Purpose

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding as to the applicable investment objectives and policies. This Investment Policy Statement will:

1. Establish reasonable expectations, objectives and guidelines in the investment of the Portfolio’s assets
2. Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes
3. Encourage effective communication between the Consultant and the Association
4. Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Association.
5. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by each investment option on a regular basis.

This IPS is not a contract. This IPS is intended to be a summary of an investment philosophy that provides guidance for the Association and your advisors.

Any change to this policy should be communicated in writing and on a timely basis to all interested parties. If any term or condition of this Investment Policy Statement conflicts with any trust and/or plan document, the document shall control, as long as such term or condition is consistent with the law.

Executive Summary

<table>
<thead>
<tr>
<th>Type of Client</th>
<th>Association – 501(c)3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association/Endowment Type</td>
<td>Not For Profit Association</td>
</tr>
<tr>
<td>State of Domicile</td>
<td>Virginia</td>
</tr>
<tr>
<td>Tax ID</td>
<td>13-5404745</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$786,204 (as of 01/01/2017)</td>
</tr>
<tr>
<td>Time Horizon</td>
<td>Medium – 3 to 5 Years</td>
</tr>
<tr>
<td>LongTerm Return Model (Gross)</td>
<td>6.1%</td>
</tr>
<tr>
<td>Risk (standard deviation)</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Reserve Fund Asset Allocation Summary:
The broad asset allocation summary includes:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>43%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>30%</td>
</tr>
<tr>
<td>International Equity</td>
<td>15%</td>
</tr>
<tr>
<td>Alternative Strategies</td>
<td>10%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>
Statement of Objectives

Background
The SLA Investment Policy Statement was established with the following purpose and mission:

Mission
The Special Libraries Association (SLA) is a nonprofit global organization for innovative information professionals and their strategic partners in business, government, academic, and other “specialized” settings.

The Special Libraries Association promotes and strengthens its members through learning, advocacy, and networking initiatives.

Reserve Purpose
The purposes of the Pooled Fund is to provide the SLA chapters and divisions an option to invest excess reserves for higher returns. The monies deposited in the fund will be invested separately of the Reserve Fund but implement the same strategy. This provides chapters with access to institutional money management, lower investment costs, and an opportunity to invest alongside the SLA Reserve Fund.

There is a $2500 minimum to open a chapter account in the Pooled Fund. Any funds directed to the Pooled Fund should be long term in nature with a 3-5 year investment time horizon. Funds with a shorter time horizon should be managed through a savings or checking account at local institutions.

Investment Objectives
This IPS has been arrived at upon consideration by the Board of Directors of a wide range of policies, and describes the prudent investment process the Committee deems appropriate. This process includes offering various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified risk and return requirements of the portfolio.

The objectives of the portfolio are:

1. Maintain the purchasing power of the current assets and all future contributions.
2. Maximize return within reasonable and prudent levels of risk.
3. Maintain an appropriate asset allocation based on a return policy having the potential to produce positive real returns.

Time Horizon
The investment guidelines are based upon an investment horizon of 3 to 5 years. Short and Intermediate-term liquidity requirements are anticipated to be handled at the chapter level typically through operating or checking accounts.

Risk Tolerances
The Association recognizes and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives of the portfolio and that there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Association’s ability to withstand short and intermediate term variability was considered. The Association’s prospects for the future, current financial condition and level of funding in the portfolio suggest collectively that some interim fluctuations in market value and rates of return may be tolerated in order to achieve longer-term objectives.
Asset Class Guidelines

The Committee believes long-term investment performance, in large part, is primarily a function of asset class mix. The Committee has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

Historically while interest-generating investments, such as bonds, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting given the Association’s long time horizon.

Strategic Asset Allocation Approach

An approach using Strategic Asset Allocation will be utilized for the portfolio. The portfolio is based on the traditional buy-hold-rebalance Strategic approach that has worked for many years. We have expanded this to include Alternative Investments to further provide diversification with assets that historically have had a low correlation to other asset classes.

Acceptable Asset Classes

The following asset classes have been approved by the Investment Committee.

1. Cash/Money Market
2. U.S. Fixed Income
3. Intl. Fixed Income
4. Large Cap U.S. Equities
5. Mid-Cap U.S. Equities
6. Small Cap U.S. Equities
7. International Equities
8. Emerging Market Equities
9. Alternative Strategies

Acceptable Investment Products

1. Cash and Short Term Fixed Income Securities
   - Money Market Investment Funds
   - Certificates of Deposit

2. Fixed Income Securities
   - U.S. Government and Agency Securities
   - Corporate Notes and Bonds (BBB or better)
   - Mortgage Backed Bonds, Asset Backed Bonds
   - High Yield Bond – Limited to mutual funds or ETF’s
   - Emerging Market Equity or Debt – Limited to mutual funds or ETF’s
   - Preferred Stock – Limited to mutual funds or ETF’s
   - Fixed Income Securities of Foreign Governments and Corporations – Limited to mutual funds or ETF’s

3. Equity Securities
   - Common Stocks
   - Convertible Notes and Bonds – Limited to mutual funds or ETF’s
   - Stocks of Non-U.S. Companies (Ordinary Shares or ADR's)
4. Mutual Funds
   - Mutual Funds which invest in securities as allowed in this policy and none of whose investments are expressly prohibited in this policy.

5. Exchange-Traded Funds
   - Exchange-traded funds which invest in securities as allowed in this policy and none of whose investments are expressly prohibited in this policy.

6. Alternatives
   - Commodity Strategies – Limited to mutual funds or ETFs
   - Alternative Strategy Mutual Funds
   - Real Estate Investment Trusts (REIT’s)

Prohibited Assets
   - Private Placements
   - Limited Partnerships
   - Options – Unless indirectly facilitated by a mutual fund strategy.
   - Non-Registered investment cooperative or Pooled Fund
   - Art
   - Investments with no readily ascertainable market value (Illiquid Securities)

Prohibited Transactions
   Prohibited transactions include, but are not limited to the following:
   - Margin Transactions
   - Short Sales – Unless indirectly facilitated by a mutual fund strategy.

Asset Allocation
   Based upon the Association’s tolerance for risk, time horizon, and spending needs, we have determined the following mix to be best suited to meet your objectives.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Acceptable Range</th>
<th>Performance Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2%</td>
<td>1% - 5%</td>
<td>Citigroup T-Bill Index</td>
</tr>
<tr>
<td>U.S. Fixed Income</td>
<td>19%</td>
<td>15% - 30%</td>
<td>Barclays Aggregate Bond</td>
</tr>
<tr>
<td>Intl Fixed Income</td>
<td>10%</td>
<td>5% - 15%</td>
<td>Citigroup World Gov Bond</td>
</tr>
<tr>
<td>High Yield</td>
<td>5%</td>
<td>0% - 10%</td>
<td>ML High Yield Index</td>
</tr>
<tr>
<td>Emerging Markets Fixed Income</td>
<td>4%</td>
<td>0% - 6%</td>
<td>Lipper Emerging Markets Debt Index</td>
</tr>
<tr>
<td>U.S. Large Cap</td>
<td>20%</td>
<td>15% - 25%</td>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>U.S. Mid Cap</td>
<td>5%</td>
<td>0% - 10%</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>U.S. Small Cap</td>
<td>5%</td>
<td>0% - 10%</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>International</td>
<td>10%</td>
<td>10% - 20%</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>5%</td>
<td>0% - 10%</td>
<td>MSCI Emerging Markets</td>
</tr>
<tr>
<td>Alternatives</td>
<td>10%</td>
<td>10% - 20%</td>
<td>CPI</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Return and Risk Expectations
   Based upon RBC Wealth Management’s Capital Market Assumptions (Addendum “A”), the Proposed Asset Mix has the following Return and Risk Expectations.
   - Gross Return: 6.1%
   - Risk: 8.7% (Standard Deviation)
   - Average Drawdown -5.8%
- 1-Yr Potential Gain: 38.6%
- 1-Yr Potential Loss: -31.8%

Expected return is a long-term average and will fluctuate above and below this average as illustrated by the 1-year potential gain and loss estimates.

Rebalancing
The percentage allocation to each asset class may vary depending upon market conditions. Please reference the asset allocation table for the lower and upper limits (acceptable range) for each asset class. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the target asset allocation and acceptable ranges of the Portfolio. If there are no cash flows, the rebalancing of the Portfolio will be reviewed quarterly.

Duties and Responsibilities

Board of Directors:
As fiduciaries under the Association, the primary responsibilities of the Board of Directors are:

1. The Board has the responsivity to establish the SLA Investment Policy related to the Reserve Fund
2. Ensure the assets of the Reserve Fund are managed in a manner which is consistent with the policy.
3. The Board is responsible for the analysis and selection of the Investment Advisory Firm responsible for the implementation of this policy.

Finance Committee
As fiduciaries under the Association, the primary responsibilities of the Committee are:

1. Oversee the ongoing management of the Reserve Fund
2. Review and evaluate investment results in the context of the SLA’s guidelines and performance standards and implement corrective action if needed.
3. Monitor the Reserve Fund results for compliance with the SLA’s stated investment policy.
4. Report Reserve Fund performance to the Board of Directors on an annual basis.
5. Review investment guidelines and investment allocations as financial circumstances change or annually at a minimum.
6. Recommended changes to the IPS shall be reviewed with the Investment Advisory Firm and reported to the Board ads appropriate.
7. Submit recommend changes in the SLA Reserve Fund Goals and Investment Policy to the Board of Directors for Approval.
8. Prudently diversify the Association’s assets to meet an agreed upon risk/return profile.
9. Control and account for all investment, record keeping and administrative expenses associated with the Portfolio.
10. Monitor and supervise all service vendors and investment options.
11. Avoid prohibited transactions and conflicts of interest.

The Association must provide their Consultants with all relevant information on financial condition and risk tolerances and must notify the Consultant promptly of any changes to this information.

The Association will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

1) Association shall receive no less frequently than on a quarterly basis and within 45 days of the quarter end the following management reports:
   a) Performance results of each individual manager or mutual fund for the same periods
   b) Portfolio performance results over the last quarter, year, 3 years, and 5 years
c) Performance results of comparative benchmarks for the same periods

**Investment Advisory Firm/Consultant**

The Investment Consultant serves as an objective, third-party professional retained to assist the Committee in managing the overall investment process. The Investment Consultant is responsible for guiding the Committee through a disciplined and rigorous investment process to enable the Committee to meet the fiduciary responsibilities outlined above.

The Investment Consultant shall be responsible for:

1. Advising the Association about selecting and allocating of asset categories
2. Identifying specific assets and investment managers within each asset category
3. Monitoring the performance of all selected mutual funds and/or managers
4. Recommending changes to any of the above
5. Periodically reviewing the suitability of the investments for the Association
6. Being available to meet with the Association periodically, and being available at such other times within reason as the Association requests
7. Preparing and presenting appropriate reports on a quarterly basis to the Executive Director
8. Notify the Executive Director of any changes in personnel designated to work on the SLA account

The Investment Consultant cannot be an Association Trustee or a member of any of its committees or an employee of the Association.

The Investment Consultant will not take title to any assets and shall be responsible only to make recommendations to the Association and to implement investment decisions as directed by the Association.

**Investment Manager Due Diligence & Selection**

This rigorous five-step process ensures a consistent and objective evaluation.

1. Preliminary universe screening to identify which managers and mutual funds demonstrate that they have a proven track record, significant manager tenure, and acceptable fee schedule.
2. Determine where passive management approaches are more effective than active.
3. Perform quantitative analysis of investment manager’s performance on both an absolute and risk-adjusted basis relative to the investments benchmark index.
4. Evaluate manager and fund for consistent style approach that has produced attractive returns relative to their style and benchmark.
5. Review existing portfolio statistics and current investment strategy to ensure consistency with the long-term investment record.
6. Select recommended list from candidates that display the strongest characteristics from the analysis.

**Monitoring**

**Performance Objectives**

The Committee acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Committee intends to evaluate investment performance from a longer-term perspective.

The Committee is aware the ongoing review and analysis of the investment options is just as important
as the due diligence process. The performance of the investment options will be monitored on an ongoing basis by the Investment Advisor, corrective action by replacing a manager if they deem it appropriate at any time.

**Watch List Criteria**
An investment option may be placed on a Watch List and a thorough review and analysis of the investment option may be conducted, when:

1. An investment option performs below median for their peer group over a 1-, 3- and/or 5-year cumulative period.
2. An investment option’s 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group’s median risk adjusted return.
3. There is a change in the professionals managing the investment option.
4. There is a significant decrease or increase in the investment option’s assets.
5. There is an indication the investment option is deviating from the stated style and/or strategy.
6. There is an increase in the investment option's fees and expenses.
7. Any extraordinary event occurs that may interfere with the investment option’s ability to prudently manage investment assets.

The decision to retain or terminate an investment option cannot be made by a formula. The Committee will rely on the Investment Advisor to provide recommendations to either retain the investment vehicle or replace it.

**Investment Policy Review**
The Committee will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.