



Heirs of Mountain Home
An Alabama Non-profit Corporation

INVESTMENT POLICY

Purpose of Investment Policy

The purpose of this Investment Policy is to provide a clear statement of the Corporation's investment objective, to define the responsibilities of the Board of Directors and any other parties involved in managing the Corporation's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

Investment Objective

The overall investment objective of the Corporation is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

The long-term objective for the Heirs of Mountain Home is to make the best use of all funding received by the Corporation for the ongoing and future care of Mountain Home. At the time this policy is enacted, it is not known if or when there will be sufficient funds available to make any investments to leverage funds received to earn additional funding. This policy is being put into place to lay the foundational processes that will be used to make any investment. Further, the Corporation will never engage in high-risk or speculative investment practices.

General Provisions

- All transactions shall be for the sole benefit of the Corporation.
- The Directors shall consider updating the Corporation's investment policy on an annual basis.
- The Directors shall conduct an annual review of the Corporation's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Corporation's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Directors.
- The Directors will endeavor to operate the Corporation's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.

- Investments shall be diversified with a view to minimizing risk.

Delegation of Responsibility: Reliance on Experts and Advisors

- The Board of Directors has ultimate responsibility for the investment and management of the Corporation's investment assets.
- The Board may delegate authority over the Corporation's investments to a properly formed and constituted Investment Committee, being a Board Committee comprised only of directors.
- The Board or Board Committee may hire outside experts as investment consultants or investment managers.
- The Board may also establish an advisory committee (which may include non-directors) to provide investment advice to the Board or to the Board Committee. Advisory committees have no authority to act for the Board, but may monitor compliance with the investment policy, recommend changes, and assist the Board or Board Committee in selecting and retaining Investment Managers to execute this Investment Policy.

Responsibilities of the Board, or if Authority is Delegated, the Investment Committee

The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Corporation. The specific responsibilities of the Board or the Investment Committee, as applicable, include:

1. Communicating the Corporation's financial needs to the Investment Managers on a timely basis.
2. Determining the Corporation's risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

Responsibilities of Investment Managers

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies,

guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, monthly investment performance results.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
4. Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Board, or if authority is delegated, the Investment Committee, on behalf of the Corporation.
6. Administering the Corporation's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Corporation.

General Investment Guidelines

- A copy of this Investment Policy shall be provided to all Investment Managers.
- Board resolution(s) passed regarding additional Investment Policy, Requirements, Authorizations, or other shall be provided to all Investment Managers.
- The Corporation is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Corporation investments. [*Application to the IRS is forthcoming as of the date of this policy, once exemption has been granted, this policy will be updated to reflect the approve.*]
- The Corporation is expected to operate in perpetuity, but the current global economies and uncertainties dictate an ultra-conservative approach; therefore, a 5-year investment horizon shall be employed at such time as there is funding available for investment purposes. Interim fluctuations should be viewed with appropriate perspective. At some future date, if the climate of global economies and uncertainties improves significantly and remains improved for a period of not less than two years, the then serving Board of Directors may choose to increase the investment horizon to 10 years.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for operational expenses, tax obligations and other anticipated expenses. These cash and cash equivalent accounts combined with zero or low-risk fixed income investments will make up the lion's share of the Corporate portfolio.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.

Permitted investments include: Cash and cash equivalents, e.g., Cash, Bank accounts, Short-term, liquid securities (such as Commercial paper, Short-term government bonds, Treasury bills, Money market funds, as well as fixed income securities: e.g., Certificates of Deposit (CD), Bonds, U.S. Treasuries, Corporate, or Municipal Bonds. Mutual Funds, or ETFs, and marketable securities including equities.

No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:

1. BBB by Standard & Poors for straight bonds and convertibles
2. Baa3 by Moody's Investor Service for straight bonds and convertibles
3. A1 by Standard & Poors for short term securities
4. P1 by Moody's Investor Service for short-term securities
5. AAA for money market accounts

The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

Diversification

- The Corporation will always maintain a conservative and reasonable diversification of investment assets between asset classes and investment categories.
- Investments in the equity securities of any one company shall not exceed 3% of the portfolio nor shall the total securities position (debt and equity) in any one company exceed 8% of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than 8% of the entire portfolio may be invested in the equities securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

Asset Allocation

The asset allocation policy shall be predicated on the following factors:

1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
2. The correlation of returns among the relevant asset classes.
3. The perception of future economic conditions, including inflation and interest rate assumptions.
4. Liquidity requirements for the projected mission related charitable expenditures.
5. The relationship between the current and projected assets of the Corporation and projected liabilities.
6. Impacts of global economic insecurities, disasters and wars that have direct impacts on the capital markets, inflation, interest rates, availability of capital, and similar matters.

Allocation Range

The Corporation has developed the following allocation and range based on the primary Corporate investment objective to make the best use of all funding received by the Corporation for the ongoing and future care of Mountain Home. This objective requires conservative, low-risk investment options for the

majority of any investments made, whether they are unrestricted or restricted use investments.

The Board may revisit and revise the allocation range based on the general investment guidelines shown previously in this policy, in conjunction with consultation with the Investment Manager(s), Broker(s), or Consultant(s).

Asset Allocation Range	Target	Upper limit
Cash & Equivalents Cash, Bank accounts, Short-term, liquid securities (such as Commercial paper, Short-term government bonds, Treasury bills, Money market funds)	50%	40 – 80%
Fixed Income Certificates of Deposit (CD), Bonds, U.S. Treasuries, Corporate, or Municipal Bonds. Mutual Funds, ETFs	40%	0 – 60%
Equities: Domestic Large Cap	5%	0 – 10%
Equities: Domestic Small/Mid Cap	5%	0 – 10%

Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

Performance

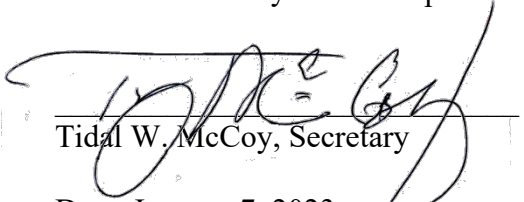
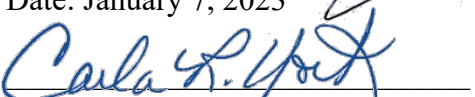
Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Corporation and against index objectives for individual portfolio components.

Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a two-three-year basis to allow for reasonable market fluctuations and volatility.

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CERTIFICATE OF ADOPTION OF CORPORATE INVESTMENT POLICY

I do hereby certify that the above stated Investment Policy for Heirs of Mountain Home were approved and adopted by the board of directors on January 7, 2023, and constitute a complete copy of the Investment Policy of the Corporation.


 Tidal W. McCoy, Secretary
 Date: January 7, 2023

 ATTEST: Carla R. York, President

