

Investment Policy Statement

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I. DEFINITIONS

PURPOSE

The **Wright State University Foundation Endowment Fund** was created by donors who have established or contributed to endowed funds held by the Wright State University Foundation, Inc. to provide perpetual funding for the scholarships or other activities at Wright State University.

The **Wright State University Foundation Restricted Funds** are generally provided by donors to fund specific departmental or project needs and are restricted for that purpose as defined only. The entire balance of the restricted account may be spent for the use(s) specified at any time, and therefore, must be fairly liquid to varying degrees.

The Investment Policy Statement was adopted by the Board of Trustees of the Wright State University Foundation, Inc. (the "Board") to direct the prudent investment of its Endowment and Restricted Funds (the "Funds") in a manner consistent with the investment objectives stated herein. The Board had delegated financial oversight of the Funds to the Investment Committee (the "Committee").

The Board and the Committee recognize the need for the Funds to support current operations of the University and to focus on the long-term growth of assets. Long-term asset growth enables the Fund's continued existence for the benefit of future generations of students, staff and faculty. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term spending needs with preservation of the "real" (inflation-adjusted) value of assets, is crucial to the long-term success of the Funds.

SCOPE

This Policy applies to all assets that are included in the Foundation's Restricted Fund and Endowment Fund (the "Funds") for which the Committee has been given discretionary investment authority. Any reference herein applies to both the Restricted and Endowment Funds unless explicitly stated otherwise.

This Investment Policy Statement shall be used by the Committee in its duty to oversee the Funds and by the Funds' custodian and investment manager in managing, monitoring and reporting on the Funds.

It is expected the Committee will review this document annually and any revisions will be recommended to the Board.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Committee and its members must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests, whether "perceived" or "real" in nature.

DEFINITION OF DUTIES

Board of Trustees

The Board has the ultimate fiduciary responsibility for the Funds. The Board must ensure that appropriate policies governing the management of the Funds are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets and approves the Investment Policy Statement and delegates responsibility to the Committee for implementation and ongoing monitoring. At least annually, the Board will receive a performance report and review of the Investment Policy Statement from the Committee.

Investment Committee

The Committee is responsible for implementing the Investment Policy and for managing the investment process in a prudent manner with regard to preserving principal while providing reasonable returns. In carrying out these duties, the Committee has retained an investment manager, SEI Investments Management Corporation ("SEI"), to assist in managing the assets of the Funds. SEI's role is to provide guidance to the Committee on matters pertaining to the investment of the Funds' assets including investment policy, investment selection, monitoring the Funds' performance and compliance with the Investment Policy. All decisions pertaining to the Investment Policy and guidelines for the Policy's implementation shall be made by the Committee. SEI, in carrying out the Investment Policy defined in this document, has authority and responsibility to select appropriate investments in the specific asset classes mandated by this Investment Policy Statement, in accordance with the terms of an investment management agreement between the Funds and SEI.

President of the Foundation

The President, or her designee, has daily responsibility for administration of the Funds and will consult with the Committee and Board on all material matters relating to the investment of the Foundation's Funds. The President will serve as primary contact for the Foundation's Investment Managers, Investment Consultant and Custodian.

Investment Manager

SEI shall assist the Committee in establishing the investment policy and guidelines contained in this Investment Policy Statement.

In accordance with the terms of the investment management agreement dated November 29, 2004 between SEI and the Funds (the "Investment Management Agreement"), SEI will be responsible for managing the asset allocation, determining investment strategy, and implementing security selection decisions through the investment sub-advisers for the mutual funds managed by SEI, within the policy guidelines set forth in this document and as otherwise provided by the Committee.

SEI will monitor asset allocation across and among asset classes. Following the close of a month where the actual allocations fall outside the Investment Policy, SEI will reallocate assets in accordance with the target asset allocation specified in this Investment Policy Statement, as approved by the Committee.

SEI shall monitor investment performance of the Funds. Written performance reports shall be provided to the Committee quarterly. SEI will report in a timely manner any substantive developments that may affect the management of the Funds' assets.

II. OBJECTIVES

The primary investment objective of the Funds is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the Funds without undue exposure to risk. The performance objective of the Funds is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. In quantitative terms, the objective of the **Endowment Fund** is to earn a total return of **5% over inflation** without exceeding a standard deviation of 1.2 times a weighted benchmark index.⁽¹⁾ In quantitative terms, the objective of the **Restricted Fund** is to earn a total return of **3% over inflation** without exceeding a standard deviation of 1.2 times a weighted benchmark index.⁽¹⁾ The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the Funds will outperform their weighted benchmark indices over a full market cycle.

STRATEGY

Because the Funds are expected to endure into perpetuity, and because inflation is a key component in its Performance Objective, the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the Funds and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the Funds, but is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification and incremental return (e.g. small cap and international equities).

⁽¹⁾ Measured on a total return basis. Total return includes income, realized and unrealized gains.

ASSET ALLOCATION: The Funds' asset allocations were selected based on a philosophy of capital preservation with an emphasis on providing current income without undue exposure to risk.

Endowment Fund:

ASSET CLASS	TARGET	ACCEPTABLE RANGE
Total Equity	46%	36% - 56%
Total Fixed Income	30%	20% - 50%
Alternatives:	24%	
Structured Credit	3%	0% - 8%
Private Equity	8%	3% - 13%
Opportunity Fund	13%	8% - 18%
TOTAL PORTFOLIO	100%	

In accordance with the terms of the Investment Management Agreement, Manager will retain discretion with respect to the SEI Equity and Fixed Income mutual funds utilized by Manager to implement the Strategy. Additionally, Investment Manager will retain discretion with respect to modifications required to the asset allocation identified above. Investment Manager shall notify the Board as soon as practicable after implementing any change to the asset allocation or the SEI Funds used to implement the asset allocation as soon as practicable.

Restricted Fund:

ASSET CLASS	TARGET	ACCEPTABLE RANGE
US Large Cap Diversified Alpha	20%	15% - 25%
US Small Cap Equity	5%	2% - 10%
REITs	7%	0% - 10%
International Equity	9%	5% - 15%
Emerging Markets Equity	2%	0% - 5%
Total Equity	43%	50% - 70%
Core Fixed Income	7%	5% - 15%
Real Return Plus	28%	25% - 35%
High Yield Bonds	7%	0% - 10%
Emerging Markets Debt	6%	0% - 10%
Cash	0%	0% - 5%
Total Fixed Income	48%	30% - 50%
Opportunity Fund	9%	5% - 15%
TOTAL PORTFOLIO	100%	

For the **Restricted Funds**, occasionally a donor will request that their gift be held in a particular form or in a specific institution for a period of time. In such cases, it is the Foundation's policy to comply with the donor's wishes, to the extent that it conforms to our general Foundation policies and sound business practice, for the sake of good donor relations.

Liquidity/Reserve Pool:

ASSET CLASS	TARGET	ACCEPTABLE RANGE
Core Plus Fixed Income	50%	25% - 75%
Enhanced Income	50%	25% - 75%
TOTAL PORTFOLIO	100%	

REBALANCING

Rebalancing among asset classes will occur on a monthly basis (if required) to ensure that the target asset allocation specified in this Investment Policy Statement is maintained. SEI shall identify the amount of assets that must be reallocated in order to bring the Funds back into compliance with this Investment Policy Statement and will issue the necessary instructions for the transfer of funds.

SPENDING POLICY**Endowment Fund:**

In order to assure the continued growth of the endowment principal and to ensure that the long-term purchasing power of the endowment is maintained, the following policy has been adopted:

1. All gifts for the purpose of endowment shall be invested as shares of a consolidated fund pool.
2. The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount for the Foundation shall be 5% of the previous twelve-quarter average of the Endowment's market value. The formula shall be applied to the twelve quarters ending each fiscal year (July 1st), and will be distributed to restricted accounts on a per share basis.
3. Capital appreciation in the endowment shall be reflected in each endowment account as an increase in the value of its shares in the endowment pool.
4. An administrative charge equal to a percentage of the fund's fiscal year end market value will be charged to each endowment fund annually, unless this amount results in a decrease of the fund corpus. In such cases, payment of the administrative fee will be reduced to the amount of excess accumulated prior earnings in the fund after consideration of the earnings payment outlined in the Foundation's investment policy. If no excess accumulated prior earnings are available, the administrative fee will be waived for that year. The amount of this administrative fee is initially established at one percent (1%) per annum.
5. Donors, if living, will receive an annual report detailing their endowment fund's investment performance and use of income.

Unspent Endowment Earnings:

It is the desire of the Foundation that Deans, Directors and Department Chairs be given maximum flexibility in utilizing earnings from endowed funds. For example, it may be desirable to carry over earnings from one fiscal year to the next to facilitate a larger purchase or project than would otherwise be possible, provided the donor's restrictions permit such carryover. However, to maximize the return and growth of endowment investments, the Foundation encourages Deans, Directors and Department Chairs to permanently return to the principal endowment earnings, which they do not plan to utilize, thereby increasing the principal of the endowments and permitting long-term investment.

To facilitate this policy, the following procedures will apply:

1. The staff will maintain separate principal and earnings accounts.
2. Earnings from the endowment accounts will be credited to corresponding earnings accounts at the end of each fiscal year.
3. Deans, Directors and Department Chairs will be given the opportunity to permanently return all or a portion of the earnings account balance to principal at least once a year.

Restricted Fund:

The Foundation's objective is to maintain an amount equal to 5% to 10% of the total assets as unrestricted funds. All earnings from restricted fund investments will be deposited in the unrestricted fund.

The annual total income requirement may be adjusted annually and will be related to each investment managers before the start of the fiscal year.

A minimum of \$150,000 in cash or near-cash (30 days or less) investments must be maintained in a financial institution for scholarships, loans, projects, departmental needs, etc. at all times. Any amounts needed that are greater than \$150,000 will be communicated to SEI within a reasonable period of time.

III. IMPLEMENTATION

It is the intent of the Committee to hire an Investment Manager to select and retain the best managers for each asset class and to maintain long-term mutually beneficial relationships with these managers. It is believed that over time, an Investment Manager who understands the Foundation's long-term goals will be better able to contribute to overall performance.

TIME HORIZON

The Foundation seeks to attain investment results over a full market cycle. It does not expect that all investment objectives will be attained in each year and recognizes that over various time periods SEI may produce significant over or under performance relative to the broad markets. For this reason, long-term investment returns will be measured over a 5-year moving period. The Committee reserves the right to evaluate and make any necessary changes regarding SEI over a shorter-term using the criteria establish under "Manager Performance Objectives" below.

MANAGER PERFORMANCE OBJECTIVES

Review of Investment Objectives

Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. In addition, the validity of the stated objective will be reviewed annually.

It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the investment policy.

Review of Investment Manager and Investments

SEI will report on a quarterly basis to review the total Funds' investment performance.

SEI will be responsible for keeping the Committee advised of any material change in its personnel, the investment strategy, or other pertinent information potentially affecting performance of all investments.

Manager Performance Objectives

All investment returns shall be measured net of fees. SEI will be reviewed on an ongoing basis and evaluated upon the following criteria

- a) Adherence to the guidelines and objectives of this Investment Policy Statement;
- b) Adherence to the philosophy and style that were articulated to the Foundation at the time SEI was retained;
- c) Avoidance of regulatory actions against the firm, its principals or employees.
- d) Continuity of personnel and practices at the firm;
- e) Ability to meet or exceed the median performance of a peer group of managers with similar styles of investing; and,
- f) Ability to exceed the return of the appropriate benchmark index and, for equity managers, produce positive alpha (risk-adjusted return) within the volatility limits set in the following chart.

Performance shall be evaluated according to the following framework:

Short Term (less than three years) – adherence to the stated philosophy and style of management at the time SEI was retained; and, continuity of personnel and practices at the firm.

Intermediate Term (between 3 and 5 years^{*}) – adherence to the stated philosophy and style of management at the time SEI was retained; continuity of personnel and practices at the firm; and ability to meet or exceed the median performance of other managers who adhere to the same or similar investment style.

Long Term (rolling 5 year periods^{*}) - adherence to the stated philosophy and style of management at the time SEI was retained; continuity of personnel and practices at the firm; ability to meet or exceed the median performance of other managers who adhere to the same or similar investment style; and, ability to outperform its respective target index.

^{*} Market cycles will vary in duration. Stated time frames apply to typical periods when market cycles occur every three to five years.

SUMMARY OF QUANTITATIVE PERFORMANCE OBJECTIVES

The following table summarizes the quantitative performance objects stated above. Betas will be calculated versus an appropriate index.

ASSET CLASS	INDEX	RISK MEASURE	PEER UNIVERSE
US Large Cap Diversified Alpha	Russell 1000	3% T.E.*	Top 50%
US Small Cap Equity	Russell 2000	5% T.E.	Top 50%
REITs	Wilshire RESI	3.5% T.E.	Top 50%
International Equity	MSCI EAFE	4% T.E.	Top 50%
Emerging Markets Equity	MSCI EMF	5% T.E.	Top 50%
Core Fixed Income	Lehman Bros. Aggregate	2% T.E.	Top 50%
Real Return Plus	Lehman Bros. 1-10 Yr TIPs	2% T.E.	Top 50%
High Yield Bonds	Merrill Lynch Master II Constrained	3% T.E.	Top 50%
Emerging Markets Debt	JP Morgan EMBIG	5% T.E.	Top 50%
Structured Credit	N/A	N/A	N/A
Private Equity	N/A	N/A	N/A
Opportunity Fund	Merrill Lynch 91-Day T-Bill + 4%	**	N/A
ENDOWMENT FUND	Inflation + 5%	1.2x Wtd. Index	N/A
RESTRICTED FUND	Inflation + 3%	1.2x Wtd. Index	N/A

* Tracking Error, defined as the standard deviation of the excess return of the portfolio relative to its appropriate benchmark. To be measured over a five-year period.

**The Opportunity Fund is an absolute return strategy that is expected to produce returns that fall between the returns of the equity market (e.g., S&P 500 Index) and the core fixed income market (e.g., Lehman Bros. Aggregate) with risk – as measured by standard deviation – close to that of the Lehman Bros. Aggregate Index.

IV. GUIDELINES AND RESTRICTIONS

Investment Securities, Strategies and Diversification

As described in the Investment Management Agreement, the Investment Adviser implements this Investment Policy through investments in mutual funds and other pooled asset portfolios. It is the responsibility of the Adviser to provide a prospectus for each investment and the responsibility of the committee to read and understand the information contained in the prospectus.

Mutual funds may utilize shorting strategies as outlined in the prospectus. Further, certain mutual funds may participate in securities lending as determined by the prospectus. Such investments are acceptable investments provided they conform to the diversification restrictions set forth by the Investment Company Act of 1940, as amended (the "1940 Act") below.

Additionally, the funds may invest in derivative instruments within a portion of their portfolios. Portfolios may purchase derivatives, generally using only a fraction of the assets that would be needed to purchase equity or fixed income securities directly. As a result the derivatives could be backed by a wide range of asset classes including but not limited to: U.S. and foreign equities, U.S. and foreign fixed income securities of different types and maturities, mortgage-backed or other asset-backed securities, securities rated below investment grade, non-U.S. equities, limited partnerships, currencies, commodities, and repurchase or reverse repurchase agreements. The investment goal of such a strategy would be to add diversifying alpha sources within that fund, while maintaining the beta exposure to the asset class.

Investments will be diversified within asset classes with the intent to minimize the risk of large losses to the Plan. The portfolio is composed of mutual funds that are managed in accordance with the diversification and industry concentration restrictions set forth in the Investment Company Act of 1940, as amended (the "1940 Act"). Pursuant to the provisions of the 1940 Act, a mutual fund may not, with respect to 75% of its assets, (i) purchase securities of any issuer (except securities issued or guaranteed by the United States Government, its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer; or (ii) acquire more than 10% of the outstanding voting securities of any one issuer. This restriction does not apply to the International Fixed Income Fund or the Emerging Markets Debt Fund.

No mutual fund may purchase any securities which would cause more than 25% of its total assets to be invested in the securities of one or more issuers conducting their principal business activities in the same industry, provided that this limitation does not apply to investments in securities issued or guaranteed by the United States Government, its agencies or instrumentalities.

Guidelines for Portfolio Holdings

Domestic Equity:

Domestic equity holdings consist of equity securities of companies that are listed on registered exchanges or actively traded in the over-the-counter market. The equity portion may also be invested in securities that are not readily marketable (illiquid and restricted securities), receipts, securities issued by investment companies, warrants, repurchase agreements, convertible securities and US dollar denominated securities of foreign issuers that are traded on registered exchanges or listed on NASDAQ. A portion of the equity portfolio may also be invested in fixed income securities that are rated investment grade or better, *i.e.*, rated in one of the four highest rating categories by a nationally recognized statistical rating organization ("NRSRO"), or, if not rated, determined to be of comparable quality by SEI or a mutual fund sub-adviser. The Investment Advisor will equitize cash to remain as fully invested as possible.

Non-U.S. Equity:

The non-U.S. equity portion of the portfolio will consist primarily of equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants and rights to subscribe to common stocks) of non-U.S. issuers purchased in foreign markets, on U.S. or foreign registered exchanges, or the over-the-counter

markets. The issuers of the securities are located in countries other than the United States, including emerging market countries. Any remaining assets may be invested in fixed income securities of emerging market governments and companies. Certain securities issued by governments of emerging market countries are, or may be, eligible for conversion into investments in emerging market companies under debt conversion programs sponsored by such governments. A portion of the portfolio's assets may be invested in securities that are rated below investment grade, U.S. or non-U.S. cash reserves and money market instruments, repurchase agreements, securities that are not readily marketable, obligations of supranational entities, American Depository Receipts, European Depository Receipts and investment company securities including securities issued by foreign investment companies.

Real Estate:

Under normal circumstances, the real estate portion of the portfolio will invest at least 80% of its net assets in equity securities of real estate companies (e.g., common stocks, rights, warrants, convertible securities and preferred stocks of real estate investment trusts (REITs) and real estate operating companies (RECOs)). The real estate portion of the portfolio is non-diversified and expects to hold a relatively small number of securities, thus increasing the importance of each holding. Generally, the real estate fund will invest in real estate companies operating in the United States.

Real Return:

This portion of the portfolio will typically invest in fixed income securities, primarily inflation-indexed bonds of varying maturities issued by the U.S. Treasury, by other U.S. government Agencies and instrumentalities, and by other, non-U.S. government entities such as corporations. The strategy may also invest assets in traditional U.S. Treasury, U.S. government agency or other non-U.S. government securities that is not inflation-indexed. A portion of the strategy's assets may also be invested in commodity-linked securities to provide exposure to the investment returns of the commodities markets.

In an attempt to enhance return, the strategy will also employ a global asset allocation overlay strategy backed by the above mentioned securities. The overlay strategy will be invested in instruments across domestic and international equity, fixed-income and currency markets. Through the global asset allocation investment strategy, the portfolio managers seek to enhance return by shifting investment weightings among global equity, bond and currency markets in an effort to capture short- and medium-term market movements. This strategy will use a wide range of derivative instruments (including futures, options, swaps and forward contracts) and direct investments to allocate exposure among asset classes, countries and currencies. The strategy may allocate investments without limit to any one of the equity, bond and currency asset classes.

Domestic Fixed Income:

The investment grade portion of the domestic fixed income portfolio consists of fixed income securities that are rated investment grade or better, *i.e.*, rated in one of the four highest rating categories by an NRSRO at the time of purchase, or, if not rated are determined to be of comparable quality by SEI or a mutual fund sub-adviser. The portfolio may invest in traditional fixed income securities, such as bonds and debentures, issued by domestic and foreign private and governmental issuers, including mortgage-backed and asset-backed securities. In addition, the portfolio may also contain structured securities that make interest and principal payments based upon the performance of specified assets or indices. Structured securities include mortgage-backed securities such as pass-through certificates, collateralized mortgage obligations and interest and principal only components of mortgage-backed securities. Other investments include mortgage dollar roll transactions, Yankee obligations and obligations of supranational entities.

The high yield portion of the domestic fixed income portfolio will consist of fixed income securities that are rated below investment grade, *i.e.*, rated below the top four rating categories by a NRSRO at the time of purchase, or, if not rated, determined to be of comparable quality by SEI or a mutual fund sub-adviser. There is no bottom limit on the ratings of high yield securities that may be purchased and held in the portfolio. Any remaining assets may be invested in equity, investment grade fixed income and money market securities.

Non U.S. Fixed Income:

The non-U.S. investment grade portion of the fixed income portfolio will consist of securities of non-U.S. issuers located in at least three countries other than the United States. Any remaining assets may be invested in obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities and preferred stocks. The non-U.S. investment grade portion will concentrate its investments in developed countries.

Non-U.S. investment grade fixed income securities will be traditional fixed income securities, such as bonds and debentures, and will be issued by foreign private and governmental issuers and may include mortgage-backed and asset-backed securities. The portfolio may also contain structured securities that derive interest and principal payments from specified assets or indices. All such investments will be in investment grade securities denominated in various currencies, including the European Currency Unit. Investment grade securities are rated in one of the highest four rating categories by an NRSRO, or, if not rated, determined to be of comparable quality as determined by SEI or a mutual fund sub-adviser.

The emerging debt portion of the portfolio will consist primarily of debt securities of government, government - related and corporate issuers in emerging market countries and of entities organized to restructure outstanding debt of such issuers. Investments will be made in emerging debt securities which are primarily rated below investment grade by internationally recognized credit rating organizations, or, if not rated, determined to be of comparable quality as determined by SEI or a mutual fund sub-adviser. While there is no limit on the percentage invested in non-US dollar denominated assets, it is expected that the majority of the emerging debt assets will be denominated in U.S. dollars or hedged back to the U.S. dollar.

Hedge Funds:

The hedge fund portion of the portfolio may consist of various index-listed as well as over-the-counter securities including but not limited to: common or preferred stock issued by U.S. and non-U.S. corporations, debt securities issued by U.S. and non-U.S. corporations, governments, or government-sponsored agencies, asset-backed securities, convertible bonds, warrants, and exchange-traded funds. The hedge fund portion of the portfolio may also consist of various index-listed or over-the-counter derivative instruments including but not limited to: forward contracts, futures contracts, options, swaps, and swap options. Derivatives may be valued based on the price of underlying debt or equity securities or the level of particular economic variables such as interest rates, inflation rates, currency exchange rates, or commodity prices.

In addition to purchasing securities outright hedge funds may employ specialized investment techniques, such as short-selling and using leverage.

Private Equity:

Private equity investments will consist of primary limited partnership interests in corporate finance and venture capital funds. In addition, secondary partnership and co-investment deals are acceptable. Corporate finance investments may include leveraged buy-out, industry consolidation, growth or fundamental business change, acquisitions, refinancing and recapitalization, mezzanine investments and distressed and turnaround strategies. Venture capital investments include start-up companies and companies developing new business solutions and technologies. New technologies may include semi-conductors, telecommunications, software, biotechnology, computers and medical devices. Investments may be made to domestic and international partnerships.

Structured Credit

The portfolio pursues its investment objective by investing in a portfolio comprised of collateralized debt obligations ("CDOs") and other structured credit investments. The portfolio will primarily invest in the equity and mezzanine debt securities of CDOs. CDOs involve special purpose investment vehicles formed to acquire and manage a pool of loans, bonds and/or other fixed income assets of various types.

In addition to CDOs, the Fund's investments may include fixed income securities, loan participations, credit-linked notes, medium term notes, registered and unregistered investment companies or pooled investment vehicles, and derivative instruments, such as credit default swaps and total return swaps (collectively with CDOs, "Structured Credit Investments").

Cash Equivalent Reserves:

Cash equivalent reserves shall consist of money market securities such as high quality, short-term debt instruments. They include: (i) bankers' acceptances, certificates of deposits, notes and time deposits of highly-rated U.S. and foreign banks; (ii) U.S. Treasury obligations and obligations issued or guaranteed by the agencies and instrumentalities of the U.S. Government; (iii) high-quality commercial paper issued by U.S. and foreign corporations; (iv) debt obligations with a maturity of one year or less issued by corporations with outstanding high-quality commercial paper; (v) repurchase agreements involving any of the foregoing obligations entered into with highly-rated banks and broker-dealers; and (vi) foreign government obligations.

Volatility

Consistent with the desire for adequate diversification, the investment policy is based on the assumption that the volatility of the combined equity investment will be similar to that of the market opportunity available to institutional investors with similar return objectives. The volatility of fixed income portfolios may be greater than the market during periods when the portfolio duration exceeds that of the market.

Proxy Statements

Proxy statements will be voted in accordance with the terms of the Investment Management Agreement

Execution of Security Trades

The Funds expect the purchase and sale of its securities to be made in a manner designed to receive the combination of best price and execution. The Committee recognizes that mutual fund shares are purchased and sold at the net asset value next determined after receipt of the order, and that accordingly, best price and execution may not be applicable to such transactions.

DERIVATIVE SECURITIES

All use of derivatives must adhere to the guidelines as set forth in the underlying fund prospectuses, which in turn must adhere to the guidelines as outlined in the Investment Company Act of 1940.

SEI may use futures contracts and related options for either hedging purposes or risk management purposes, as permitted in the guidelines above. Instances in which a fund may use futures contracts and related options for risk management purposes include: attempting to offset changes in the value of securities held or expected to be acquired or be disposed of; attempting to minimize fluctuations in foreign currencies; attempting to gain exposure to a particular market, index or instrument; or other risk management purposes.

SEI may engage in simple or more complex swap transactions involving a wide variety of rates, indices, instruments or certain securities for various reasons. For example, a fund may enter into a swap to gain exposure to investments (such as an index of securities in a market) or currencies without actually purchasing those stocks or currencies; to make an investment without owning or taking physical custody of securities or currencies in circumstances in which direct investment is restricted for legal reasons or is otherwise impracticable; to hedge an existing position; or to obtain a particular desired return at a lower cost to the Fund than if it had invested directly in an instrument that yielded the desired return.

SOFT DOLLAR USE

SEI will not engage in soft dollar transactions.

V. MONITORING AND REPORTING

CUSTODIAN

The custodians are an integral part of managing and overseeing the Foundation's Funds. Open communications with the Foundation and its Investment Manager will ensure accurate and timely reporting, and may provide early detection of any unexpected compliance or reporting problems.

The custodians shall:

- a. Provide monthly transaction reports no later than the **tenth** business day following month end, and monthly asset reports no later than the **tenth** business day following month end;
- b. Provide the Foundation and its Investment Manager special reports as reasonably requested; and
- c. Communicate immediately any concerns regarding Funds transactions or valuation, or material changes in trustee personnel or procedures.

INVESTMENT MANAGER

Open communication between SEI and the Foundation is critical to the success of the Foundation. The following shall be provided by SEI during its regularly-scheduled meetings with the Committee.

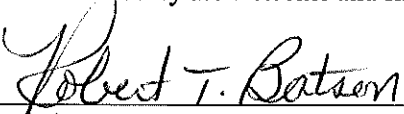
1. A written review of key investment decisions, investment performance and Funds structure;
2. An organizational update, including a report on any and all changes in organizational structure, investment personnel and process and a list of new relationships or clients that have terminated their services; and
3. A review of the managers understanding of investment guidelines and expectations and any suggestions to improve the policy or guidelines.

In addition, the following is required of SEI:

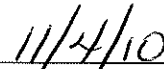
1. **Monthly** transaction and asset statements shall be provided to the Foundation, its consultant and custodian no later than the **tenth** business day following month end;
2. **Quarterly** performance reviews;
3. **Immediate notification** to the Foundation and its consultant of any exceptions to this investment policy statement with a recommended plan of action to correct the violation;
4. **Annual** summary of proxy voting. The proxy voting report should include company name, number of shares voted, a description of the issues voted upon and how the shares were voted; and
5. Other reports, information or meeting as may be reasonably be requested by the Foundation, its consultant or custodian.

VI. ACKNOWLEDGEMENT

We recognize the importance of adhering to the mission and strategy detailed in this document and agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission and if at any time we wish to discuss improvements to this document they are welcome and should be referred through the Foundation or its consultant.



<Foundation>



(date)

< Investment Manager >

(date)

< Custodian >

(date)