

STATEMENT OF INVESTMENT POLICY
LIONS EYE FOUNDATION OF SOUTHERN CALIFORNIA MEMORIAL TRUST

Basic Premise:

Recognizing that the purpose of the LIONS EYE FOUNDATION MEMORIAL TRUST is to provide_ a consistent and permanent stream of revenue and services **for sight conservation and** the visually impaired in Southern California, The Board of Trustees believes that a balanced and flexible investment approach to portfolio management is mandated in order to provide security and a reasonable return to investment. For the purpose of this policy, total return is defined as the cumulative result of capital gains, realized and unrealized, plus income derived from interest and dividends. It is recognized that the ever changing economic ~security conditions that effect the investment markets will require continuous portfolio adjustments in order, to assure optimum asset productivity.

Organization:

The Lions Eye Foundation of Southern California Memorial Trust shall have a permanent subcommittee for the purpose of coordinating activities with the Investment Manager. Said subcommittee shall consist of three trustees selected by a majority of the trustees. One of the three members shall be designated as chairman. Each trustee shall serve for one year and may be reappointed without any limits.

Investment Objectives:

1. Preservation of Capital
2. Income
3. Capital Growth

An Investment Manager will be hired to manage the portfolio assets and it is the stated expectation of the Board of Trustees that the three enumerated objectives shall govern the management of the Memorial Trust Assets. The goal of the Trustees' is a consistent approach limited to stocks, bonds, and short-term investment securities. It is not the Trustees' objective to seek a high risk, high-volatility approach that can produce both significant gains and significant losses.

The long term objectives are;

As a minimum-to preserve, the capital and purchasing power by achieving total annual return of at least the rate of inflation plus the current bank interest rate of a 1 year certificate of deposit.

As a goal-increase the value and purchasing power of the Trust Assets to the greatest extent possible consistent with an acceptable degree of risk.

For cash flow-income is needed for supporting the Memorial Trust programs. Therefore, a balance must be met between current yield and capital appreciation.

Guidelines:

The Investment manager is given full discretion to act in accordance with the statement of investment policy herein provided. These guidelines are subject to review from time to time and the Investment Manager should feel free to recommend appropriate changes to the Board of Trustees or their further consideration. Additionally, the Investment Manager is strongly encouraged to discuss and communicate strategies with the Chairman of the Investment Committee and the Board of Trustees of the Memorial Trust in order to coordinate the financial needs and expectations of the programs funded by the Memorial Trust.

Cash equivalent securities are viewed as a viable alternative to stocks or bonds as a strategy for reducing volatility, and as an alternative to a more permanent commitment to stocks or bonds, depending on the Investment Manager's view of the markets at a given point of time.

Fixed Income Guidelines:

1. The maximum commitment to bonds for the overall assets of the fund is set at a 25 to 75% range. This limit, as well as the stock limit is subject to periodic review and adjustment.
2. Corporate fixed income investments, other than short-term commercial paper, shall be limited to investment grade quality which is defined as j~ or better, as provided by Moody's or Standard and Poor's.
3. Corporate bond representation is limited to 20-30% of the fixed income portfolio value.
4. As a protective restraint, debt securities of any one corporation, at the time of purchase, should not exceed 10% of the assets under management.
5. There are no such position limits or restrictions with respect to U.S. Government and agency issues.
6. The maximum maturity, from the date of purchase, on each bond shall be limited to 20 years and shall not be callable for at least 5 years from the date of purchase.
7. Investments in commercial paper shall be made only if such paper is rated P1 by Moody's, or A-1 by Standard and Poors.
8. The Trustees prefer traditional bond investments but will consider the merits of repurchase agreements [repos], zero coupon bonds, etc. upon recommendation and discussion by the Investment Manager.

EQUITY GUIDELINES:

1. The maximum commitment to common and/or preferred stocks for the overall portfolio is set at 75-25%.
2. Bonds convertible into common stock are viewed as equity commitments.
3. Stock investment in any one corporation shall be limited, at purchase, to 5% of the total equity assets under management.
4. Representation in an issuing company shall not exceed 1% of the total equity outstanding in that company.
5. No more than 20% of the assets should be maintained in any one industry so as to avoid the risk of over concentration of capital.
6. Overall stock emphasis shall be placed on quality, and the Investment Manager should aim to minimize volatility by maintaining a Beta factor of 1.5 or less.
7. The Trustees prefer medium and large capitalization companies to small cap companies.

RESTRICTIONS:

In addition to the Bond and Stock guidelines, the Trustees have set forth the following restraints:

- ◆ No investment in gold or other commodities
- ◆ No investment in letter stock or private placements
- ◆ No investment in real estate or oil and gas properties
- ◆ No short sales, trading on margin, or securities lending
- ◆ No investment in derivatives

The Trustees may enumerate other specific restrictions but all of them, including the above, are subject to review at the Investment Manager's request.

Communication and Performance:

There must be an open line of communication between the Board of Trustees and the Investment Manager.

The Investment Manager is expected to present quarterly reports detailing all asset information and performance results.

If possible, a web site and password shall be provided so trustees can have instant access to the portfolio without the ability to execute orders to buy or sell.

In addition to the required written and statistical presentations, the Investment Manager will meet' with the Board of Trustees at lease annually and more often, as required.

Performance Management:

The Trustees expect the Investment Manager to produce competitive results over a market cycle of 3 to 5 years. Quarterly and annual results will be evaluated and compared against the appropriate indexes such as the Standard and Poors 500 for stocks, Salomon Brothers' Broad Index or Merrill Lynch Bond Index for bonds. A suitable hybrid index would serve as a measure of comparison for the total portfolio.

The Board of Trustees of the Lions Eye Foundation of Southern California Memorial Trust reserves the right to retain a new Investment Manager at any time.

Approved by the Board of Trustees on June 2, 2001

/S
John Lundborg - Chairman

/S
Charles Boone-Secretary Treasurer