Policy #301
Adopted on: Mar. 13, 2019
Modified: _____

LOMITA RAILROAD MUSEUM FOUNDATION

Investment Policy

1. PURPOSE OF INVESTMENT POLICY

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

2. INVESTMENT OBJECTIVE

The overall investment objective of the Lomita Railroad Museum Foundation 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.

3. GENERAL PROVISIONS

3.1. All transactions shall be for the sole benefit of the Lomita Railroad Museum Foundation.
3.2. The Finance Committee shall review and if appropriate, update the Lomita Railroad Museum Foundation's investment policy on a bi-annual basis.
3.3. The Finance Committee shall conduct an annual review of the Lomita Railroad Museum Foundation's investment assets to verify the existence and marketability of the underlying assets or verify that such a review has been conducted in connection with an independent audit of the Lomita Railroad Museum Foundation's financial statements.
3.4. Any investment that is not expressly permitted under this policy must be formally reviewed and approved by the Finance Committee.
3.5. The Board of Directors will endeavor to operate the Lomita Railroad Museum Foundation's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment.
3.6. Investments shall be diversified with a view to minimizing risk.

4. DELEGATION OF AUTHORITY

4.1. The Board of Directors has ultimate responsibility for the investment and management of the Lomita Railroad Museum Foundation's investment assets.
4.2. The Board of Directors may delegate authority over the organization's investments to a properly formed and constituted Finance Committee, being a Board of Directors Committee comprised only of directors.
4.3. The Board of Directors may hire outside experts as investment consultants or investment managers.

4.4. The Board of Directors may also establish an advisory committee (which may include non-directors) to provide investment advice to the Board of Directors or to the Finance Committee. Advisory committees have no authority to act for the Board of Directors, but may monitor compliance with the investment policy, recommend changes, and assist the Board of Directors or Finance Committee in selecting and retaining Investment Managers to execute this Investment Policy.

5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS OR IF AUTHORITY IS DELEGATED, THE FINANCE COMMITTEE

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

5.1. Communicating the organization's financial needs to the independent investment managers on a timely basis.
5.2. Determining the Lomita Railroad Museum Foundation's risk tolerance and investment horizon and communicating these to the appropriate parties.
5.3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board of Directors on an annual basis.
5.4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
5.5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
5.6. 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.

6. RESPONSIBILITIES OF INVESTMENT MANAGERS

The investment manager is charged with the responsibility of managing and investing the assets of the organization is strict accordance with the Investment Policy #301 as outlined. The specific responsibilities of the investment manager include:

6.1. Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
6.2. Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
6.3. 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:
    6.3.1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
    6.3.2. Reporting, on a timely basis, quarterly investment performance results.
    6.3.3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.

6.3.4. Informing the Board of Directors, or if authority is delegated, the Finance Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
6.3.5. Voting proxies, on behalf of the Lomita Railroad Museum Foundation if authorized by the Board of Directors.
6.3.6. Administering the Lomita Railroad Museum Foundation'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

7. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

Asset Allocation

- ***Liquidity Portfolio***

	Target
Stocks	*0%*
Bonds/Cash	*100%*

- ***Moderate Allocation Portfolios***

	Target
Stocks	*40% +/- 10%*
Bonds/Cash	*60% +/- 10%*

- ***Growth Oriented Portfolios***

	Target
Stocks	*60% +/- 10%*
Bonds/Cash	*40% +/- 10%*

Permitted Securities & Market Sectors
- *U.S. Treasury and agency obligations*
- *Money-market instruments*
- *Fixed-income securities of U.S. and non-U.S. issuers including corporations and quasi-government entities*
- *Mortgage-backed securities*
- *Asset-backed securities*
- *Real Estate Investment Trusts (REIT) – 5% maximum of equity allocation*
- *Equity securities of U.S. and non-U.S. issuers*
- *Commingled funds that are consistent with the aforementioned investment objectives*

Prohibited Transactions
- *Direct short sales of individual securities (the investment manager may buy commingled funds that employ short sale techniques)*
- *Margin purchases*
- *Direct investments in commodities futures contracts (the investment manager may buy commingled funds that use futures contracts)*
- *Direct investments in real estate or direct real estate lending*
- *Hedge funds*
- *Unregistered or letter stock*

- *Tax exempt securities*
- *Conditional sales contracts*
- *Options (purchase, sale or writing*
- *Warrants*
- *Securities lending programs*
- *Limited partnerships*
- *Mutual funds with loads (commissions)*
- *Direct investments in swap or forward contracts*

Exceptions to the prohibited investment policy may be made only when assets are invested in Mutual fund(s) that periodically utilizes prohibited strategies to mitigate risk and enhance return.

Changes to these conditions must be approved by the Foundation Finance Committee.

Asset allocation percentage breakdown into areas such as large capitalization, mid capitalization, small capitalization, foreign, growth and /or value equities, varied debt instruments such as treasuries, government backed mortgage pools, corporate bonds, money markets, etc, will be considered.

8. EQUITY INVESTMENT PHILOSOPHY

The investment portfolio should be diversified as to equity holdings. The purpose of this diversification is to provide reasonable assurances that no single security or class of securities will have a disproportionate impact on the total portfolio. The following factors should be considered when establishing investment allocations:

8.1. Fund duration
8.2. Fund/institution purposes
8.3. General economic conditions
8.4. Effects, inflation/deflation
8.5. Expected total return