

**Jacksonville Police Death Benefit Fund, Inc.  
Investment Policy Statement  
Board Approved 5/11/2016**

**Introduction**

The Jacksonville Police Death Benefit Fund, Inc. (the “Fund”) was created to provide for the payment of death benefits to the families of deceased members. The purpose of this Investment Policy Statement is to establish guidelines for the Fund’s investment portfolio. The statement also incorporates accountability standards that will be used for monitoring the progress of the accounts investment portfolio and for evaluating the contributions of the manager(s) hired on behalf of the Fund, and its beneficiaries.

**I. Role of the Investment Committee**

The Investment Committee (the “Committee”) is acting in a fiduciary capacity with respect to the Portfolios, and is accountable to the Board of Directors, for overseeing the investment of all assets owned by, or held in trust for each portfolio.

**A. This Investment Policy Statement sets forth the investment objectives and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.**

**B. The investment policies for the accounts contained herein have been formulated consistent with the Fund’s anticipated financial needs and in consideration of the Funds’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.**

**C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that each of the portfolio’s investments are managed consistent with the short-term and long-term financial goals of the specific account. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Fund.**

**D. The Committee will review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Committee, and written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical. Changes to the Investment Policy will also be ratified by the Board of Directors**

**II. Investment Objective of the Fund**

The resources are to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Fund. The income from the investments will be used to fund the operating costs as defined by our internal procedure.

**A. For the purpose of making distributions, the Fund shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments in excess of initial cost.**

**B. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the asset allocation policy at Section III. A. herein.**

**III. Portfolio Investment Policies of the Investment Fund**

**A. Asset Allocation Policy for the Investment Fund**

a. The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

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

c. Fund assets will be managed as a portfolio composed of two major components: a corporate bonds portion and a CD portion. The expected role of Fund corporate bond investments will be to maximize the long-term real growth of Portfolio assets, while the role of the CD investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio bond investments.

d. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Fund liquidity needs or to facilitate a planned program of dollar-cost averaging into investments in CD's or corporate bonds.

e. The Committee's goal for the long-term strategic asset allocation is to pursue a growth portfolio that pursues long-term purchasing power, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

**i. Asset class target allocations**

**Corporate Bonds**

Corporate bonds should be U.S. Investment Grade.

**o Rating Requirements:**

- The bond must be rated "A" or better by at least one of the major rating agencies at the time of purchase (Moody's or S&P).
- If the bond is downgraded below "A-" a meeting is required with the Financial Advisor and the Investment Committee.
- If the bond is downgraded below "BBB-" it will be sold at the current market value.

**o Allocation Quantity:**

- The total allocation to corporate bonds should not exceed 15% at the time of purchase and the total allocation to any one issue should not exceed more than 3% at the time of purchase.
- If the total allocation of corporate bonds exceeds 20% (5% for any one issue) the portfolio should be rebalanced to bring the entire allocation back to 15% or less.

**o Maturity Range:**

- The entire portfolio should be invested with maturities between 0 and 10 years.

**CD's & Money Market**

Balance of portfolio not contained invested in corporate bonds.

**o Maturity Range:**

- The entire portfolio should be invested with maturities between 0 and 10 years.

**B. Other investment policies.**

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

a. Purchasing securities on margin or executing short sales.

b. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.

**c. Purchasing or selling derivative securities for speculation or leverage.**

**d. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their Portfolio.**

**IV. Monitoring Portfolio Investments and Performance of the Investment Fund**

**The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance.**