

**OSTEOGENESIS IMPERFECTA FOUNDATION, INC. (“OI Foundation”)**  
**INVESTMENT POLICY**

As amended, November 8, 2012

**Article 1.                   Preamble**

All funds of OI Foundation are held by the Board of Directors (the “Board”) as a fiduciary. Therefore, even the legally unrestricted funds of OI Foundation are held by the Board as a steward for the sake of carrying out the mission and purposes of OI Foundation. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship.

**Article 2.                   Delegation**

The Board has delegated supervisory authority over its financial affairs to the Executive Committee of the Board. The Finance Committee is responsible for reporting on investments to the Executive Committee quarterly and to the full Board annually. In carrying out its responsibilities, the Finance Committee and its agents will act in accordance with this Investment Policy (the “Policy”) and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise the Policy.

The Board is authorized to retain one or more Investment Counselor(s) to assume the investment management of funds and assets owned or administered by OI Foundation. The Finance Committee can act in the place and stead of the Board in that it may receive reports from and authorize the payment of compensation to Investment Counselor(s). From time to time the Finance Committee may recommend to the Board to enter into agreements with Investment Counselor(s).

The Chief Executive Officer is authorized to communicate directives from the Finance Committee and/or the Board to the Investment Counselor(s).

**Article 3.                   Objectives**

The primary investment objective of OI Foundation is to preserve and protect its assets while accomplishing reasonable growth by earning a total return for each fund (i.e. Short Term Reserve Fund, General Fund, and Research Fund) appropriate to each fund’s time horizon, liquidity needs, and risk tolerance.

**Article 4.                   Asset Mix**

To accomplish the investment objectives of OI Foundation, the Investment Counselor is authorized to utilize common stocks and convertible securities, fixed-income securities, short-term (cash) investments, and/or mutual funds. As a guide to accomplishing these

objectives, the Investment Counselor shall remain within the ranges provided in Exhibit A. These ranges can be modified from time to time by the Finance Committee with the approval of the Board. The actual investment targets shall be set within those limits by the Investment Counselor.

**Article 5. Asset Quality**

The investments shall comply with the following criteria:

(a) Common stocks--The quality rating of at least eighty (80%) percent of common stocks should be B+ or better, as rated by Standard & Poor's or other equivalent rating services. The Investment Counselor may use nonrated common stocks at his or her discretion within the foregoing guideline.

(b) Convertible preferred stock and convertible bonds--The Investment Counselor may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be BBB or better, as rated by Standard & Poor's, or Baa or better, as rated by Moody's. The common stock into which both may be converted must be rated as specified in Article 5(a) above.

(c) Fixed-income securities--The quality rating of bonds and notes must be AA or better, as rated by Standard & Poor's or Moody's. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less.

(d) Short-term reserves--The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1, as rated by Moody's, or better. The assets of any money market mutual funds must comply with the quality provisions for fixed-income securities or short-term reserves.

(e) On the date of purchase, each of the mutual funds utilized by the Investment Counselor must have a Morningstar rating of at least 4 stars.

**Article 6. Asset Diversification**

As a general policy, the Investment Counselor will maintain reasonable diversification at all times. The Investment Counselor may not allow the investments in the equity securities of any one company to exceed five (5%) percent of the portfolio nor the total securities position (debt and equity) in any one company to exceed ten (10%) percent of the portfolio. The Investment Counselor shall not invest more than twenty (20%) percent of the portfolio in non-U.S. securities or reserves. The Investment Counselor shall also maintain reasonable sector allocations and diversification. In that regard, no more than twenty-five (25%) percent of the entire portfolio may be invested in the securities of any one sector.

**Article 7. Transactions**

All purchases of securities will be for cash. The following investments are prohibited

(a) Private placements;

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- (b) Letter stock;
- (c) Derivatives. However, to the extent that mutual funds are used by the OI Foundation the mutual funds may buy or sell derivatives for the purposes of managing portfolio risk;
- (d) Short sales. However, to the extent that mutual funds are used by the OI Foundation the mutual funds may engage in short sales for the purposes of managing portfolio risk;
- (e) Commodities or commodity contracts; and
- (f) Margin transactions.

**Article 8.                    Reporting Requirements**

(a) Monthly--The Investment Counselor will provide the Chief Executive Officer of OI Foundation with a monthly written statement containing all pertinent transaction details for each separately managed portfolio for the preceding month, including:

- the name and quantity of each security purchased or sold, with the price and transaction date;
- an analysis for each security of its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market; and
- an analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed-income securities, and cash reserves).

(b) Periodically--The Investment Counselor shall provide the Finance Committee detailed information about (1) asset allocation, (2) investment performance, (3) future investment strategies, and (4) any other matters of interest to the Finance Committee.

(c) Annually--The Investment Counselor shall provide an annual summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio, to the Board.

**Article 9.                    Cash Flow Requirements**

The Finance Committee will be responsible for advising the Investment Counselor in a timely manner of the OI Foundation's cash distribution requirements from any managed account. The Investment Counselor is responsible for providing adequate liquidity to meet the OI Foundation's cash flow requirements in accordance with Board policy. As a general rule, an amount equal to at least three (3) months of budgeted operating expenses of OI Foundation should be invested in cash or cash equivalents. For the purpose of this Policy, "cash equivalents" shall be defined as highly liquid assets and debt instruments with original maturity of three (3) months or less.

**EXHIBIT A**  
**Acceptable Ranges of Investment Per Fund**

Investment Fund	<u>Asset Classes</u>		
	Equity securities (Common/Convertible)	Fixed-income securities (U.S.& corporate bonds)	Short-term reserves (Cash/1-year notes)
Short Term Reserve Fund	0%	0%	100%
General Fund	60 - 80%	10 - 30%	10 - 30%
Research Fund	30 - 60%	35 - 65%	5 - 35%