VEHI Investment Policy

This policy governs the investment of VEHI's operating funds.

Liquidity Class "A" Operating Funds

1. Purpose and Goals
   The purpose of the Class "A" operating funds is to maintain liquidity in accordance with month to month operating cash needs while maximizing return. Preservation of principal and liquidity are the goals of these funds.

2. Asset Allocation
   100% cash equivalents.....0% equities: Cash equivalents are defined as investments having maturities of one year or less and are intended to meet the projected cash flow needs of the fund on a month to month basis, including covering excess claims, as projected by VEHI.

3. Investment Restrictions
   Investments shall be limited to insured bank deposits, repurchase agreements, U.S. Treasury or agency securities, AAA money market funds, and commercial paper rated A-1 or P-1 or better by Standard & Poor's and Moody's respectively.

4. Management
   The responsibility for the management of the fund rests with VEHI's President.

5. Performance Evaluation
   Investment performance is not the goal of this class. This class represents the VEHI checking account and maintains only enough funds to pay claims and other bills.

Liquidity Class "B" Operating Funds

1. Purpose and Goals
   The purpose of the Class B operating funds is to provide funding stability for VEHI's programs. These funds are not intended to meet current cash demands. Preservation of principal and the achievement of real growth in excess of inflation are the goals of these funds.

2. Asset Allocation
   VEHI will invest in fixed income securities and/or through broad based markets funds which invest in similar instruments. Equity investments will be made in broad based market funds subject to investment restrictions as detailed in I-90-1 and established by the VEHI Board of Directors.

3. Investment Restrictions

Fixed Income: The portfolios fixed income investments will have a minimum average investment grade credit quality of BBB by Standard & Poor's and Baa by Moody's. Below investment grade bonds are limited to 10% of the portfolio. No one issuer except the U.S. Treasury or a sponsored agency can exceed 10% of the market value of the portfolio. No one security issue, except those of the U.S. Treasury or a sponsored agency can exceed 5% of the market value of the portfolio. Maximum maturity for individual securities will be 5 years from date of purchase. Investments in the portfolio must be valued in U.S. dollars.

Bonds: VEHI may invest in short term bond index funds.

Equities: Equity investments that mirror, to the extent possible, the performance of the entire market. To this end, VEHI will invest in equities through broad based market index funds that comply with regulation I-90-1. Equity investments will be acquired in business entities organized under the laws of any domestic jurisdiction and Canada. Asset portfolio allocation target will be 25% equities and 75% bonds. If the actual portfolio allocation changes from this target by more than 10% for two consecutive quarterly financial statement cycles, VEHI will rebalance its portfolio by going half-way back to target every 30 days until balances fall within the target range.

4. Management

The responsibility for the management of the fund rests with VEHI's President in accordance with VEHI's investment controls.

5. Performance Evaluation

Investment performance shall be monitored by VEHI's President, in conjunction with the Manager of Finance, and reported to the VEHI Board at least annually. The benchmark applied for performance evaluations is CPI-U.

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