THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

Investment Policy Statement

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POLICY FOR MANAGEMENT OF THE INVESTED ASSETS OF THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

Investment Policy Statement

I. STATEMENT OF PURPOSE

This statement is set forth to govern the investment assets of The Catholic Foundation of Central Florida, Inc. (the "Foundation"), as well as the investment assets of participating parishes and ministries of the Catholic Diocese of Orlando, formally known as John G. Noonan, Bishop of the Diocese of Orlando, his successors in interest and assigns, a corporation sole (the "Diocese") (collectively, these assets will be called the "Fund"). The Fund is an area of particular responsibility to the Foundation's Investment Committee (the "Committee") to ensure the prudent investment of Fund assets in order to meet the short-term and long-term objectives of the Foundation and all Donors. The Committee shall establish broad investment guidelines, select investment managers, and determine or approve asset allocations that best achieve the Fund's objectives.

This Fund Investment Policy Statement (the "Policy") has been established to provide a general framework for the management and investment of the Fund assets. The Policy sets forth specific investment objectives to help ensure that the Fund is financially managed in the best interest of the Foundation and all Donors, at the most economical cost.

II. OVERVIEW

1. The Foundation has established this fund with the primary objective to provide income and capital growth to support the various functions of the Foundation. The majority of the obligations are of a long-term nature, but many require a modest amount of current income.

2. Fund assets will be allocated to a diversified portfolio of equity investments, fixed income securities, and cash equivalents. Even though these assets are long-term in nature, a reasonable amount of liquidity should be maintained.

3. The Committee will utilize one or more professional investment managers for the management of the Fund's assets. Qualifications must include SEC registration, experience with similar responsibilities and a proven performance history. These assets are to be managed in a manner consistent with the "Prudent Investor" rule concerning fiduciary oversight of assets.

4. Investments made by the Committee may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships, and private equity. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement.

5. In the event of investment by the Fund into a pooled fund, the prospectus or governing policy of that pooled fund, updated from time to time, shall be treated as an addendum to this Investment Policy Statement.

6. The Committee will utilize an independent consultant to evaluate the asset allocation and investment performance of the Fund. The consultant will also review the performance of the investment manager(s) to determine whether the manager(s) are adhering to the constraints of this policy. Performance and compliance reviews will be performed annually, at a minimum. In addition to monitoring investment performance, the Committee will periodically review the investment policy of the Fund, ensuring that the asset allocation remains viable and in line with Fund objectives.

III. FUND MANAGEMENT

The Committee will oversee the management of the Fund. The Committee will meet quarterly to review Fund performance and Fund activity in regard to compliance with the stated guidelines and objectives. The management of the Fund shall follow the "Prudent Investor" rule.

This rule may be observed through use of what is referred to as the "total return concept". In essence, a prudent person will seek high total returns from investments by means of both cash income and capital gains.

The Committee will have the responsibility of pursuing the total return concept by selecting the outside manager(s), periodically reviewing the performance of the manager(s), and implementing changes when deemed necessary.

It is the policy of Foundation not to invest in companies whose products, services, policies, or goals are in conflict with the basic tenets of the Roman Catholic Church and the Diocese of Orlando. The Foundation's Investment Advisors together with all Investment Managers will work together to assure the Board of Directors that investment holdings in specific portfolios fall within these guidelines. Specifically, as much as is prudently and reasonably possible, the Foundation's Investment Policies shall, in recognition of the dignity and rights of the human person and the mission of the Roman Catholic Church, follow the principles of the "Socially Responsible Investment Guidelines" of the United States Conference of Catholic Bishops, dated November, 2003. The following will serve as guidelines for developing the Investment Policies and the conduct of the Foundation's Investment Advisors and Investment Managers:

(1) The Committee shall reserve the right to direct the Fund not to own certain securities or funds/investment vehicles they may deem objectionable; and

(2) All potential investments must be viewed in light of:

i. Preserving the sacredness of life;

ii. Assuring human rights through fair employment practices, especially for minorities and women;

iii. Promoting international justice, the development of peoples, a just international economic order, and human rights; and

iv. Exercising prudent stewardship of the environment and natural resources.

In implementing the social policies of the Foundation, there will be a preference for separately managed accounts within which policies can be fully implemented. In a case where a commingled or mutual fund is utilized, the Foundation will show preference for funds whose social policies are similar to the Foundation's. It is recognized, however, that at times the Foundation may be invested in commingled or mutual funds whereby socially responsible screening is not practical.

The basis by which the Committee evaluates the performance of the manager(s) will be the manager's success in achieving the Fund's investment objectives. Though the manager(s) will be monitored and reviewed on a quarterly basis, the long-term nature of the Fund dictates that the manager(s) should be evaluated on achieving the Fund's objectives over a three (3) to five (5) year time horizon. If, however, the manager(s) should deviate from the Fund's guidelines, and/or significantly underperform versus similar asset managers and/or their corresponding market index, an interim evaluation may be appropriate. Additionally, if an investment management firm changes ownership, management, investment philosophy, investment style, or any factor that could materially affect the firm's performance, an interim evaluation may be necessary.

Upon infrequent occasion, it may be necessary or justified to allow the management of the investments to exceed the parameters of this policy. In this situation, it is only the Committee that may approve such a divergence from the policy.

It is the investment philosophy of the Committee to not directly or internally manage any portion of the investment portfolio or similar assets. Only those assets that cannot be disposed of because of donor restrictions or a lack of feasible marketability or liquidity will be managed internally. When there are no direct restrictions or extenuating circumstances regarding the donation of assets, these donations should be liquidated and reinvested into the Fund.

IV. ASSET ALLOCATION

The Fund will utilize a multi-product, specialty manager investment management system where practical. Each manager will be handling a portfolio segment that is consistent with their area of expertise and proven strengths. The Committee has established asset allocation targets based on the liquidity needs, risk tolerance, and long-term funding needs of the Fund. The “allocation targets" are ones that, historically, have produced investment results that are consistent with the Fund’s objectives and goals. Additionally, the targets will be reviewed periodically to ensure that the allocations remain relevant with market characteristics and the potential changes in the financial needs of the Fund.

There are three allocations to consider and the basis for the decision is whether the financial needs are intermediate term 3-5 years or longer term 5+ years.

3-5 Year Reserve: Preservation of capital and income are the primary objectives for this allocation scenario, with minor emphasis on capital growth or appreciation. This allocation would be appropriate when it is expected that capital may be used in less than five years or withdrawn regularly.

5+ Year Reserve: Growth of capital and current income generation are the primary objectives for this allocation. This allocation would be appropriate for capital that is long-term in nature, but is not permanently Endowed.

Permanent Endowed: This is the allocation scenario to choose if the assets or the time horizon for investment is over five years. Growth of capital and current income are the primary objectives for this portfolio

3 - 5 Year Reserve

ASSET CLASS	TARGET	RANGE
Core Capital	***70.0%***	***55.0% - 85.0%***
Cash	5.0%	0.0% - 15.0%
Short Duration Fixed Income	30.0%	10.0% - 60.0%
Intermediate Duration Fixed Income	35.0%	10.0% - 60.0%
Return Enhancement	***30.0%***	***15.0% - 45.0%***
Passive Large Cap Equity	22.5%	0.0% - 30%
International All Cap Equity	7.5%	0.0% - 12.5%

5+ Year Reserve

ASSET CLASS	TARGET	RANGE
Core Capital	***40.0%***	***15.0% - 65.0%***
Cash	5.0%	0.0% - 15.0%
Short Duration Fixed Income	10.0%	5.0% - 15.0%
Intermediate Duration Fixed Income	25.0%	15.0% - 35.0%
Return Enhancement	***60.0%***	***35.0% - 85.0%***
Passive Large Cap Equity	32.5%	15.0% - 40.0%
Passive Small Cap Equity	5.0%	0.0% - 10.0%
Passive Mid Cap Equity	5.0%	0.0% - 10.0%
International All Cap Equity	12.5%	5.0% - 20.0%
Global Balanced / TAA	5.0%	0.0% - 10.0%

Permanent Endowed

ASSET CLASS	TARGET	RANGE
Core Capital	***30.0%***	***15.0% - 45.0%***
Cash	0.0%	0.0% - 10.0%
Short Duration Fixed Income	5.0%	0.0% - 10.0%
Core Plus Fixed Income	12.5%	10.0% - 15.0%
Intermediate Duration Fixed Income	12.5%	10.0%-15.0%
Global Government Fixed Income	0.0%	0.0% - 12.5%
Return Enhancement	***70.0%***	***55.0% - 85.0%***
Passive Large Cap Equity	23.50%	16.0% - 31.0%
Passive Small Cap Equity	5.00%	0.0% - 10.0%
Passive Mid Cap Equity	5.00%	0.0% - 10.0%
International All Cap Equity	13.75 %	9.0% - 19.0%
Emerging Markets Equity	5.25%	0.0% - 10.0%
Global Equity	7.5%	3.25% - 11.25%
Global Balanced / TAA	10.0%	5.0% - 15.0%

Additionally, the Committee, with the assistance of the investment consultant, will monitor the allocations for compliance with the stated ranges on an ongoing basis. This analysis will occur at least quarterly, and could occur more frequently during periods of abnormally high volatility. If it is determined that the allocation of one or more of the asset classes is outside its permitted range(s), the Committee will take the necessary steps to move the allocations into compliance. This will be done by moving the violating asset class one-half of the way back towards its target allocation or to the nearest end of its allowable range, whichever is greater.

V. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the investment management of the total portfolio.

- The primary objective is the preservation of principal, both in nominal and real terms.

- The performance of the total portfolio will be measured for rolling three (3) and five (5) year periods. The overall return of the portfolio, net of management fees, should exceed the benchmark return represented by the portfolio's target asset allocation.

    - The objective for each portfolio is that the return, net of fees, will equal or exceed the following return targets: 3-5 Year Reserve: CPI + 1.5%
    - 5+ Year Reserve: CPI + 3%
    - Permanent Endowed: CPI + 4%

VI. CRITERIA FOR INVESTMENT MANAGER/CONSULTANT REVIEW

The Committee wishes to adopt standards by which judgments of the ongoing performance of an investment manager may be made. If, at any time, any three (3) of the following are breached, the investment manager may be warned of the Committee's serious concern for the Fund's continued safety and performance. If any five (5) of these are violated, the investment consultant may recommend an investment manager evaluation for that mandate.

- Four (4) consecutive quarters of relative underperformance versus the benchmark.
- Three (3) year trailing return below the top 40^{th} percentile within the appropriate peer group and underperformance versus the benchmark.
- Five (5) year trailing returns below the top 40^{th} percentile and underperformance versus the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the Investment Policy Statement, Investment Manager Addendum or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC) or other regulatory agency.
- Significant asset flows into or out of the company or strategy.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

- Failure to invest consistent with Catholic investment/USCCB Guidelines, if applicable.

Nothing in this section shall limit or diminish the Committee's right to terminate the investment manager at any time for any reason.

VII. MANAGEMENT FEES and RELATED COSTS

The costs of managing the Fund's assets should be competitive within the marketplace of similar investment portfolios. All fees, be they management related or custody related, should be negotiated and monitored to insure that the Fund is not over-paying for services. Transaction fees, brokerage commissions, and security mark-ups should be within the norms for institutional accounts of similar trading volume. Though the allocation of trades will be left up to the Fund's investment manager(s), it should be understood that best execution, at the lowest reasonable cost is expected.

VIII. INVESTMENT POLICY REVIEW

This investment policy should be reviewed annually, at a minimum, by both the Committee and the Board. If any material changes occur within the portfolio of the plan itself, a review of the investment policy should be conducted immediately.

IX. GUIDELINES

The following guidelines and limitations have been established to ensure that assets are managed in a manner consistent with the investment objectives described previously and will be reviewed at least annually. Additional criteria may be outlined in an investment manager's addendum.

PASSIVE / INDEX – EQUITY AND FIXED INCOME

Asset Classes

Large Cap Equity – S&P 500   **Small Cap Equity** – S&P 600   **Mid Cap Equity** – S&P Mid Cap 400

International Equity – MSCI EAFE   **Emerging Markets Equity** – MSCI EM

Core Plus Fixed Income – Bloomberg Aggregate Bond

Short-Term Fixed Income – Bloomberg U.S. 1-5 Year Government/Credit Index

Passive / Index Objective

The goal of the various passively managed equity and fixed income index strategies is to replicate the risk / return characteristics of the underlying benchmark index.

- Over rolling three-year periods, the total return of this portfolio segment should match the underlying benchmark Index (net of fees).
- Additionally, the portfolio's returns should, at a minimum, exceed the return of the median manager within a universe of similar style managers.

Passive / Index Guidelines

- Risk, as measured by standard deviation, will be similar to the benchmark Index.
- Reasonable diversification should be maintained and portfolio characteristics should be similar to the underlying benchmark.
- Upon notice of any material deviation from the above stated guidelines of the portfolio structure, prospectus or governing document of any mutual fund or commingled fund employed, the Committee will have the authority to either accept the changes or terminate the manager relationship.

SHORT-TERM FIXED INCOME

To provide an incremental income/yield advantage over money market or cash equivalents. The portfolio will be managed by extending out the yield curve, while maintaining relatively short portfolio duration to reduce price volatility and market risk.

Short-term Fixed Income Objectives

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the Bloomberg 1–3 Government/Credit Index.
- At a minimum, over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

Short-term Fixed Income Guidelines

- The duration of the portfolio is intended to be intermediate term in nature and should remain within 25% of the benchmark index's duration Bloomberg 1–3 Government/Credit Index.
- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index Bloomberg 1 – 3 Government/Credit Index.
- All securities held should be "investment grade", with the average quality of the total portfolio being at least 'AA'.
- Securities other than those issued by the U.S. government, including agencies, are limited to 3% of the Fund assets per issuer.

INTERMEDIATE-TERM FIXED INCOME

This strategy consists of a well-diversified portfolio of intermediate fixed income securities that will strive to generate a return from both income and price appreciation. Over time, this portfolio should generate excess returns above money market securities with a minimal amount of additional risk.

Intermediate-Term Fixed Income Objectives

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the Bloomberg Intermediate Government / Credit Index.
- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager with the universe of similar style managers.

Intermediate-Term Fixed Income Guidelines

The investment manager will make all decisions concerning duration, maturity structure, sector and individual securities within the constraints of the following investment guidelines:

- The duration of the portfolio is intended to be short term in nature, with its duration generally below 4.5 years.
- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index (Bloomberg Intermediate Government/Credit Index).
- The average quality of the total portfolio should be at least ‘A+’.
- Reasonable diversification should be maintained, with no more than 3% of fixed income assets allocated to any one issuer (Treasury and Government Agency Bonds excluded).
- Use of derivatives for speculative purposes is prohibited.

CORE PLUS FIXED INCOME

The portfolio invests in a well-diversified portfolio of fixed income securities that will achieve an above average return from both fixed income and price appreciation. The portfolio will use a broadly diversified portfolio of fixed income securities.

<u>Core Plus Fixed Income Objectives</u>

This style is designed to produce superior total returns, utilizing an actively managed discipline centered on identifying undervalued fixed income investments.

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the Bloomberg Aggregate Bond Index.
- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

<u>Core Plus Fixed Income Guidelines</u>

The investment manager will make all decisions concerning duration, maturity structure, sector and individual securities within the constraints of the following investment guidelines:

- The duration of the portfolio is intended to be intermediate term in nature and should remain within 25% of the benchmark index's duration (Bloomberg Aggregate Bond Index).
- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index (Bloomberg Aggregate Bond Index).
- Securities other than those issued by the U.S. government, including agencies, are limited to 3% of the Fund assets per issuer.
- Instruments issued by domestic corporations, including corporate notes and floating rate notes, should be rated "Baa/BBB" or better at time of purchase by Moody's Investor Service or Standard and Poor's. Based on the discretion of the manager, up to 30% of the portfolio may be allocated to Non-US dollar investment grade fixed income instruments. Up to a maximum of 20% of the portfolio may be invested in "high yield" securities with a quality rating less than investment grade. Up to 10% of the portfolio may be allocated to emerging market fixed income instruments. At no time, shall the combination of below investment-grade fixed income and emerging markets debt exceed 20%.
- Futures, options or other derivatives are permitted only for hedging purposes

UNCONSTRAINED FIXED INCOME

This portfolio seeks to provide an attractive level of absolute return independent of market direction. Value is added through both top-down investment themes and bottom-up sector rotation and security selection. A number of risk-management tools are integrated into the investment decision making process.

Unconstrained Fixed Income Objectives

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed the Bloomberg Aggregate Bond Index.

- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

Unconstrained Fixed Income Guidelines

- The average duration of the portfolio will fall in a range of -5 to +10 years.

- Risk will be evaluated by performance characteristics (e.g. standard deviation, volatility, beta, up/down market capture) as well as portfolio construction characteristics.

- Enhanced strategies (non-core) such as high yield, emerging markets, bank loans, and commodity-linked notes, may be used on a strategic and opportunistic basis. Total allocation to these enhanced sectors will not exceed 50%.

- Futures, options, and derivative securities may be used for management of this portfolio. These instruments may not be used to leverage the portfolio or for speculative purposes.

GLOBAL FIXED INCOME

The investment objective is to provide a well-diversified portfolio of fixed income securities that will achieve above average performance over the long term. The global fixed income portfolio will be well diversified, with attention to providing high current income.

<u>Global Fixed Income Objectives</u>

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the FTSE World Government Bond Index.

- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

<u>Global Fixed Income Guidelines</u>

- Risk, as measured by standard deviation, will be within 30% of the comparative benchmark Index (FTSE World Government Bond Index).

- Average quality of the global fixed income portfolio should be at least 'A'.

- Reasonable diversification should be maintained with no more than 3% of assets allocated to any one issuer.

- Use of leverage is prohibited.

INTERNATIONAL EQUITY

The investment objective is to achieve long-term capital appreciation by investing in a broadly diversified international portfolio. The fund will invest in well-established companies that have above-average market appreciation potential, based in the countries that comprise the Morgan Stanley Capital International All Country World Index ex US (MSCI ACWI ex-US). The fund will primarily invest in Europe, Australia, the Far East and Canada. Additionally, up to 30 percent of total assets may be invested in less-developed, non-U.S. markets, including emerging economies in the Far East, Africa, Europe, and Central and South America.

International Equity Objectives

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the MSCI ACWI ex-US Index and/or the MSCI World ex-US Index, as appropriate.

- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

International Equity Guidelines

- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index (MSCI ACWI ex-US Index and/or MSCI World ex-US Index, as appropriate).

- The large majority of investments should be made in companies with above average capitalization (based on their markets) and be domiciled in countries with well-established economies and market exchanges.

- Reasonable diversification should be maintained with no more than 5% of international equity assets allocated to any one security, nor more than 30% allocated to any one country.

- Use of currency hedging is permitted, but should be limited to strategies which are defensive in nature.

EMERGING MARKETS EQUITY

The investment objective is to achieve long-term capital appreciation by investing in a broadly diversified international portfolio. The fund will invest in companies based in the countries that comprise the Morgan Stanley Capital International EMF index. The fund will primarily invest in less developed non-U.S. markets, including emerging economies in the Far East, Africa, Europe, and Central and South America.

<u>Emerging Markets Equity Objectives</u>

Use of this style is designed to produce superior total returns by investing in stocks of non-domestic companies. The intent of this style is to provide the overall portfolio with diversification from the U.S. equity market, while providing exposure to the growth of foreign markets.

- Over rolling three-year periods, the total return (net of fees) of this portfolio segment should match the MSCI EMF Index.

- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

<u>Emerging Markets Equity Guidelines</u>

- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index (MSCI EMF Index).

- Reasonable diversification should be maintained with no more than 5% of equity assets allocated to any once security, nor more than 40 allocation to one country.

- Use of currency hedging is permitted, but should be limited to strategies which are defensive in nature.

GLOBAL EQUITY

The investment objective is to achieve long-term capital appreciation primarily through the common stock of U.S. and non-U.S. companies. These companies are perceived to have growth potential and are priced at reasonable levels.

<u>Global Equity Objectives</u>

- Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark, the MSCI World Index.

- Over three-year rolling periods, it is expected that portfolio performance should place the manager in the top quartile but, at a minimum, must exceed the return of the median manager within the universe of similar style managers.

<u>Global Equity Guidelines</u>

- Risk, as measured by standard deviation, will be similar to or less than the benchmark Index (MSCI World Index).

- Reasonable diversification should be maintained with no more than 5% of equity assets allocated to any one security. Though no absolute limit exists, assets should be reasonably allocated among economic sectors. No more than 20% of the portfolio should be invested in any one industry.

- Investment in equity related derivatives for speculative purposes is prohibited.

REAL RETURN / TACTICAL ASSET ALLOCATION

This strategy intends to invest in multiple asset classes, on an opportunistic basis, in order to generate a real rate of return of 500 basis points or 5%. Tactical asset allocation will be utilized to continually position the portfolio in attractively valued asset classes.

Real Return / Tactical Asset Allocation Objectives

This strategy seeks maximum real return (total return less inflation), investing for both current income (bond coupon and dividends) and capital appreciation (price movements), consistent with preservation of capital and prudent investment management.

- Over rolling three-year periods, the total return of this strategy should exceed (net of fees) its comparative benchmark, the Bloomberg U.S. TIPS 1-10 Year Index (which is an unmanaged market index comprised of all U.S. inflation- linked indexed securities with maturities of 1 to 10 years.

- It is expected that this strategy will exceed (net of fees) its secondary benchmark (created by adding 5% to the annual percentage change in the Consumer Price Index – specifically the CPI for all Urban Consumers).

Real Return / Tactical Asset Allocation Guidelines

This strategy will utilize proprietary analytical models to determine the desired asset allocation of the fund. The strategy will adhere to the following guidelines:

- The strategy may invest in any or all of the underlying funds, but will not normally invest in every underlying fund at any particular time.

- The strategy's investment in a particular underlying fund normally will not exceed 50% of its total assets.

- The strategy may invest in alternative markets, including Treasury Inflation- Protected Securities (TIPS), commodities, real estate, and international fixed income, as well as traditional asset classes – stocks, bonds, and cash.

- The strategy will actively manage its asset mix to concentrate on the asset classes that are priced to provide attractive returns.

CASH EQUIVALENTS

Cash Equivalent Objectives

The investment objective is to provide a stable-value investment option that will provide income and preservation of principal for the cash-equivalent portion of the portfolio. The portfolio will be structured utilizing high-quality, money market securities that will earn a competitive rate of return without the risk of principal loss.

- Over rolling three-year periods, the total return of this portfolio should exceed (net of fees) its comparative benchmark, the 90 Day U.S. Treasury Bill rate.

Cash Equivalent Guidelines

The investment manager will make all decisions concerning duration, maturity, structure, sector and individual securities within the constraints of the following guidelines:

- The Fund will use a money market fund or STIF options provided by the Funds' custodian.

- The fund must have a minimum rating of A1/P1, or its equivalent, by a major credit rating service.

- The duration of the portfolio is intended to be short term in nature, with its average maturity generally below 180 days.
- All securities should be rated "investment grade", with the average quality of the total portfolio being at least 'AAA'.
- Reasonable diversification should be maintained, with no more than 3% of fixed income assets allocated to any one issuer (Treasury and Government Agency Bonds excluded).
- Use of derivatives for speculative purposes is prohibited.