

REDDING RANCHERIA TRIBAL GOVERNMENT POLICIES

Chapter TP 4-700

General Investment Policies



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SECTION 1: PURPOSE

To establish general uniform guidance for the administration of investment portfolio assets over which the Tribal Council has fiduciary control and management responsibility.

SECTION 2: BACKGROUND AND INTENT

- (a) The Tribal Council established disciplined institutional investment management processes in 1995, as the growth of available investment portfolio assets dictated.
- (b) The Tribal Council has implemented several portfolios which are needed for assets having differing objectives and constraints.
- (c) This Chapter “General Investment Policies” provides guidance common to all investment portfolios including requirements for Investment Policy Statements for investment portfolios and duties of all concerned. This policy also sets forth uniform requirements for monitoring and measurement of portfolios.

SECTION 3: DEFINITIONS (Reserved)

SECTION 4: DELEGATED AUTHORITY (Reserved)

SECTION 5: APPLICABILITY

This policy is applicable for all Tribal investment portfolios administered by the Tribal Council under its fiduciary control. In adopting this policy, the Tribal Council has considered the current institutional standards applied to the administration of institutional portfolio assets and has set forth specific guidance to ensure that each portfolio of investment assets administered under the jurisdiction of the Tribal Council has appropriate goals, risk parameters and portfolio instructions established, in writing, to ensure appropriate management and predictable investment results. The Tribal Council has considered fiduciary guidance provided by the Law of Trust, Third Restatement, the Department of Labor and the Internal Revenue Service for trusteed assets and has taken into account such guidance in this policy.

SECTION 6: OVERALL INVESTMENT GUIDELINES

Investments may be made directly, by professional money managers or within institutional pools or mutual funds as deemed appropriate. The Tribal Council and Tribal Management recognize their fiduciary responsibilities to have investment decisions made by "prudent experts." For this reason, the Tribal Council delegates to the Tribal Management the

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authority to approve professional money managers, institutional portfolios or no-load mutual funds to manage the different asset classes. Tribal Management is expected to use Independent Investment Management Consultants to assist in selecting the money managers, institutional portfolios, mutual funds or appropriate individual investments to meet the individual portfolio objectives. Tribal Management will rely on the Investment Management Consultants to monitor the procedures used and results obtained by the selected managers, portfolios, funds or investments and to assist the Tribal Management with implementation of appropriate investment allocations for each portfolio.

SECTION 7: INVESTMENT RISK

In adopting this policy, the Tribal Council recognizes that there are a variety of risks inherent in investing, and that there is a need to make conscious decisions regarding the acceptable level of risk, consistent with the goals, time horizon, cash flows and liquidity requirements, earnings needs and legal constraints that are appropriate to each portfolio. This policy and its resulting Investment Policy Statements provide for processes to assure the measurement of and conscious decisions about risk, in determining, with some degree of purpose and clarity, the appropriate asset allocation for portfolios. Risk mitigation shall be an active part of the investment process, including but not limited to the following disciplines:

- (a) **Risk of Bank Failure:** This policy establishes quality and size requirements for banks and provides for deposits to be insured or collateralized to protect the Tribe's assets in the event of bank failure. Exceptions provided within these policies for small local banks also limit exposure to insured balances.
- (b) **Inflation Risk:** This policy, together with the approved Investment Policy Statements, provides a mechanism to segregate and invest assets based on the time horizon and liquidity needs of various Funds, providing inflation protection through increased risk/return opportunities for intermediate and longer term funds.
- (c) **Interest Rate Risk:** Short-term, high-quality instruments are directed for those portfolios or deposits of a short-term nature. More flexibility has been provided for administering the fixed income portions of longer term portfolios.
- (d) **Lack of Diversification:** Policies provide constraints to limit exposure to any one security, issuer, sector or country.
- (e) **Currency Risk:** This policy provides authority to hedge currency risk when it is deemed appropriate, to protect holdings from loss due to fluctuations in the relative value of U.S. and foreign currencies.

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- (f) Credit Risk: This policy establishes overall credit quality and diversification standards for fixed income portions of portfolios.
- (g) Capital Market Risk: This policy, together with the appropriate Investment Policy Statements, provides for diversification of risk, through stipulating specific risk limitations for each portfolio. This policy provides for allocation to broad asset classes in order to permit greater flexibility for allocation within major asset classes and the sub-asset classes within those larger asset classes, to help manage and mitigate capital market risks and take advantage of opportunities. Investment Policy Statements shall also provide flexibility to tactically allocate portfolios in favor of less risky assets to avoid large losses in times of major market volatility or dislocation.
- (h) Geopolitical Risk: This policy and its Investment Policy Statements provide flexibility to tactically reduce or eliminate exposure to any asset class or sub-asset class to help reduce or mitigate geo-political risk.

SECTION 8: SELECTION OF ASSET CLASSES

- (a) This policy incorporates a listing of asset classes and applicable instruments and constraints that are authorized to be utilized for the Tribe's investment portfolios. Other asset classes and instruments may be considered from time to time based on ongoing capital market developments and the requirements of the portfolios. This policy may be modified by the Tribal Council to incorporate other asset classes and investment types if authorized pursuant to this policy.
- (b) Permitted investments will be separately stated for each portfolio within its Investment Policy Statement. To be considered for inclusion within an investment policy statement, such investment must be authorized by this policy. Tribal Management may from time to time authorize the inclusion of additional asset classes to an individual portfolio to the extent consistent with the established objectives and risk tolerance established for that portfolio, provided that such investment is first authorized pursuant to this policy. In the case of each portfolio, every effort will be made to maintain marketability and liquidity of the aforesaid investments consistent with the portfolio's liquidity needs.

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SECTION 9: INVESTMENT POLICY STATEMENTS (IPS)

Guidance, plans and strategies for each portfolio shall be documented within a written Investment Policy Statement (IPS) approved by the Tribal Council for each portfolio, which shall include, but not be limited to the following:

- (a) Background information regarding the purpose, goals and use of the portfolio and any information pertinent to portfolio planning, including portfolio time horizon, cash flows, liquidity needs, risk tolerance, constraints, legal, etc.;
- (b) The specific risk, as defined by standard deviation, adopted for the portfolio, the anticipated average annual rate of return, and the anticipated range of potential returns for any one year;
- (c) The strategic allocation adopted for the portfolio and the permitted variance up and down by asset class, including tactical allocation and diversification;
- (d) Authorized asset classes for the portfolio and any specific securities standards or asset class constraints adopted for the portfolio, not otherwise provided by the General Investment Policy;
- (e) Inclusion by reference of the provisions of this Chapter, “General Investment Policy”;
- (f) Documentation of the analysis used in reaching decisions for the portfolio, including reference to and attachment of any analysis, including portfolio modeling, capital market assumptions, census data, management estimates, etc. used in supporting decisions regarding investment strategies, portfolio allocations and directives for the portfolio;
- (g) Date of adoption and/or amendment and the schedule for review, if different than standard review schedules set forth within this General Investment Policy.

In the absence of an approved IPS for a new Tribal fund that has been established, Management shall either instruct the consultant to maintain the new fund in short-term fixed income instruments and / or cash equivalents or direct that the fund be invested according to an approved IPS for an established fund that is deemed most appropriate for the new portfolio.

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SECTION 10: AUTHORIZED ASSET CLASSES

Asset classes authorized and specified within Investment Policy Statements for individual portfolios, for the purposes of guiding strategic allocations shall be broadly defined as Cash, Global Fixed Income, Global Equities, Commodities, and Alternative Investments. Portfolio allocation limitations and constraints, in addition to those set forth within Section 11, shall be stated within each individual portfolio's Investment Policy Statement.

SECTION 11: ELIGIBLE SECURITIES AND CONSTRAINTS

Exposure to each asset class may be accomplished through the use of open-end mutual funds (including interval funds when a portfolio can manage the reduced liquidity given the restricted redemption windows), closed-end funds, Private REITs, Limited Partnerships (LLP), other private investments and exchange-traded products. Exposure may also be accomplished through individual investment in eligible securities and the use of separate account managers.

It is recognized that that each portfolio's risk and liquidity posture are in large part dictated by the mix and maturities of investments chosen. Portfolio investments for each specific portfolio shall be limited to those eligible securities and asset classes identified within the strategic allocation adopted for the portfolio, except as provided in Section 8(b). The eligible investments and related constraints for investments in each major asset class are detailed below:

- (a) Cash (and equivalents)
 - (1) Authorized securities include:
 - (i) Money Market Funds;
 - (ii) Short-term commercial paper rated "A1", "P1" or better;
 - (iii) Short-Term Certificates of Deposit, Bankers Acceptances and Repurchase Agreements issued by banks or savings and loan associations having net assets of at least \$500 million dollars at time of issue or otherwise meeting criteria provided in this policy.
 - (2) Money market type instruments shall have a quality rating of "AA" or higher at time of investment. Short-Term Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles, provided that securities are liquid and rated

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“AA” or higher, at time of investment, and issued by established institutions meeting the Tribe’s criteria.

(b) Global Fixed Income

(1) Authorized securities include:

- (i) Bills, Notes or Bonds issued by the U.S. Treasury or U.S. Government Agencies which have the full or implied faith and credit backing of the U.S. Government;
- (ii) Corporate Bonds and preferred securities of publicly traded U.S. and foreign Corporations;
- (iii) Securities of the sovereign foreign governments and their agencies, or the World Bank, including sovereign debt of emerging nations;
- (iv) Municipal bonds;
- (v) Publicly traded forms of securitized fixed income assets, including Collateralized Mortgage Obligations, Mortgage-Backed Securities, and Asset-Backed Securities;
- (vi) Individual mortgages, Deeds of Trusts, and promissory notes as approved by Tribal Council;
- (vii) Insurance Linked Securities, including Catastrophe Bonds and reinsurance quota share agreements, are permissible and shall be considered as part of the Global Fixed Income allocation, though holdings shall be restricted to pooled investments only;
- (viii) Registered and regulated funds subject to the Investment Company Act of 1940, which may hold other fixed income securities not specifically noted above.

(2) The Global Fixed Income portfolio shall adhere to the following guidelines:

- (i) The minimum dollar weighted average credit quality of the Global fixed income portion of the portfolio(s) shall be “A” or higher based on Standard and Poor’s, or its equivalent, by Moody’s, and/or Fitch’s credit quality rating;

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- (ii) Securities of the U.S. government and its agencies and Foreign Sovereign Governments or their agencies, obligations of supranational organizations, such as the World Bank, the European Investment Bank, and European Economic Community are qualified for inclusion in the portfolio;
- (iii) U.S. Treasury and U.S. Government agencies will be assumed to be “AAA” for the purpose of rating in the portfolio(s). Foreign Sovereign Governments shall be rated at their current S&P, Moody’s or Fitch country rating at time of purchase;
- (iv) High yield corporate bond portfolio(s) shall not exceed 20% of the upper policy limits for overall Global Fixed Income allocations in each portfolio. The high yield portion of the portfolio should generally maintain an average credit quality of “B” or higher;
- (v) The exposure of the portfolio(s) to individual bonds of any one issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of a portfolio’s target weight for Global Fixed Income. In addition, the portfolio may be invested up to 40% in “non-benchmark” securities which otherwise satisfy the quality and risk characteristics of approved securities.
- (vi) The maximum effective maturity of any single security held in portfolios shall not exceed 30 years from date of investment, at time of investment;
- (vii) Mortgage-Backed securities (MBS) are limited to those that are currently paying interest, receiving principal pay downs and do not contain leverage. MBS are limited to no more than 25% of the market value of the portfolio(s);
- (viii) Asset-Backed Securities held individually in portfolios must have an investment grade rating at the time of purchase, as established by one of the nationally recognized bond rating services at the time of purchase;

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- (ix) The exposure of the portfolio(s) to bonds outside the Organization of Economic Cooperation and Development (OECD) should not be more than 25%;
 - (x) No more than 20% of the Global Fixed Income allocation in portfolio(s) may be invested in any one country other than the United States, which shall not be limited;
 - (xi) The exposure of the portfolio(s) to any one company, other than securities of the U.S. government, or major Foreign Governments shall not exceed 10% of the market value of the portfolio;
 - (xii) The fund or funds may be geographic or sector specific;
 - (xiii) Foreign fixed income securities may include a currency hedge to minimize the exchange rate risk between the local currency and the US Dollar (depending on perceived risks and benefits);
 - (xiv) Holdings of individual bonds shall be sufficiently sized for easy liquidation.
- (c) Global Equities
- (1) Authorized securities include:
 - (i) Publicly traded stock of U.S. companies;
 - (ii) Publicly traded stock of International companies are authorized but shall be limited to no more than 65% of the stated upward tactical allocation limit for Global Equities as defined in each individual portfolio Investment Policy Statement;
 - (iii) Real Estate Investment Trusts (REITS) or other publicly traded real estate securities;
 - (iv) Publicly traded Master Limited Partnerships (MLPs) actively traded on a public exchange; selection of specific MLPs for portfolio investment should generally be done with consideration of the market capitalization and liquidity of the specific MLPs considered;

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- (v) Actively traded and liquid derivatives including options (calls and puts) for eligible equities are authorized within mutual funds or separately managed accounts;
 - (vi) Registered and regulated funds subject to the Investment Company Act of 1940 funds that hold eligible securities, these may include Registered Investment Companies (RIC), Private REITs and Interval Funds.
- (d) Commodities
- (1) Authorized securities include:
 - (i) Investment in the Commodity asset class shall be limited to mutual funds and Exchange Traded Products that manage portfolios of commodity futures and/or take physical possession of precious metals;
 - (ii) Investments shall generally be in funds that track a diversified commodities futures index such as the Dow Jones UBS Commodity Index or the Goldman Sachs Commodity Index, or in funds that are actively managed with exposure to a broadly diversified universe of commodities;
 - (iii) Investments that track or invest in a single commodity other than precious metals shall be limited in aggregate to no more than 50% of the upper tactical limit for the Commodity asset class as specified in the Investment Policy Statement for each portfolio;
 - (iv) Investments that track or invest in precious metals, whether a single metal or a narrow basket of metals, shall be limited by the upper tactical limit for the Commodity asset class as specified in the Investment Policy Statement for each portfolio;
 - (v) Direct investment in physical commodities and commodity futures is not currently approved for portfolio investments.
- (e) Alternative Investments

The investment objective of the use of alternative investments is to help the overall portfolio achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk. Historically, certain types

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of alternative investments have been shown to provide long-term positive returns and low correlation alternatives to stocks and bonds. The basis for utilizing these strategies is that they should reduce overall portfolio volatility and risk.

(1) Permissible Alternative Strategies

- (i) Implementation vehicles for Alternative Investment strategies may be made through investments in publicly traded mutual funds, ETFs and ETNs that are priced and traded on a public exchange and which operate under the Investment Advisors Act of 1940. In addition, investments may be made in limited liability investment vehicles such as limited partnerships, limited liability corporations, private REITs and other pooled investment funds. Fund of fund strategies are allowed in any of the asset classes.
- (ii) If non-publicly traded vehicles are to be utilized, approval will be subject to a thorough due diligence process presented by the Consultant and approved by the Tribal Council.

(2) Guidelines for the Selection of Alternative Investment Managers

- (i) Alternative investments shall be made in a manner consistent with the fiduciary standard of the prudent expert rule.
- (ii) It is recognized that the selection process for managers of alternative asset classes and alternative strategies requires an additional degree of due diligence due to the general nature of the investments as well as the lack of publicly monitored and recorded data. Investments in these strategies are generally made by becoming a limited partner in some form of partnership structure. Particular care will be given to the identification and understanding of the following:
 - (A) A clear description and understanding of the partnership structure;
 - (B) A clear understanding of the strategy as described in the Private Placement Memorandum or Offering Memorandum;

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- (C) Identification of any allowable security or strategy that is identified as specifically prohibited in other parts of this Policy;
- (D) Identification of the amount of leverage allowed as well as other described risks;
- (E) The terms of the Partnership Agreement to include the termination date of the fund, the ability to withdraw funds, the management fee structure, allocation of profits and losses, incentive allocation, and distribution rules.
- (F) In addition to the clarity of the strategy and the terms of the Agreement, particular attention will be given to:
 - (G) The reputation of the General Partner (GP);
 - (H) The track record of the Fund or the GP in prior funds;
 - (I) The length of time that the GP have worked together as a team;
 - (J) The amount of financial commitment by the GP in the fund;
 - (K) The existence of a third-party administrator and external auditor; and
 - (L) Other factors to determine the integrity of manager including financial controls, reporting, conflicts of interest and policies and procedures.

(3) Types of Alternative Investments:

- (i) Real Estate
- (ii) Private Equity
- (iii) Real Return
- (iv) Private Credit
- (v) Absolute return

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(4) Real Estate

Real estate investments may include:

Real Estate partnerships, including investments in private vehicles through limited partnerships or limited liability companies that have sole or joint ownership interests in direct real estate properties, whether income-producing or non-income producing. In addition to “core” strategies which derive a majority of return from income, investments may also include “value added” and “opportunistic” strategies which entail a higher level of investment return (and risk) with less focus on income as compared to capital appreciation.

(5) Private Equity

- (i) The private equity portfolio is intended to provide superior long-term returns albeit in a relatively more volatile pattern and whereby liquidity is exchanged for such returns. Private equity investments are typically made through a limited partnership structure and are characterized by assets where value creation and/or realization is episodic, interim value measurement is difficult and where any near-term liquidity requirement would substantially reduce the likelihood of success. Most investments in this class would be equity, equity-related or closely linked to equity returns.
- (ii) Examples of private equity investment categories may include:
 - (A) Leveraged Buyouts (or simply Buyouts) which represent a significant portion of all private equity assets under management, typically acquire control, sometimes using leverage, of more mature public or private companies and provide financing for strategic growth, acquisitions, corporate restructurings, and recapitalizations. Buyout funds may be classified as small, medium, or large, depending on the size of the fund or, more typically, the size of the companies in which the fund intends to invest.
 - (B) Growth Equity and Venture Capital, including investments in companies in a range of stages of development from start-up/seed-stage, early stage,

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and later/expansion stage. Investments may be made in companies that are either U.S. or non-U.S. domiciled.

(6) Real Return Assets

- (i) The Real Return portfolio is designed to provide the total portfolio with alternative sources of investment return (to stocks and bonds) as well as inflation protection. Broadly, real assets provide the framework and resources to facilitate everyday activity in the world economy. While numerous investments may be considered real assets in most cases investments in this asset class will include infrastructure, energy, and basic goods.
- (ii) Infrastructure. Assets and networks used to transport, store and distribute goods, energy, people and information, such as toll roads, pipelines, airports and cellphone towers.
- (iii) Basic goods (commodities) such as oil, natural gas, precious metals, agriculture product, farmland and timber.

(7) Private Debt

- (i) The Private Credit portfolio is intended to enhance the total portfolio through high current income as well as capital appreciation. Moreover, an allocation to private credit is expected to enhance the total portfolio by exchanging less liquidity for higher potential returns, stronger investor rights and protections, and better alignment of interests. The allocation to private credit is also expected to serve as a diversifier to the overall portfolio due to the variety of underlying collateral types not easily accessed in traditional asset classes.
- (ii) Examples of private credit investments include:
 - (A) Senior or direct lending, characterized by lower default rates, a majority of return derived from cash yield, in many cases involving a financial sponsor (i.e. private equity ownership of the underlying company), and typically a first lien or otherwise senior position in the capital structure of an underlying company or asset

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- (B) Opportunistic credit, which can include everything from rescue financings (which help borrowers stave off a liquidity crisis, upcoming maturity, etc.), to specialty lending, and in some cases may also navigate within distressed debt but is otherwise distinct from such managers given the ability to source, structure, manage, and exit par instruments across a broad array of industries and markets
 - (C) Specialty finance which spans a variety of niche strategies including areas such as royalty streams, rediscounting or factoring of receivables, life settlements, catastrophe bonds, and trade finance
- (8) Absolute Return
- (Marketable) and Directional hedge fund investment strategies, such as, long versus short, tactical asset allocation, distressed securities, and arbitrage strategies, among others.
- (9) It is understood that the underlying portfolios of any Alternative Investments that are selected shall not be directly bound by the investment constraints of other asset classes as specified in this General Investment Policy, but shall instead be evaluated based on the specific guidelines, objectives and constraints that are set forth during evaluation and as represented at the time of approval.

SECTION 12: PERMITTED VARIANCE FOR MUTUAL FUNDS, MANAGED POOLS AND CERTAIN SEPARATE ACCOUNT MANAGERS

The use of institutional mutual funds, managed pools and custodian sponsored separate account manager platforms are anticipated to implement portions of investment portfolios. It is recognized that mutual funds are governed by constraints set forth in their prospectus, which may differ somewhat from specific disciplines, eligible securities and specific asset class constraints set forth in this policy. Managed pools and separate account manager platforms will also have pre-established strategies and disciplines. While the Tribe cannot dictate all precise constraints of mutual funds, pools or separate accounts of this nature selected for the portfolios, under normal circumstances, those selected should generally meet the constraints set forth in this policy. Use of a small amount of illiquid investments, or a reasonable commitment to futures, options, hedges, etc. shall not disqualify a mutual fund if used in a disciplined way as part of the manager's overall strategy.

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SECTION 13: SELECTION OF SECURITIES, MANAGERS, INSTITUTIONAL POOLS AND/OR MUTUAL FUNDS

With the assistance of the Investment Management Consultant, appropriate individual securities, no-load mutual funds, institutional type pools, and/or fee-based money managers to manage the portfolio(s) assets will be selected, based on their ability to provide performance within stated return and risk objectives and to properly service the portfolio. Mutual funds or managers must meet the following criteria:

- (a) Managers shall be a bank, insurance company, or investment adviser as defined by the Investment Advisers Act of 1940;
 - (1) Separate account managers should present performance in compliance with Global Investment Performance Standards (GIPS®) as set forth by the CFA Institute. Verification of the Firm's claim of compliance with GIPS® by an independent third party is preferred.
 - (2) Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
 - (3) Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
 - (4) Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
 - (5) Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
 - (6) Selected firms shall have no outstanding legal judgments or past judgments, which may reflect negatively upon the firm.

SECTION 14: CUSTODY

All publicly traded securities held in the portfolios will be custodied with an institutional custodian bank or trust company, or an institutional brokerage account properly registered to the Redding Rancheria and the appropriate portfolio accounts. Access to custodied funds will be limited to the representatives of the Tribal Council and Tribal Officers. The

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signatures of any one Officer as well as any one Council Member shall be required to authorize transfers and wires from the accounts. Normally, any funds withdrawn from a custodied account must first be deposited directly to the Tribe's General Checking account before being disbursed for any expense or other investment. Wire instructions and withdrawal instructions set up with each and every custodian must specify that withdrawn funds can only be wired to or have checks drawn in the name of the Tribal General Checking Account unless two authorized signers direct differently. The Investment Management Consultant will work closely with the Tribal Council and Management to assure that custody and execution operate smoothly and that all necessary security measures are in place.

The custodian is responsible for the custody and safekeeping of assets including the collection and accounting of investment earnings of the investment portfolio, to properly settle trades, to furnish accurate consolidated financial reports, and to provide other such services to the Redding Rancheria as may be deemed appropriate.

The custodian is expected to provide a detailed report of all activity and assets of the investment portfolios to Redding Rancheria and designated parties including the IMC on a monthly basis.

SECTION 15: TRADING

All trading will be on a "best execution basis" and "soft dollar" transactions will not be allowed unless specifically approved by the Tribal Council. All trading fees and costs will be disclosed and monitored for reasonableness.

SECTION 16: MEASUREMENT OF PERFORMANCE AND REPORTING REQUIREMENTS

- (a) The Tribal Council and Tribal Management will review each portfolio's performance quarterly and annually, calculated on a time-weighted basis.
- (b) The performance of each of the portfolio's asset classes will be reviewed and compared to relevant benchmark indices consistent with modeled asset classes within approved investment policy statements.
- (c) Overall portfolio performance may generally be compared against a composite benchmark that consists of a weighted allocation of indices that reflect the target or strategic asset allocation adopted in an Investment Policy Statement (i.e. a weighted mix of the 90-day Treasury, the Bloomberg Aggregate Bond, the S&P 500, the MSCI EAFE, and the Dow Jones UBS Commodity indices). Benchmarks weighted by current allocations or average capital base may also be utilized to evaluate

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performance based on how portfolios were allocated over a certain period, which may be meaningful in periods when large cashflows and/or tactical decisions result in asset class allocations that differ materially from the strategic allocations specified in policy and reflected in the portfolio's composite benchmark.

- (d) It is anticipated that there will be investments that are permissible in this policy and expressly authorized in individual Investment Policy Statements that may not be regularly measured against a reasonable or relevant index, either because an appropriate index is unavailable or, as in the case of many private investments, performance is not readily measured over similar intervals represented by a common index. To the extent that portfolios hold such investments that are not regularly measurable against a relevant index, Tribal Management and the Investment Consultant may determine other appropriate measurements for evaluating those particular investments.

SECTION 17: MINIMUM MONITORING REQUIREMENTS

- (a) Monthly Monitoring

- (1) Compare each manager's report with the custodian's report to identify and resolve any discrepancies.
- (2) Reconcile all transactions and compute investment earnings.
- (3) Review each portfolio and each manager's portion thereof for compliance with the portfolio's investment guidelines.

- (b) Quarterly Monitoring

- (1) Review each portfolio and each manager's portion thereof for compliance with the portfolios' investment guidelines.
- (2) Compare the manager's report with the custodian's report to identify and resolve any discrepancies.
- (3) Review the asset valuation basis used by each manager for all classes of assets.
- (4) Compute the portfolios' rate of return by asset class, security and overall.

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- (5) Compare each manager's/fund's results with appropriate peer groups and indices and benchmarks.
 - (6) Review each manager's fees.
 - (7) Portfolio review and analysis of any policy, portfolio or manager adjustments necessary.
- (c) Annual Monitoring
- (1) Review the portfolios' cash management and short-term investment procedures and performance.
 - (2) Review each manager's brokerage and trading practices, including brokerage costs and use of soft dollar, quality of securities transactions executed, and portfolio turnover.
 - (3) Review each manager's proxy voting policy and performance.
 - (4) Review manager, portfolio and custodian procedures for communicating investment information.
 - (5) Review administrative costs, money management fees, brokerage and custody fees and compare to the level of services provided.
- (d) Annual Review
- (1) Review each Investment Policy Statement to ensure that its provisions meet current portfolios' needs and update if necessary.
 - (2) Review overall investment process employed for the portfolios and determine any needed changes.
 - (3) Review for any changes in membership of Tribal Council, Tribal Management or others and conduct appropriate briefings of new persons.

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SECTION 18: DUTIES AND RESPONSIBILITIES OF SEPARATE ACCOUNT MANAGERS

The duties and responsibilities of each money manager directly retained by the Tribal Council and Tribal Management include the following:

- (a) Managing the portfolios' assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Tribal Management.
- (b) Exercising investment discretion including holding cash equivalents as an alternative within the IPS objectives and guidelines.
- (c) Promptly informing the Investment Management Consultant and Tribal Management in writing regarding all significant and/or material matters and changes pertaining to the investment of foundation assets, including, but not limited to:
 - (1) Investment strategy
 - (2) Portfolio structure
 - (3) Tactical approaches
 - (4) Ownership
 - (5) Organizational structure
 - (6) Financial condition
 - (7) Professional staff
 - (8) Recommendations for guideline changes
 - (9) All legal material, SEC and other regulatory agency proceedings affecting the firm.
- (d) Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the assigned portfolios. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto, if not delegated to a third party.
- (e) Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing, that experienced investment professionals, acting in a like capacity and fully familiar with such matters would use in like activities for like funds, with like aims, in accordance and compliance with all applicable laws, rules and regulations from local, state, federal and

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international political entities as it pertains to fiduciary duties and responsibilities.

- (f) If hired directly, acknowledge and agree in writing to their fiduciary responsibility to fully comply with this General Investment Policy and the IPS set forth for assigned portfolios, and as modified in the future. If hired through a unified managed account program the overlay managers shall be the designated fiduciary to oversee the separate managers fiduciary responsibilities.

SECTION 19: DUTIES AND RESPONSIBILITIES OF INVESTMENT MANAGEMENT CONSULTANTS (IMC)

The duties and responsibilities delegated to the IMC by the Tribal Council and Tribal Management are as follows:

- (a) Consult to, assist and facilitate in the management of portfolio assets for assigned portfolios in accordance with respective IPS objectives and guidelines and the provisions as set forth herein, and also as expressed in separate written directives of Tribal Management and/or the Tribal Council addenda to the IPS. If and when deviation is deemed prudent, the IMC shall recommend appropriate actions for authorization from of the Tribal Management and/or Tribal Council.
- (b) Assist Tribal Management in exercising investment discretion within the IPS objectives and guidelines set forth herein, and exercise investment discretion consistent with duties delegated by the Tribal Council by contract.
- (c) Promptly inform Tribal Management in writing regarding all significant and/or material matters and changes pertaining to the investment of the portfolios' assets including but not limited to:
 - (1) Investment strategy
 - (2) Portfolio structure
 - (3) Tactical approaches
 - (4) Ownership
 - (5) Organizational structure
 - (6) Financial condition
 - (7) Professional staff
 - (8) Recommendations for guideline changes
 - (9) All legal material, SEC and other regulatory agency proceedings affecting the firm.

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- (d) If directed, promptly vote all proxies related to mutual fund and individual securities and related actions in a manner consistent with the long-term interests and objectives of the portfolios.
- (e) Assist Tribal Management in setting up custody, trading and control procedures for proper management of the portfolios.
- (f) Coordinate closely with Tribal Management to ascertain the current and future liquidity needs of the portfolios and take appropriate steps to ensure such liquidity is available as needed. Assist Management in administering short-term portfolios and in selection of appropriate funds and cash management instruments.
- (g) Recommend allocation of the portfolio(s) assets in such a manner as to maximize potential return within the risk and asset parameters stated within the IPS, and the liquidity and funding constraints of the Accounts.
- (h) Monitor the portfolios and provide a monthly summary to Tribal Management, which includes an accurate report of beginning and ending balances, and a detail of all transactions.
- (i) Measure the portfolios and provide quarterly performance reports to Tribal Management and the Tribal Council.
- (j) If outside money managers are utilized, provide manager search and selection and monitor manager performance and adherence to policies and guidelines. Provide quarterly results to the Tribal Management.
- (k) Provide investment search, review and selection services to the Tribal Management as needed, and monitor and measure fund performance and adherence to stated disciplines.
- (l) Meet with the Tribal Council and/or Tribal Management on a regular basis (preferable quarterly but not less than semi-annually) to review the portfolios' performance and outlook. Inform the Tribal Council and Tribal Management of current capital market and geo-political trends and make appropriate recommendations.

SECTION 20: DUTIES AND RESPONSIBILITIES OF TRIBAL MANAGEMENT

- (a) Oversee overall investment management process on a daily basis.

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- (b) Review monthly, quarterly and annual reports and coordinate with Investment Management Consultant and other Investment Professionals to provide reports regarding investments as needed to the Tribal Management to effect smooth timely operation of the portfolios.
- (c) Direct routine transfers between Tribal accounts, facilitate and recommend non-routine actions requiring additional approval. (Any one signature shall suffice).
- (d) Authorize, as appropriate, investment transactions for which discretion has not been delegated to IMC, consistent with these policies.
- (e) Execute required contractual agreements to implement this policy
- (f) Communicate clearly and promptly with both IMC and the Tribal Council regarding any changes in the nature of funding or spending plans for the portfolios or changes in policies affecting the portfolios.
- (g) Keep IMC aware of current and expected liquidity needs on a monthly basis.
- (h) Timely execution of any and all correspondence or documents required to properly carry out the investment and spending activities of the portfolios.
- (i) Timely execution of documents deposits and withdrawals, trades and transfers to/from investment accounts.
- (j) Meet with IMC at least semi-annually, preferably quarterly, regarding the portfolios' performance and requirements.
- (k) Coordinate with Tribal Council to ensure timely execution of any and all correspondence or documents required to properly carry out the investment and spending activities of the portfolios.
- (l) With assistance of the IMC review, select and recommend approval of all custodians for tribal portfolios.
- (m) Monitor decisions of IMC where investment discretion has been delegated to the IMC.
- (n) Monitor services of IMC and custodian/brokerage firm(s) and report to the Tribal Council.

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- (o) Provide for audit of portfolio financial reports on an annual basis and at such other times as deemed appropriate.
- (p) Conduct annual review of this policy and of all investments policy statements and their status of implementation and recommend changes to the policy to the Tribal Council-as considered necessary.

SECTION 21: DUTIES AND RESPONSIBILITIES OF TRIBAL COUNCIL

- (a) Coordinate with the Tribal Management to effect smooth timely operation of the portfolios.
- (b) Delegate appropriate authority to the Tribal Management.
- (c) Review the portfolios' performance not less than semi-annually.
- (d) Timely execution of any and all correspondence or documents required to properly carry out the investment and spending activities of the portfolios.
- (e) Timely execution of documents deposits and withdrawals, trades and transfers to/from investment accounts.
- (f) Meet with the Tribal Management and/or IMC regarding the portfolios' performance and objectives at least semi-annually (preferably quarterly).
- (g) Promptly communicate to the Tribal Management any change in Tribal Council objectives and expected funding or spending plans for the portfolios.
- (h) Review Tribal Management and IMC performance for adherence to policies and guidelines, effective communications and operations, and investment performance of the portfolios as needed and no less than annually.
- (i) Modify policies and guidelines for the portfolios as demanded by funding or spending policies, capital markets, the geo-political environment, and Tribal or Federal regulations.

SECTION 22: INVESTMENT MANAGEMENT ADVISORY COMMITTEE

Duties of the Committee shall include:

- (a) Participate with Management in the ongoing review of investment policies and their implementation and make recommendations to the Management and Tribal Council.

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- (b) Review quarterly and annual investment performance reports and reports of manager/mutual fund performance and provide comments as appropriate to Management and the Tribal Council.
- (c) Attend briefings and education on all aspects of the investment process in order to be able to provide input to Management and the Tribal Council, and to aid in helping the membership understand the investment programs.
- (d) Meet with Management and outside Consultants engaged by the Tribal Council to review capital markets and to discuss and provide input regarding potential changes in the overall investment strategies and policies.
- (e) Attend Tribal Council meetings when investment policies and performance are discussed and presented, and provide input to the Tribal Council.
- (f) Meet with and make reports to the Tribal Council as are requested.

SECTION 23: ACCOUNTING FOR REVENUES

To the extent funds are commingled, earnings on such funds shall be allocated on a pro-rata basis to the fund designed to receive the earnings. If funds are not designated to receive the earnings, then such earnings shall be credited to the General Fund.

SECTION 24: REVIEW OR MODIFICATION

- (a) The Redding Rancheria's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and the Investment Management Consultant will review this policy and all Investment Policy Statements adopted pursuant hereto at least annually.. Any necessary changes shall be recommended to the Tribal Council not later than June 30th of each year.
- (b) In reviewing this policy, all parties are expected to consider technologies, disciplines and relevant trends within the investment management and financial services industries and to utilize them within the policy wherever deemed appropriate. In addition, new or changed standards established by federal agencies, courts and professional groups dealing with and/or knowledgeable in such matters should be incorporated if pertinent to this policy.

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Legislative History:

Adopted 9-4-2003 by Tribal Council; Resolution 038-09-02-03

Amended 10-12-2004 by Tribal Council; Resolution 071-10-12-04

Amended 8-7-2007 by Tribal Council; Resolution 059-08-07-07

Amended 5-14-2008 by Tribal Council; Resolution 036-05-14-08

Amended 9-9-2008 by Tribal Council; Resolution 072-09-09-08

Amended 8-31-2010 by Tribal Council; Resolution 051-08-31-10

Amended 12-4-2012 by Tribal Council; Resolution 090-12-04-12

Amended 5-20-2014 by Tribal Council, Resolution 039-05-20-14

Amended 6-7-2016 by Tribal Council, Resolution 016-06-07-16

Amended 2-13-2019 by Tribal Council, Resolution 015-02-12-19

Amended 6-9-2022 by Tribal Council, Resolution 066-06-09-22