INVESTMENT POLICY STATEMENT

I. INTRODUCTION AND MISSION

The Mission of Community Foundation of Acadiana is to improve the quality of life in our region by:

- increasing giving,
- connecting donors with what they care about, and
- providing leadership on community needs and opportunities.

The Board of Directors of Community Foundation of Acadiana (CFA or the Foundation) is committed to a 'donor-centric' or 'donor-services' model that enhances the capacity of the Foundation to fulfill this mission. Likewise, the work and activities of any Committee of the Foundation is focused on fulfillment of this mission via its 'donor-centric' or 'donor-services' model.

II. STATEMENT OF RESPONSIBILITY – CFA INVESTMENT COMMITTEE

The Investment Committee of the Foundation (CFA Investment Committee) is specifically charged with determining and approving investment programs and oversight of the Foundation's investable assets (Investment Portfolio). Aligned with the Foundation's 'donor-centric' model, the overriding objectives are to provide flexible and cost-effective options that enhance the financial and charitable objectives of the Foundation and its donors. As organized by the Board of Directors of Community Foundation of Acadiana, the CFA Investment Committee is charged with:

- establishing an investment policy,
- codifying this policy in an Investment Policy Statement (IPS),
- determining and approving of investment programs,
- evaluating and monitoring the performance of said programs, and
- providing oversight of the Foundation's Investment Portfolio.

Additionally, the CFA Investment Committee will:

- establish overall financial objectives and set investment policies and criteria for the Foundation's Balanced Growth and Catholic Values Portfolios; and
- determine and periodically adjust the allocations for its Catholic Values and Balanced Growth Portfolios (within allocation ranges).

III. SUB-ADVISOR and INVESTMENT CONSULTANT

A distinctive, flexible, and cost-effective investment option as researched and determined by the CFA Investment Committee and the Board of Directors is to use Greater Horizons (GH) as a Sub-advisor to the CFA's Balanced Growth Portfolio. This opportunity provides our donors access to investment managers and costs-savings otherwise unattainable. Donors also have the option to customize a fund's investment allocation to meet individual charitable goals, whether immediate or long-term. GH's Investment Committee provides manager/ index selections for the Balanced Growth Fixed Income Portfolios, while adhering to the CFA's Investment Committee's allocations.

The Investment Consultant for the Foundation's Investment Portfolios is Prairie Capital Management LLC. This sophisticated investment-consulting firm oversees investment portfolios of high net worth individuals, families and institutions totaling over $3.5 billion. (See www.prairiecapital.com.)

IV. FINANCIAL ADVISOR PROGRAM

Donors may also choose to continue recommending an investment style and not commingle their charitable assets with the Foundation's Investment Portfolio. Instead, donors can choose to have their trusted financial advisor manage their charitable assets used to established charitable funds at CFA. This is accommodated via the Foundation's *Financial Advisor Program*. With this option, donors can benefit from customized investment management from a known, trusted advisor and continued oversight of investment managers/ direction, within a prudent investor's criteria. As such, this Investment Policy Statement can be used as a guide but is generally not applicable to charitable assets part of the *Financial Advisor Program.* These assets, while owned by the CFA, are segregated from (and not commingled with) the Foundation's Investment Portfolio.

V. STATEMENT OF PURPOSE

The Board of Directors of the Foundation has adopted this Investment Policy Statement in recognition of its responsibility to supervise the investment of the Foundation's Investment Portfolio in accordance with the its goal of improving the quality of life in our region. The purpose of this IPS is to set forth in writing:

1. an appropriate and reasonable set of objectives and goals to be attained through the investment of the Foundation's investable assets;
2. the position of the CFA Investment Committee and the Board with respect to the Foundation's risk/return posture, including allocation of assets, and establishment of investment guidelines; and
3. an overall system of investment policies and practices whereby the continuing long-term financial obligation of the Foundation will be satisfied

Any changes made to this IPS will be made in writing, as recommended by the CFA Investment Committee, and approved by the Foundation's Board of Directors.

VI. INVESTMENT PHILOSOPHY

The Investment Portfolio should be managed in a manner which is consistent with the philosophy of the Foundation and reflects the unique purpose for the Investment Portfolio. This IPS is the governance instrument for the investment of those funds entrusted to the Foundation.

The basic tenets under which the portfolios will be managed include the following:

(1) Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, Harry Markowitz, will be the primary influence on the portfolio structure and subsequent decisions. The underlying concepts of Modern Portfolio Theory include:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated for by potential portfolio returns.
- The portfolio as a whole is more important than an individual security. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have more influence on long-term portfolio results than the selection of individual securities. Investing for the long-term becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- For every risk level, there exists an optimal combination of asset classes that will maximize returns. A diverse set of asset classes will be selected to help minimize risk. The proportionality of the mix of asset classes will determine the long-term risk and return characteristics of the portfolio as a whole.
- ♦ Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.)

(2) Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Historically, investing globally has also been shown to enhance portfolio returns, although there is no guarantee that it will do so in the future.

(3) Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

The basic underlying approach to the management of this portfolio shall therefore be to optimize the risk-return relationship appropriate to Foundation’s needs and goals using a globally diverse portfolio of a variety of asset classes using mutual funds, managed portfolios or unmanaged index portfolios. The portfolio will be periodically rebalanced to optimize its performance.

VII. INVESTMENT OBJECTIVE

The primary long-term investment objective of the Investment Portfolio is to seek competitive market returns so as to preserve and grow the capital of funds, provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet immediate and long-term charitable needs of donors and the Foundation.

It is recognized that the return objectives may be difficult to achieve in the short-term, but should be attainable over 15- or 20-year periods. Over shorter timeframes, the Investment Portfolio will seek to outperform a composite of market indices reflecting the Investment Portfolio's current asset allocation policies.

VIII. TIME HORIZON

Charitable needs are ongoing. Therefore, the investment program should have a lengthy time horizon to match the duration of those needs. While particular charitable needs can increase and decrease over time, it is the Foundation's belief that the Acadiana community's commitment to strengthening core values, providing assistance to those in need and making the area better for those who live here is a need that is perpetual in nature. Therefore, the general time horizon for investments shall be considered "long-term" and considered in a manner consistent with other continuing entities such as retirement plans. In addition, through investment recommendations individual charitable organizations and donors shall be free to recommend programs that meet the shorter time horizons of their charitable needs.

IX. RISK TOLERANCE

The Foundation recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. Research has demonstrated that portfolio risk is best minimized through diversification of assets. The Investment Portfolio will be structured to maintain prudent levels of diversification. Diversification of assets will be employed to ensure that adverse results from one asset class will not have an unduly detrimental effect on the Investment Portfolio. Diversification is interpreted to include diversification by type, by characteristic, and by number of investments, as well as by the hiring of managers that employ different management styles. The Foundation will fulfill its duty to monitor the investment performance via the CFA Investment Committee, who will make recommendations as provided below to the Foundation's Board for changes regarding allocations to the Foundation's Balanced Growth and Catholic Value Portfolios. Additionally, the Investment Committee may employ outside financial advisory firms and other community foundations to provide assistance and guidance for allocations, money managers, and passive and/or active selections.

For purposes of investment policy, the Investment Portfolio shall be considered as four parts: the Equity Portfolio, Income Portfolio, Cash Equivalent Portfolio and the Alternative Portfolio. The Committee will establish long-term policy target allocations and ranges for the Equity and Income Portfolios, as well as long-term allocations and ranges for the primary asset classes within the Equity Portfolio. The Foundation recognizes that over the long-term, the risks of owning equities has been, and should continue to be rewarded with a somewhat greater return than that available from income investments. The role of equity investments is to provide capital appreciation, in order to preserve the long-term purchasing power of the Foundation assets. The role of income investments is to reduce the volatility of the Investment Portfolio, while providing a predictable stream of income. The role of the Cash

Equivalent Portfolio is to provide short-term funding needs and any required principal stability. The intent of alternative investments is to lessen risks by further diversifying the Investment Portfolio.

X. PROCEDURES

The CFA Investment Committee shall generally meet quarterly and at such other times as directed by its respective Committee Chair, the Foundation Board Chair, or President or Executive Director.

The Investment Committee shall strive to comply with all applicable laws and regulations, and invest in accordance with the prudent investor standard.

The Investment Committee (which may utilize active assistance and recommendations from an investment consultant) shall have responsibility for the following with respect to the Investment Portfolio:

- Establishing overall financial objectives and recommending investment policy;
- Recommending parameters for asset allocation;
- Establishing a process and criteria for the selection and termination of investment program managers, custodians, investment consultants and/or sub-advisors;
- Recommending a qualified investment consultant or advisor;
- Recommending qualified investment manager(s) or Sub-advisor, who will then select qualified investment managers; and
- Recommend qualified investment managers and custodian(s).

In the case of the Money Market (Cash Equivalent) Portfolio:

- Monitoring investment results quarterly to assure that objectives are being met and that policy and guidelines are being followed; and
- Communicating on a structured and ongoing basis with those persons responsible for investment results.

The CFA Investment Committee expects an Investment Consultant and/ or Sub-advisor to be proactive in advising and making recommendations to it regarding:

- Investment Policy
- Asset Allocation
- Manager Selection
- Performance Evaluation
- Other Investment Matters

The selected Investment Consultant or Sub-advisor(s) will be responsible for the following:

• Determining investment strategy;

• Implementing security selection and timing within policy guideline limitations.

• Establishing overall financial objectives and setting investment policy;

• Recommending parameters for asset allocation of the Foundation's Balanced Growth and Catholic Values Portfolios;

• Establishing a process and criteria for the selection and termination of investment program managers and/or custodians;

• Selecting qualified custodian(s);

• Monitoring investment results quarterly to assure that objectives are being met and that policy and guidelines are being followed; and

• Regular communications between Sub-advisor(s) as well as the Investment Consultants keeping itself informed of changes that the Sub-advisor(s) may make or is considering; and

• Communicating on a structured and ongoing basis with those persons responsible for investment results of the portfolios.

As it pertains to the Foundation's portfolio, the CFA Investment Committee expects an Investment Consultant to be proactive in advising and making recommendations, regarding portfolios it actively manages, to the Foundation's Board regarding:

• Investment Policy
• Asset Allocation
• Manager Selection
• Performance Evaluation
• Other Investment Matters

The selected Investment Manager(s) and/or Sub-advisor(s) will be responsible for the following:

• Determining investment strategy; and
• Implementing security selection and timing within policy guideline limitations.

XI. ASSET ALLOCATION AND STYLE DIVERSIFICATION

Research suggests that the decision to allocate total assets among various asset classes will far outweigh security selection and other decisions that impact portfolio performance. The Committee recognizes the strategic importance of asset allocation and style diversification in the investment performance of the assets over long periods of time. Domestic and international equities (large, mid and small capitalization), income securities, cash equivalent securities and alternative asset classes have been determined to be acceptable vehicles for the

Investment Portfolio. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

A. Summary of Asset Allocation Guidelines

After reviewing the long-term performance and risk characteristics of various asset classes, the Committee has determined and set forth on the attached Exhibits A-I, the asset allocation targets and ranges for its investment pools and its established and recommended asset allocation options.

The approved asset allocations for the model portfolios indicate both an initial target allocation and a range for each investment category. From time to time, based on changing economic circumstances and the various relative investment opportunities as perceived by the Committee and its advisors, it may be desirable to make changes to the target allocations. The Committee, its Sub-advisor(s) and advisors may determine such changes. The Committee will recommend subsequent target allocation changes and this Investment Policy Statement will be updated accordingly if changes beyond the limits contained herein are employed.

B. Rebalancing Procedures

From time to time, market conditions will cause the investment in various asset classes to vary from the established allocation. When deemed appropriate by the Committee, along with its Investment Consultants, will review both the specific asset allocation and the style targets for possible rebalancing back to the target allocation, to ensure consistency with the asset allocation guidelines established by this investment policy. If the actual allocation exceeds the maximum/minimum weightings intra-year, the Committee may solely direct rebalancing. The Committee may adopt a periodic rebalancing strategy.

XII. SELECTION AND RETENTION CRITERION FOR INVESTMENTS

A. Investment Management

Investment Manager(s) (including mutual funds) shall be chosen using various criteria, which include the following:

- The investment style and discipline of the proposed manager;

- The size of the organization as measured by the amount of assets under management with respect to the investment style under consideration;
- Experience of the organization as measured by the tenure of the professionals with respect to the investment style under consideration;

- Past performance, considered relative to other investments having the same investment objective, and anticipated future performance. Consideration shall be given to both performance rankings over various time frames and consistency of performance;

- The historical volatility and down-side risk of each proposed investment; and

- How well each proposed investment complements other assets in the Investment Portfolio.

The Committee desires to permit investment managers and Sub-advisors flexibility to maximize investment opportunities. However, it is cognizant of its responsibility to practice prudent management in order to conserve and protect the assets and to prevent exposure to undue risk. Exceptions to the guidelines stated below may be made upon special written approval of the Committee and shall be subject to annual review.

The Committee foresees the possibility of using mutual funds/collective trust funds/limited partnerships and understands that the Committee would not have any specific control over the management of such funds with regard to guidelines and restrictions. However, when possible, the Committee intends to utilize funds that generally comply with the investment guidelines stated in this Investment Policy Statement.

i. Equity Portfolio

The following shall serve as the Committee' guidelines on the employment of equity securities within the Investment Portfolio:

The Equity Portfolio investments shall be managed with capital appreciation as a primary objective. A secondary objective is to provide a source of diversification for the Investment Portfolio, thus seeking to dampen portfolio volatility.

The Equity Portfolio may include traditional equity securities (i.e. domestic and international equity) or other approved equity classes.

Security Types

The Equity Portfolio shall be divided into a passive portion with a range of 0-50% and an actively managed portion with a range of between 0-100%. The passive portion shall utilize a strategy that is suited to matching the performance of the appropriate equity benchmark. The active strategies shall be selected opportunistically in a style and manner that the Committee believes offers enhanced risk adjusted returns and portfolio diversification.

Equity securities shall consist of common stocks and equivalents (ADRs, issues convertible into common stock, Exchange Traded Funds (ETFs), etc.). Issues traded on the New York, American, Over the Counter, Regional Exchanges and foreign exchanges are appropriate. There are no specific constraints as to earnings record and dividend policy.

Diversification

If any one issue of an equity portfolio exceeds more than ten (10%) percent of the market value of the equity portfolio it shall be reviewed.

The equity portfolio will maintain style diversification between growth and value, and will rebalance quarterly based on the guidance of the Committee within the ranges set forth on Exhibit A.

Restrictions

Investment managers are prohibited from engaging in the following transactions on behalf of the Foundation:

a. Any transaction in which the investment manager or its employees have a conflict of interest.

b. Any transaction that could cause a problem with the Foundation’s tax-exempt status.

c. Unless such transactions are consistent with the manager’s style and disclosed in writing to the Foundation prior to the employment of the manager, any transaction investing in private placements, lettered stock, commodity future contracts, options, short sales, margin transactions or other specialized investment activities.

ii. Fixed Income Portfolio

The following shall serve as the Committee’s guidelines on the employment of income securities within the Investment Portfolio:

The Income Portfolio investments shall be managed on a total return basis (combining interest income plus/minus appreciation/depreciation) with capital preservation and current income to help meet spending requirements as a primary objective. A secondary objective is to provide a source of diversification for the Investment Portfolio, thus seeking to dampen portfolio volatility.

The Income Portfolio may include traditional income securities (i.e. U. S. government obligations, domestic bonds) or other approved income classes (i.e. foreign bonds, interest rate swaps, derivatives, et cetera).

a. Domestic Fixed Income

Quality

Domestic fixed income investments shall generally be of investment grade quality and meet the standard of the prudent investor. Credit risks should be consistent with the total return, cash flow and capital preservation needs of the Foundation.

Maturity

The average maturity of the portfolio shall in no event extend beyond ten (10) years with a maximum maturity of thirty (30) years for any individual bond. Duration shall remain consistent with the manager’s style.

Diversification

Diversification shall be maintained in a manner consistent with the manager’s style. No more than 5% of the fixed income portfolio shall be invested in the obligations of any single issuer excluding U.S. Government and agency securities, qualifying money market funds or investment purchases with a maturity of less than 91 days. (If more than one investment manager manages income securities, this restriction shall apply separately to each income portfolio.)

Restrictions

Investment managers shall avoid the purchase of illiquid issues. Domestic fixed income managers shall generally purchase only securities from an issuance of at least $50 million dollars in such fixed income securities. Fixed income managers may purchase securities from any size issuance by an agency of the United States government.

b. High Yield Securities

The Committee shall be permitted to utilize a high-yield fixed income strategy as either a part of the Fixed Income Portfolio or as a part of the Equity Portfolio without regard to restrictions specified at other places within this investment policy statement. Said strategy shall not exceed 10% of the Fixed Income Portfolio. The manager shall purchase only high-yield securities that are consistent with the manager's investment style as disclosed at the time the manager is engaged.

iii. Money Market (Cash Equivalent) Portfolio

The Foundation may maintain cash balances in amounts consistent with Foundation administrative policies designed to provide liquidity for grant making and payment of fees and administrative costs, or to provide any desired principal stability. The Committee or its Sub-advisor may approve any type of cash equivalent instrument for purchase.

Money market funds shall comply with Rule 2A-7 of the Investment Company Act of 1940. This rule provides minimum standards concerning the quality, diversification and maturities allowed within the "money" funds. Generally, this limits money fund investments to tier 1 commercial paper, bank obligations, tier 1 short-term corporate securities, U.S. Treasury securities, U.S. Agency obligations and repurchase agreements. It shall be permissible to utilize bank accounts and other investment purchases with a maturity of less than 91 days as investments for cash balances.

iv. Alternative Investments

The Committee has foreseen the possibility of using mutual funds/collective trust funds/limited partnerships that may serve as alternatives to either the Equity Portfolio or Fixed Income Portfolio and understands that the Committee would not have any control over the management of such funds with regard to guidelines and restrictions. The Committee and/ or its Sub-advisor shall review the permitted investment strategies of such vehicles prior to investing in such vehicles.

v. Balanced Growth Portfolio

The Balanced Growth Portfolio is the Investment Committee's Sub-advisor-recommended allocation.

vi. Catholic Values Portfolio

The Catholic Values Portfolio is a long-term portfolio has specific restrictions to its investment policy providing additional constraints to the parameters of its investments. These restrictions may be an addition to, or an adjustment in, some of the policies that have been set forth in the adopted investment policy statement.

The following has been added as to not violate the core values of the Roman Catholic Church as determined by the Community Foundation of Acadiana. These restrictions pertain to the business nature of a company. This policy restricts the purchase of securities of any company that manufactures or maintains marketing/licensing agreements with manufacturers of:

- Contraceptives;
- Abortifacients or instruments used in the abortion procedure; and
- Adult Entertainment.

The Committee will direct the Investment Consultants to limit active managers who comply with the above tenets.

XIII. PERFORMANCE OBJECTIVES

The overall fund performance will be reviewed on a quarterly basis, with long-term emphasis placed on results achieved over a three- to five-year period. Objectives will be reviewed annually and adjusted, if necessary, after consultation with the Committee, Investment Consultant, Sub-advisor, and Investment Managers.

The Investment Portfolio is to be invested in equity and income securities to achieve a total return, net of fees and trading costs, at least equivalent to the index deemed most appropriate by the Committee. Investment managers will be held to an additional standard of outperforming the median return of their peer group, or ranking in the top one-half of similarly grouped managers.

A. <u>Equity Portfolio</u>

The overall investment objective of the Equity Portfolio is to outperform an appropriate blended market benchmark chosen by the Committee, net of all fees, over a three- to five-year time period. Individual performance benchmarks will be established for each investment at the time it is made.

Passive (or index) managers' performance, net of fees, will be expected to be consistent with their corresponding index benchmarks.

Active managers will be measured against both market indexes and peer benchmarks, net of all fees, and will be expected to outperform these benchmarks by varying degrees depending on the asset class and specific investment style employed by the manager.

Performance will be monitored quarterly, and equity managers will be evaluated over rolling three- to five-year periods. It is recognized that active managers may under perform their benchmarks under certain conditions, but should outperform over a complete market cycle. However, the Committee has discretion to evaluate and terminate a manager or Sub-advisor for any reason at any time.

B. Fixed <u>Income Portfolio</u>

The performance of the Fixed Income Portfolio is expected to meet or exceed the performance of the Barclays Aggregate Bond Index or other appropriate index or mix of indices, which reflect the income portion of the portfolio, over a three- to five-year time period.

C. Money Market <u>(Cash Equivalent) Portfolio</u>

The cash equivalent investment performance results will be compared against the 90-day T-bill.

D. Alternative Portfolio

The performance of the Alternative Portfolio will be expected to meet or exceed the performance of the benchmark determined by the Sub-advisor or Committee, over a full market cycle (seven to ten years).

E. Model Portfolios (Including Balanced Growth Portfolio and Catholic Values Portfolio)

Each model portfolio set forth on the attached Exhibits A-H will be compared to the performance of a similarly structured index in line with the target allocation in each strategy. This custom index will be comprised of appropriate indices determined by the Committee. The Investment Portfolio should at least equal the performance of the custom balanced index.

The performance of each model portfolio will also be evaluated against a simpler, less diversified, generic benchmark comprised of the Wilshire 5000 Index and the Barclays Aggregate Bond Index, weighted according to the Investment Portfolio's overall equity/income/cash allocation. It is recognized that the Investment Portfolio's investment performance may deviate significantly from this generic benchmark over relatively short time periods but is expected to outperform this benchmark over rolling 15- to 20-year periods.

XIV. CONTROL PROCEDURES

A. Review and Evaluation of Investment Objectives

Achievement of the stated investment objectives will be reviewed on an annual basis by the Committee. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the investment policy statement. It is not expected that the investment policy statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the investment policy statement.

B. Review and Evaluation of Investment Manager(s)

The Committee shall evaluate all investment managers or Sub-advisor(s) based on the following criteria:

i. Investment managers, and all employees of such managers, shall strive at all times to operate in compliance with all applicable laws and regulations.

ii. Passive investment managers are expected to achieve a total return equal to the asset class benchmark less fees. Such managers shall also be evaluated on the criteria of efficiency and tracking error.

iii. Active investment managers are expected to achieve a total return (reduced for fees paid) in excess of the asset class benchmark. Managers should perform in the top half of managers with the same investment style. Performance will normally be evaluated over a three- to five-year period, but the Committee reserves the right to terminate any manager, or Sub-advisor, at any time, with or without cause. Active managers shall provide excess returns that compensate the Foundation for the risk assumed.

iv. Investment managers are expected to maintain the same investment style throughout the relationship as it had when hired by the Foundation. Investment managers shall notify the Foundation when any material change occurs in style, ownership or investment professionals (including client representatives) related to the Foundation's Investment Portfolio.

v. Investment managers shall generally remain fully invested within the assigned investment mandate, excluding cash required for transactions, unless the market does not provide purchasing opportunities consistent with their style. In any event, manager performance will still be evaluated using the designated benchmark.

vi. Proxies will be voted as directed by the investment managers. Investment managers are instructed to direct their vote in the manner most likely to produce the best long-term return for the companies' shareholders.

vii. Investment managers shall seek the best price and execution for security trades they execute and shall comply with all regulations concerning "soft dollars."

viii. Sub-advisor(s)'s will adhere to the allocations as established by the Committee, have experienced investment professionals on its investment committee, utilize investment professionals to assist in manager selection, have reasonable fees and provide added value to justify retention.

The Committee shall review the investment performance of the investment program on a quarterly basis. Said review may be satisfied either through discussion at a Committee meeting or by reviewing quarterly reports. Review shall include comparisons to the benchmark established, but may also include comparisons with additional indices, peers and other investment classes or managers.

The Committee will generally evaluate investment managers over a three-to five-year time period, but the Committee reserves the right to terminate any investment mandate, manager or Sub-advisor(s) at any time, with or without cause. In addition, the Committee may consider prior performance information from a similar investment program, but is not required to do so.

XV. COMMUNICATIONS

Quarter-end regular accounting of transactions, portfolio holdings, yields, current market values, summary of cash flows, calculations of the portfolio's total rate of return on a latest quarter, year-to-date, three-year, five-year, seven-year, ten-year, and since inception basis will be provided by Investment Consultant and/ or Sub-advisor(s).

The Committee shall require the Investment Managers and/or Sub-advisor(s) to maintain communication with the Committee with as reasonable frequency as market conditions and the portfolio warrant. Market conditions and major portfolio changes should be called to the attention of the Committee by the Investment Consultant, Sub-advisor(s) or the Investment

Managers. Significant changes within an Investment Manager's, Investment Consultant, and/or Sub-advisor(s)'s operations or personnel communicating the anticipated impact on the assets should be brought to the attention of the Committee immediately.

The Investment Consultant will provide comparative performance evaluation reports quarterly.

XVI.SPENDING POLICIES

Non-endowed funds may make distributions of any combination of principal and incomes, assuming sufficient assets remain to cover administrative fees. However, in order to determine actual investment valuation, these distributions are limited to the following:

- 90% of available amount in the Equity Portfolio;
- 90% of available amount in the Fixed Income Portfolio;
- 99% of available amount in the Money Market Portfolio
- Investments in the Alternative Investment Pool are subject to a one -year "lockup" whereby those funds cannot be liquidated or otherwise accessed from that pool. After one year has elapsed from the date of investment into the Alternative Investment Pool, the current value of the investment may be liquidated by notifying CFA 65 days in advance of the last day of the month in which the funds are needed.

Endowed funds are subject to a distribution rate. Annually, the Board of Directors of the Foundation establishes a distribution rate for the following twelve (12) months. This distribution rate is stated as a percentage of the 12-quarter rolling average of each endowed fund. Newly established funds (with fewer than 12 quarters) use the quarterly rolling average from its inception. The distribution rate determines an 'Available to Grant' amount. (See Spending Policies and Procedures for Endowed Funds.)

Unless otherwise instructed, the 'Available to Grant' amount is segregated to the Money Market Portfolio.

XVII. GENERAL COMMENTS

This Investment Policy Statement (IPS) is not a contract. This investment policy has not been reviewed by any legal counsel. This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Foundation, its Investment Consultant, and its investment manager(s). The investment policies described in this IPS should be dynamic. These policies should reflect the Foundation's current status and philosophy regarding the investments of the Investment Portfolios. These policies are reviewed and revised periodically to ensure it adequately reflects any changes related to the Investment Portfolios, the Foundation and capital markets. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

EXHIBIT A (11/19/09)

EQUITY PORTFOLIO ALLOCATION (Within Equity Holdings Only)

	Target Allocation	Allocation Range
Domestic Equities *(Wilshire 5000 Index)*	70.0%	50. 0%-90.0%
Component allocations		
Large Cap/Core	45.0%	30.0%-65.0%
Small/Mid Cap	25.0%	10.0%-40.0%
International Equities *(MSCI EAFE Index)*	30.0%	10%-50.0%

Benchmark index in parenthesis.

EQUITY PORTFOLIO STYLE ALLOCATION

	Target Allocation	Allocation Range
Growth	50.0%	40.0%-60.0%

Value	50.0%	40.0%-60.0%

EXHIBIT B (11/19/09)

FIXED INCOME PORTFOLIO ALLOCATION (Within Income Holdings Only)

	Target Allocation	Allocation Range
Core Aggregate Bond *(Barclays Aggregate Bond Index)*	100.0%	100.0%

Benchmark index in parenthesis.

EXHIBIT C (11/19/09)

ALTERNATIVE PORTFOLIO ALLOCATION (Within Alternative Holdings Only)

	Target Allocation	Allocation Range
Directional Hedge Fund Strategies *(Wilshire 5000 Index)*	50.0%	30.0%-70.0%
Absolute Return Hedge Fund Strategies *(Barclays Aggregate Bond Index)*	50.0%	30.0%-70.0%

Benchmark index in parenthesis.

EXHIBIT D (11/19/09)

AGGRESSIVE MIX ALLOCATION* (Components of Portfolio)

	Target Allocation	Allocation Range
EQUITIES *(Wilshire 5000 Index)*	**70.0%**	**40.0%-80.0%**
Fixed INCOME *(Barclays Aggregate Bond Index)*	**29.75%**	**20.0%-60.0%**
Money Market (90 day T Bill)	**0.25%**	**0%- 20.0%**

Benchmark index in parenthesis.

EXHIBIT E (11/19/09)

MODERATE AGGRESSIVE MIX ALLOCATION* (Components of Portfolio)

	Target Allocation	Allocation Range
EQUITIES *(Wilshire 5000 Index)*	**65.0%**	**50.0%-70.0%**
INCOME *(Barclays Aggregate Bond Index)*	**24.75%**	**20.0%-40.0%**
ALTERNATIVE INVESTMENTS *(50% Wilshire 5000 Index / 50% Barclays Aggregate Bond Index)*	**10.0%**	**5.0%-15.0%**
Money Market **(90 day T Bill)**	**0.25%**	**0%- 25.0%**

Benchmark index in parenthesis.

EXHIBIT F (11/19/09)

MODERATE MIX ALLOCATION* (Components of Portfolio)

	Target Allocation	Allocation Range
EQUITIES *(Wilshire 5000 Index)*	**50.0%**	**40.0%-55.0%**
INCOME	**40.0%**	**30.0%-50.0%**

(Barclays Aggregate Bond Index)		
CASH EQUIVALENTS *(90-day T-bill)*	**10.0%**	**5.0%-20.0%**

Benchmark index in parenthesis.

EXHIBIT G (11/19/09)

CONSERVATIVE PORTFOLIO ALLOCATION* (Components of Portfolio)

	Target Allocation	Allocation Range
EQUITIES *(Wilshire 5000 Index)*	**30.0%**	**25.0%-40.0%**
INCOME *(Barclays Aggregate Bond Index)*	**50.0%**	**40.0%-55.0%**
CASH EQUIVALENTS *(90-day T-bill)*	**20.0%**	**10.0%-30.0%**

Benchmark index in parenthesis.

EXHIBIT H (11/19/09)

RISK-AVERSE PORTFOLIO ALLOCATION (Components of Portfolio)

	Target Allocation
CASH EQUIVALENTS *(90-day T-bill)*	**100.0%**

Benchmark index in parenthesis.

EXHIBIT I (11/19/09)

BALANCED GROWTH AND CATHOLIC VALUES PORTFOLIO ALLOCATION (Components of Portfolio)

	Target Allocation	Allocation Range

EQUITIES *(Wilshire 5000 Index)*	**40.0%**	**30.0%-70.0%**
INCOME *(Barclays Aggregate Bond Index)*	**40.0%**	**20.0%- 60.0%**
CASH EQUIVALENTS *(90-day T-bill)*	**20.0%**	**10.0%-40.0%**

Benchmark index in parenthesis.

*See most current Investment Recommendation Form for current allocation.