



## 1. Purpose and Objectives

- **Mission:** To manage Kazali Holdings' assets to ensure [sustainable growth](#) and provide for long-term financial stability.
- **Prudent Goal:** Achieve a total return that meets the organization's spending needs while maintaining the [inflation-adjusted purchasing power](#) of the principal.
- **Time Horizon:** Long-term (10+ years), allowing the portfolio to weather short-term market volatility.

## 2. Duty of Care and Fiduciary Standards

- **Prudent Investor Rule:** All investments must be made considering the trust's purposes, terms, and distribution requirements.
- **Portfolio Context:** No single investment is "imprudent" in isolation; instead, every asset is evaluated based on its role within the [entire portfolio strategy](#).
- **Duty to Diversify:** The trustee must [diversify investments](#) unless, under the circumstances, it is clearly prudent not to do so.

## 3. Asset Allocation and Risk Management

- **Strategic Allocation:** Assets shall be distributed across diverse classes to balance risk and return.
  - **Equities:** For long-term capital appreciation.
  - **Fixed Income:** To provide stability and income.
  - **Cash/Liquidity:** Sufficient funds must be held to meet near-term obligations without forced asset sales.
- **Rebalancing:** The portfolio will be [monitored at least monthly](#) and rebalanced when asset classes drift significantly from target ranges.

## 4. Investment Constraints and Costs

- **Liquidity Requirements:** Portfolio managers must ensure [sufficient liquidity](#) for anticipated distributions and property management needs.
- **Cost Management:** In line with the UPIA, only [reasonable and appropriate costs](#) shall be incurred in relation to the assets and purposes of the holding company.
- **Prohibited Assets:** Highly speculative investments or those with excessive leverage are restricted to protect capital.



## 5. Review and Monitoring

- **Performance Benchmarking:** Returns will be measured against [relevant market indices](#).
- **Annual Review:** The Board of Trustees or designated committee must [review this IPS annually](#) to ensure it remains relevant to current market conditions and company goals.

## 1. Strategic Asset Allocation Targets

- **Public Equities (Stocks): 40% – 60%** (Target: 50%)
  - Fulfills the "growth" requirement to maintain purchasing power over time.
  - Should include broad diversification across domestic (U.S.) and international markets.
- **Fixed Income (Bonds): 25% – 45%** (Target: 35%)
  - Provides "stability and income" to offset equity volatility, a core tenet of prudent management.
  - Focus on high-quality government and corporate bonds.
- **Alternative Investments: 5% – 20%** (Target: 10%)
  - Includes real estate, private equity, or hedge funds to enhance [risk-adjusted returns](#).
  - Note: Per California law, these must be evaluated based on their role in the *entire* portfolio.
- **Cash and Equivalents: 2% – 10%** (Target: 5%)
  - Ensures [sufficient liquidity](#) for operating expenses and distribution requirements without forced asset liquidations.

## 2. Rebalancing Guardrails

- **Drift Limits:** If any asset class moves **+/- 5%** from its target (e.g., Equities hit 66%), a [formal review and rebalancing](#) should be triggered.
- **Monitoring Frequency:** While rebalancing occurs when limits are hit, the portfolio should be [monitored monthly or quarterly](#) to ensure alignment with the IPS.

## 3. Allocation Archetypes for Comparison

If Kazali Holdings has a different risk profile, consider these common institutional mixes:

- **Conservative:** 30% Equities / 60% Bonds / 10% Cash.
- **Aggressive:** 70% – 80% Equities / 10% – 20% Bonds / 10% Alts.