. Garth Jenkins  8-24-07  
   Printed Name/Title:  E. Garth Jenkins, Executive Director

3. Signed/Date:  Elizabeth L. Lusty  8/24/07  
   Printed Name/Title:  Elizabeth L. Lusty, Treasurer

4. Signed/Date:  Lawrence C. Revis II  8/24/07  
   Printed Name/Title:  Lawrence C. Revis II, Investments Committee Chair