

INVESTMENT POLICY
OF
THE ALABAMA SHERIFFS YOUTH RANCHES

A. PURPOSE

The purpose of this Investment Policy is to provide a clear statement of the Alabama Sheriffs Youth Ranches' (hereafter, "the Ranches") investment objective, to define the responsibilities of the Trustees of Trustees (hereafter, "the Trustees") and any other parties involved in managing the Ranches' investments, and to identify or provide target asset allocations, permissible investments, and diversification requirements.

B. INVESTMENT OBJECTIVE

The overall investment objective of the Ranches 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.

C. GENERAL PROVISIONS

1. All transactions shall be for the sole benefit of the Ranches.
2. The Trustees shall consider updating the Ranches' investment policy on an annual basis.
3. The Trustees shall conduct an annual review of the Ranches' 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 of the Ranches' financial statements.
4. Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Trustees.
5. The Trustees will endeavor to operate the Ranches' investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
6. Investments shall be diversified with a view to minimizing risk.

D. DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS

1. The Trustees will have ultimate responsibility for the investment and management of the Ranches' investment assets.

2. The Trustees may delegate authority over the Ranches' investments to a properly formed and constituted Investment Committee, being a Trustees Committee comprised only of Trustees, and including the President of the Trustees of Trustees.
3. The Trustees or Investment Committee may hire outside experts as investment consultants or investment managers.
4. The Trustees may also establish an advisory committee (which may include non-Trustees) to provide investment advice to the Trustees or to the Investment Committee. Advisory committees have no authority to act for the Trustees, but may monitor compliance with the investment policy, recommend changes, and assist the Trustees or Investment Committee in selecting and retaining Investment Managers to execute this Investment Policy.

E. RESPONSIBILITIES OF THE TRUSTEES, OR IF AUTHORITY IS DELEGATED, THE INVESTMENT COMMITTEE

The Trustees are charged with the responsibility of managing the investment assets of the Ranches. The specific responsibilities of the Trustees and/or their Investment Committee, as applicable, include:

1. Communicating the Ranches' financial needs to Investment Managers on a timely basis;
2. Determining the Ranches' risk tolerance and investment horizon and communicating these to the appropriate parties;
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations directing the investment of assets, and reviewing each such area on an annual basis;
4. Prudently and diligently selecting one or more qualified investment professionals, including investment manager(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; and
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.

F. RESPONSIBILITIES OF INVESTMENT MANAGERS

1. Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.

2. Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
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:
 - i. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 - ii. Reporting, on a timely basis, monthly investment performance results.
 - iii. Communicating to the Ranches any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of the investment process.
 - iv. Informing the Trustees, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, or similar issue or subjects.
 - v. Voting proxies, if requested by the Trustees, or if authority is delegated, the Investment Committee, on behalf of the Ranches.
 - vi. Administering the Ranches' investments at a reasonable cost, balanced with avoiding a compromise of quality. Such costs may include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to, and pre-approved by, the Ranches.

G. GENERAL INVESTMENT GUIDELINES

1. A copy of this Investment Policy shall be provided to all investment managers.
2. The Ranches are a tax-exempt organization as described in section 501(c)(3) the Internal Revenue Code. This tax-exempt status should be taken into consideration when making investments for the Ranches.
3. A cash account shall be maintained with a very low risk tolerance to keep cash available for obligations and expenses.

4. Transactions shall be executed at a reasonable cost, taking into consideration prevailing market conditions and the services, and research provided by the executing broker.
5. Permitted investments include cash and cash equivalents, and marketable securities including equities and fixed income securities. Investments in other items must be approved by the Trustees.
6. 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.

H. DIVERSIFICATION

1. The Ranches will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
2. Investments in the equity securities of any one company shall not exceed ten percent of the portfolio nor shall the total securities position (debt and equity) in any one company exceed fifteen percent of the portfolio.
3. Reasonable sector allocations and diversification shall be maintained. No more than twenty five percent of the entire portfolio may be invested in the securities of any one sector.
4. Investments within the investment portfolio should be readily marketable.
5. The investment portfolio should not be a blind pool; each investment must be available for review.

I. 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 projected expenditures.
5. The relationship between the current and projected assets of the Ranches and projected liabilities.

J. ALLOCATION RANGE

Asset Allocation Range	Target	Upper limit
Cash & Equivalents	5%	0 – 15%
Fixed Income	40%	20 – 60%
Equities: Domestic Large Cap	25%	20 – 40%
Equities: Domestic Small/Mid Cap	20%	10 – 25%
Equities: International	10%	5 – 15%

Rebalancing shall be done by the Trustees on an annual basis, or more frequently if deemed necessary.

K. 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 Ranches 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 three to five year basis to allow for market fluctuations and volatility.