

September 6, 2017

TO: Board of Directors
FROM: Alvin Carlos, District Capital Management
RE: Investment Policy Statement

Enclosed is ArtStream's Investment Policy Statement which will serve as a guide to how District Capital will allocate ArtStream's assets. Page 4 shows the current investments, which were purchased on August 7, 2017. More detailed reports will, of course, be available in the near future.

I am available to call in to speak with the Board during the November 14, 2017 meeting, if desired.



Investment Policy Statement

ArtStream

July 25, 2017

Summary Profile

Name	ArtStream
Type of Account	Non-Profit Organization
Account Type	Taxable
Financial Objective	Moderate Capital Appreciation & Preservation
Time Horizon	10 or more years

Purpose

The purpose of this Investment Policy Statement is to establish a clear understanding between the client and the investment advisor as to the investment objectives and policies applicable to the client’s portfolio under District Capital Management (DCM)’s discretionary management. This Investment Policy Statement is to be reviewed and updated on an annual basis, and on a more frequent basis should the client’s specific situation change. It is the client’s responsibility to inform the investment advisor of any changes to her or his specific situation.

Objective

ArtStream’s assets serve as the organization’s cash reserves. The Board may choose to use part of its reserves to fund projects or activities it may deem strategic.

Time Horizon

The time horizon for the assets is 10 or more years, with the possibility of using some before 10 years.

Risk and Liquidity

ArtStream anticipates that current and future spending needs will be met from existing and future grants. However, ArtStream may have cash flow needs from this portfolio in the near or medium-term future.



ArtStream's financial situation indicates an average ability to assume risk.

ArtStream expressed an average willingness to take risk.

Asset Allocation

District Capital Management recommends a strategic asset allocation plan of 50%-70% growth and high income assets (including U.S. and global stocks, global bonds, high-yield bonds), and 30%-50% low-volatility assets (including U.S. core bonds and cash).

Rebalancing Guidelines

DCM will rebalance at least annually back to the target strategic asset allocation if any asset deviates more than 5% from the target allocation and transaction costs are less than 50bps per annum.

Tax Consideration

While ArtStream has assets in a taxable account, it is a non-profit organization and is tax-exempt.

This investment plan has been prepared based upon the information and data which you have provided. The estimates, projections, and illustrations incorporated in this report are only approximations based upon mathematical computations. They should not be considered an absolute representation of the actual future performance of any investment, asset, group of assets, or tax planning technique. Rather, these projections represent our best effort to provide you with general guidelines adapted to your financial situation. While this report can be a valuable aid to you for articulating and organizing your financial affairs, it is only the starting point and does not represent the end of the process. Investment planning is an ongoing series of decisions made on your part, based on interaction between you and your advisors. Since it is not a static occurrence, periodic review and modification is necessary. We are pleased to offer these and other services to you as your requirements change in the future. We would emphasize the importance of having other advisors. We are not practicing accountants or attorneys. Some of the material in this report may be directly or indirectly based upon generally accepted tax principles. These underlying premises are always subject to change. For these reasons independent tax counsel is suggested. IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

Asset Class	Fund	Purpose	Amount
US Bonds – Inflation Protected	Vanguard Inflation-Protected (VAIPX)	Stability, Income	\$ 18,836
US High Quality Bonds	Vanguard Total Bond Market Index (BND)	Stability, Income	\$ 18,832
	Vanguard Short-Term Bond (BSV)	Stability, Income	\$ 13,170
Floating Rate Bonds	Loomis Sayles Floating Rate (LSFYX)	Income	Now overpriced, will no longer buy
Global/Emerging Market Bonds	Templeton Global Income (GIM)	Income	\$ 55,906
US Stocks	SPDR S&P 500 ETF (SPY)	Growth	To be deployed in next 2 months^
U.S. & International Stocks (Developed)	Vanguard Developed Stocks (VEA)	Growth	To be deployed in next 2 months^
	Artisan Global Value Investor (ARTGX)	Growth	To be deployed in next 2 months^
	Northern Global Sustainability Index	Growth	\$ 9,225
International Stocks (Small)	Vanguard Ex-US Small Cap ETF (VSS)	Growth	To be deployed in next 2 months^
Emerging Market Stocks	Vanguard Emerging Markets (VWO)	Growth	To be deployed in next 2 months^
Cash			\$33,400 (to be deployed soon)
TOTAL*			\$ 149,369

*ArtStream to transfer \$38,000 to investment account as soon as revenue permits.

^For investments whose price is currently not optimal (stocks), we stagger the purchase (dollar cost averaging) to reduce the risk.