**SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE FOUNDATION**

INVESTMENT POLICY

DATED 2/3/01

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REVISION ADOPTED February 27, 2003

**ORIGINALLY SUBMITTED BY THE SIUEF INVESTMENT COMMITTEE'S
INVESTMENT POLICY TASK FORCE (2000-2001)**

Adopted May 31, 2001

Southern Illinois University Edwardsville Foundation
Investment Policy

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Southern Illinois University Edwardsville Foundation
Investment Policy

1. Overview

1.1. Purpose. This policy sets forth the requirements and guidelines governing the investment and management of endowment, quasi-endowment, and charitable gift annuity assets held by Southern Illinois University Edwardsville Foundation ("Foundation"). Among other things, this policy:

1.1.1. Outlines the investment-related responsibilities of the Investment Committee, Foundation Staff, Investment Managers, Planned Giving Administrator, and other providers retained to assist with asset management;

1.1.2. Establishes formal yet flexible investment guidelines incorporating prudent risk parameters, appropriate asset allocation guidelines, and investment rate of return goals;

1.1.3. Provides a framework for regular and periodic constructive communication between the Investment Committee, Foundation Staff, Investment Managers, Planned Giving Administrator, and other providers retained to assist with asset management; and

1.1.4. Creates standards of investment performance by which the Investment Managers and Planned Giving Administrator agree to be measured over a reasonable time period.

1.2. Annual Review. It is expected that this Investment Policy will be reviewed annually by the Investment Committee to ensure the relevance of its contents to current capital market conditions and the needs of the Foundation.

1.3. Endowment Asset Types. The Foundation's endowment assets are generally of the following types:

1.3.1. **Student Assistance (Type I) -** Funds that are intended to provide a rate of return sufficient to regularly and periodically provide a fixed unit of benefit (e.g., a scholarship).

1.3.2. **General Endowment (Type II) -** Funds that are intended to generate a rate of return that will be used for specified purposes, but with no requirement that a fixed unit of benefit be provided (e.g., income to be used for an academic department's general use purposes).

1.4. Quasi-Endowment Asset Types. Quasi-Endowment assets, defined in the Endowment and Quasi-Endowment Spending Policy (Appendix F), are also of the following types:

1.4.1. **Student Assistance (Type I) -** Funds that are intended to provide a rate of return sufficient to regularly and periodically provide a fixed unit of benefit (e.g., a scholarship).

1.4.2. **General Endowment (Type II) -** Funds that are intended to generate a rate of return that will be used for specified purposes, but with no requirement that a fixed unit of benefit be provided (e.g., income to be used for an academic department's general use purposes).

1.5. Charitable Gift Annuity Assets. The Foundation's charitable annuity assets are all of similar type. Charitable gift annuity funds are intended to provide a rate of return sufficient to regularly provide a fixed annuity payment and to provide a remainder of approximately 50% of the original donation at the end of the annuity contract.

2. Responsible Persons.

2.1. Investment Committee. The authority, responsibilities, operating policies and procedures of the Foundation's Investment Committee are set forth in Appendix A.

2.2. Foundation Staff. The responsibilities of the Foundation Staff are set forth in Appendix B.

2.3. Investment Managers. Investment Managers shall be contractually required to comply with the Responsibilities of Investment Managers as set forth in Appendix C, as such responsibilities may be revised from time to time by the Foundation's Executive Committee or Board of Directors.

2.4. Custodian Bank. Each Custodian Bank shall be required to comply with the Responsibilities of Custodian Banks as set forth in Appendix D, as such responsibilities may be revised from time to time by the Foundation's Executive Committee or Board of Directors.

2.5. Planned Giving Administrator. The Planned Giving Administrator shall be contractually required to comply with the Responsibilities of Planned Giving Administrator as set forth in Appendix G, as such responsibilities may be revised from time to time by the Foundation's Executive Committee or Board of Directors.

3. Endowment Funds Objectives (Type I and Type II).

3.1. Background.

The permanent nature of endowment funds creates a challenging objective - maintenance of the purchasing power of endowment assets in perpetuity for Type I endowments and maximizing total return for Type II endowments. Asset allocation policies should be established with a long-term perspective so the endowment will maintain its purchasing power and satisfy the needs of both endowment type classifications. Spending policies should reflect the asset allocation perspective and the stipulations of endowment agreements.

These objectives can only be accomplished by linking the Foundation’s investment objectives with its spending policies. Spending at levels that are consistent with the investment experience and expectations will enhance future endowment levels. The endowment should provide the appropriate level of support consistent with endowment purposes and stipulations for a designated program this year, next year and for decades into the future. The objective is to preserve the real purchasing power of the endowment by seeking long-term returns which either match or exceed the spending rate for Type I endowments plus inflation.

The Foundation's Spending Policy governs the allocation and distribution of monies from the Endowment Funds to various program accounts. The specific provisions of the Spending Policy have been adopted by the Foundation's Board of Directors and are contained in Exhibit F. The Spending Policy is understood to reflect the perpetual nature, types and stipulations of the Endowment Funds and the desire to minimize volatility in spending patterns.

Endowment Funds should be viewed as having a long-term life. Therefore, the Investment Committee should be focused on long-term market performance and not be overly concerned with short-term reversals in the market. The general policy shall be to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

3.2. Overall Investment Objective. To obtain a total investment return necessary to preserve, in inflation adjusted terms (as appropriate for the intended purpose of the endowment), donors' initial contributions while generating sufficient cash flow to meet donor stipulations without subjecting the funds to inappropriate risk of loss. The Spending Policy reflects total return results and the investment objective provides for marketable investments in order to meet program cash flow needs and to assure equitable treatment of endowment accounts.

3.3. Overall Return Objective. To preserve the inflation adjusted value of the funds and to maximize total return net of investment expense (i.e., total interest, dividends and capital appreciation reduced by management fees and transaction costs).

3.4. Specific Requirements of Investment Managers. Investment Managers shall be required to comply with the Specific Requirements for Endowment and Quasi-Endowment Funds as set forth in Appendix E, as such responsibilities may be revised from time to time by the Foundation's Executive Committee or Board of Directors.

4. Quasi-Endowment Funds Objectives (Type I and Type II).

4.1. Background.

The long-term nature of quasi-endowment funds creates a challenging objective - maintenance of the purchasing power of quasi-endowment assets for Type I quasi-endowments and maximizing total return for Type II quasi-endowments. Asset allocation policies should be established with a long-term perspective so the quasi-endowment will maintain its purchasing power and satisfy the needs of both quasi-endowment type classifications. Spending policies should reflect the asset allocation perspective and the stipulations of endowment agreements to which the quasi-endowment assets are related.

These objectives can only be accomplished by linking the Foundation’s investment objectives with its spending policies. Spending at levels that are consistent with the investment experience and expectations will enhance future quasi-endowment levels. The quasi-endowment should provide the appropriate level of support consistent with endowment purposes and stipulations for a designated program this year, next year and potentially, for decades into the future. The objective is to preserve the real purchasing power of the quasi-endowment by seeking long-term returns which either match or exceed the spending rate for Type I quasi-endowments plus inflation.

The Foundation's Spending Policy governs the allocation and distribution of monies from the quasi-endowment funds to various program accounts. The specific provisions of the Spending Policy have been adopted by the Foundation's Board of Directors and are contained in Exhibit F. The Spending Policy is understood to reflect the long-term nature, types and stipulations of the endowment fund to which the quasi-endowment is related and the desire to minimize volatility in spending patterns.

Quasi-endowment funds should be viewed as having a significant or long-term life. Therefore, the Investment Committee should be focused on long-term market performance and not be overly concerned with short-term reversals in the market. The general policy shall be to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

4.2. Overall Investment Objective. To obtain a total investment return necessary to preserve, in inflation adjusted terms (as appropriate for the intended purpose of the endowment to which the quasi-endowment is related), donors' initial contributions while generating sufficient cash flow to meet donor stipulations without subjecting the funds to inappropriate risk of loss. The Spending Policy reflects total return results and the investment objective provides for marketable investments in order to meet program cash flow needs and to assure equitable treatment of quasi-endowment accounts.

4.3. Overall Return Objective. To preserve the inflation adjusted value of the funds and to maximize total return net of investment expense (i.e., total interest, dividends and capital appreciation reduced by management fees and transaction costs).

4.4. Specific Requirements of Investment Managers. Investment Managers shall be required to comply with the Specific Requirements for Endowment and Quasi-Endowment Funds as set forth in Appendix E, as such responsibilities may be revised from time to time by the Foundation's Executive Committee or Board of Directors.

5. Charitable Gift Annuity Funds Objectives.

5.1. Background.

Charitable Gift Annuity funds have a defined purpose. These funds are the proceeds of gifts made in exchange for receiving annuity payments for the term of the annuity contract. All of the annuity payments are to be made from these funds. Any funds remaining at the termination of the contract will be directed to the pre-specified fund within the Foundation to be used for the purposes established by the donor. Therefore, asset allocation policies should be established with an emphasis on both the immediate need to fund the annuity payments as well as the long-term objective of providing the maximum amount of residuum to support the donor’s designated purpose. The annuity payments are known for the term of the contract. However, the contract term typically is unknown because its length is equal to the duration of one or more lives. Therfore, the uncertainty of the contract’s duration presents the greatest challenge in establishing the investment objectives.

To determine the amount of the annuity payments within each annuity contract, rates are generally assigned by using the tables established by the American Council on Gift Annuities (ACGA). The ACGA rates are established by incorporating ACGA mortality studies, a static asset allocation, assumed rates of return on each component of the asset allocation, and finally, the rates are intended to provide a 50% residuum to the charity (i.e. the Foundation). The Foundation’s objectives are consistent with those of the ACGA-to fulfill commitments to annuitants, while preserving a meaningful residuum (at least 50%) for the mission of the Foundation.

Accomplishing these objectives depends on the implementation of an investment policy consistent with the underlying assumptions of the ACGA, and upon the accuracy of those assumptions. The Foundation will rely on the mortality studies and the assumed rates of return on the asset allocation components built into the ACGA rates, and focus on developing a portfolio strategy that incorporates the assumptions used by the ACGA. The general policy shall be to diversify investments within both equity and fixed income securities so as to provide a balance between satisfying the periodic contractual annuity payment obligations and enhancing total return, while avoiding undue risk concentration in any single asset class or investment category.

5.2. Overall Investment Objective. To generate sufficient cash flow to meet the financial commitments to the annuitants while obtaining a total investment return that provides for a residual balance of at least 50% of the original gift amount at the termination of the contract. This objective is to be implemented by incorporating the assumptions used by the American Council on Gift Annuities when establishing their rates for annuities, and without subjecting the funds to inappropriate risk of loss.

5.3. Overall Return Objective. To generate an average annual return equal to or greater than the assumed total return underlying the proposed rates set by the American Council on Gift Annuities.

5.4. Specific Requirements of Planned Giving Administrator (Investment Manager for Charitable Gift Annuities). The Investment Manager for Charitable Gift Annuities shall be the Planned Giving Administrator of the SIUE Foundation and shall be required to comply with the Specific Requirements for Charitable Gift Annuity Funds as set forth in Appendix H, as such responsibilities may be revised from time to time by either the Foundation's Executive Committee or by the Foundation's Board of Directors.

Adopted May 31, 2001

Appendix A

Investment Committee

This Appendix sets forth the authority, responsibilities, operating policies and procedures of the Foundation's Investment Committee.

1. Foundation Bylaws - Purpose; Organization; Treasurer's Role.

(a) General Purpose. The establishment of committees assists the Foundation's Board of Directors' commitment to uphold the highest standards of gift stewardship, fiscal responsibility and investment management consistent with expressed donor wishes and for the greatest benefit in supporting the instructional, scholarship, and public service pursuits of Southern Illinois University Edwardsville. (Foundation Bylaws - Article V, Section 1.)

(b) Specific Purpose. The Investment Committee shall establish written investment policies for funds and assets held by the Foundation for Board approval. (Foundation Bylaws - Article V, Section 3.)

(c) Organization. The Board shall have a standing Investment Committee. This Committee of at least three members, will include the Foundation President, its Chief Executive Officer, the Treasurer, and such other persons as may be appointed annually by the Executive Committee. (Foundation Bylaws - Article V, Section 3.)

(d) Treasurer's Role. The Treasurer shall be the officer charged with the receipt, care, custody, disbursement, management and investment of assets of the Foundation and shall conduct the fiscal affairs of the Foundation, except as otherwise assigned to an investment manager in an Investment Management Agreement, or to another officer or committee by the Bylaws or by the Board. The Treasurer shall be a voting member of the…Investment Committee…. The Treasurer or a representative designated in writing from time to time by that officer shall serve as Secretary to the Investment Committee…. The Treasurer shall advise the Board of Directors and the Executive Committee regarding the financial affairs of the Foundation. (Foundation Bylaws - Article VI, Section 4.E.)

2. Responsibilities.

(a) Recommendations. The Investment Committee is responsible for recommending to the Executive Committee or the Foundation Board of Directors or both:

(i) Investment objectives and policies, including rate of return objectives and spending policies for funds consistent with donor stipulations;

(ii) Asset allocation ranges among equity, fixed income and various other investment alternatives;

(iii) Policy guidelines and requirements for asset classes among different types of Foundation assets;

(iv) The hiring, retention and termination of Investment Managers and Planned Giving Administrators, and compensation based upon performance, adherence to policy and such other criteria as determined by the Investment Committee;

(v) The hiring, retention and termination of Custodian Banks and compensation based upon performance, adherence to policy and such other criteria as determined by the Investment Committee;

(vi) Such other matters as determined by the Investment Committee, the Executive Committee or the Foundation Board of Directors that bear upon the investment and management of the Foundation's assets and the spending of donated funds and assets.

(b) Contracts. The Investment Committee shall review and confirm that any proposed management or service contract for the investment, management and custodianship of Foundation assets is consistent with the Foundation's Investment Policy.

(c) Periodic Reviews and Assessments. The Investment Committee shall also:

(i) At least quarterly, review and assess each Investment Manager's, Planned Giving Administrator’s, and Custodian Bank's performance, investment activity and adherence to policy;

(ii) At least annually, review the Foundation's Investment Policy and its Spending Policy to ensure the relevance of their provisions to current and expected capital market conditions, to the needs of the Foundation and to donor stipulations;

(iii) At least annually, review and assess the terms and conditions (including compensation arrangements) of each Investment Manager's, Planned Giving Administrator’s, and Custodian Bank's management or service contract with the Foundation; and

(iv) At least annually, meet with each Investment Manager, Planned Giving Administrator, and Custodian Bank to review its performance results, investment activities and adherence to policy, including a review of the terms and conditions of its management or service contract.

(d) Outside Consultants. The Foundation's Treasurer, with the approval of the Investment Committee and of the Executive Committee, from time to time, may hire outside consultants to assist in the Investment Committee's fulfillment of its responsibilities.

3. Meetings; Procedures.

(a) Committee Chairperson. Shall be in accordance with the bylaws of the SIUE Foundation. The Chairperson shall:

(i) Call and designate the date, time and place of regular meetings of the Investment Committee;

(ii) Preside over meetings of the Investment Committee;

(iii) Report on the Investment Committee's activities to the Foundation's Board of Directors at the Foundations regular meetings.

(b) Quarterly Investment Manager and Planned Giving Administrator Reviews. The Investment Committee shall undertake its quarterly review of Investment Managers at its next regular meeting following the Committee's receipt of the Investment Manager's quarterly performance reports (for quarters ended March 31, June 30, September 30 and December 31 of each year).

(c) Committee Actions. Investment Committee meetings shall be memorialized by written minutes to be maintained by the Committee's Secretary in the Foundation's offices. Action may be taken by a majority of the Investment Committee members at a meeting for which a quorum is present. A quorum consists of a majority of the Investment Committee's members. The Investment Committee may establish such other policies and procedures as it determines to be necessary to conduct its affairs.

(d) Conflicts of Interest. Any member of the Investment Committee who has a direct or indirect financial or personal interest in action to be taken by the Committee shall disclose his or her interest and shall abstain from voting on such action.

Appendix B

Foundation Staff Responsibility

1. Day-to-Day Oversight. The Foundation's Chief Executive Officer shall have the authority and responsibility for day to day oversight of the investment, management and spending of Foundation funds in a manner that is consistent with and not contrary to the Foundation's Investment Policy and Spending Policy.

2. Review of Investment Manager, Planned Giving Administrator and Custodian Bank Statements and Communications. The Foundation's Chief Executive Officer shall be responsible for timely review of statements and communications from the Investment Managers, the Planned Giving Administrator, and Custodian Banks. This review shall include a determination whether the investment requirements of the Investment Managers and Planned Giving Administrator are being satisfied.

3. Investment Committee Support. In preparation for each Investment Committee meeting, the Foundation Staff shall organize and provide to the Investment Committee all communications and statements received from each Investment Manager, the Planned Giving Administrator, and Custodian Bank subsequent to the last such correspondence and statements that were provided to the Investment Committee.

Appendix C

Responsibilities of Investment Managers

1. Responsibilities Generally. Each Investment Manager shall undertake its activities in a manner that is consistent with:

(a) the provisions of this Appendix (as it may be revised from to time by the Foundation);

(b) the specific requirements and restrictions as set forth in Appendix E for that portion of the endowment and quasi-endowment portfolios managed by the Investment Manager; and

(c) the Investment Manager's contract with the Foundation

2. Investment Program. The Investment Manager shall:

(a) Acknowledge in writing its acceptance of the requirements, guidelines, and standards of performance to which it is being held and its obligation to invest the Foundation's assets in accordance with those requirements and guidelines;

(b) Exercise full discretionary authority as to all buy, hold, and sell decisions for each security under management, subject to the requirements and guidelines to which it is being held;

(c) Make recommendations, based upon material and sustained changes in the capital markets, for changes in the requirements, guidelines and standards of performance to which it is being held.

3. Reporting. For actively managed, separate accounts, the Investment Manager shall provide a statement at the end of each month describing the portfolio asset class weightings, individual security positions showing both cost and market value, and all principal cash transactions, including buys and sells in sufficient descriptive detail. For commingled assets, this statement should show unit value, unit position, and relevant portfolio characteristics. The manager shall also provide additional details upon request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff.

4. Review Meetings. At the request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff, but not less than once each year, each Investment Manager will participate in a review meeting, with the agenda to include:

(a) A review and appraisal of the investment program;

(b) A commentary on investment results versus Performance Benchmarks and Benchmark Indices;

(c) A synopsis of the key investment decisions made by the Investment Manager, its rationale, and how those decisions could affect future results; and

(d) A discussion of the Investment Manager's outlook, what specific investment decisions this outlook may trigger, and how these decisions could affect future results.

5. Communication. Each Investment Manager shall maintain frequent, open communication with the Foundation Staff or any other designee of the Committee on all material matters pertaining to investment policies and the management of the funds. Specifically, each Investment Manager shall:

(a) Provide prompt notice of any material changes in its investment outlook, strategy, or portfolio structure;

(b) Provide prompt notice of material changes in its ownership, organizational structure, financial condition, senior staffing or management;

(c) Provide prompt notice of involvement in any litigation, or involvement in any regulatory investigation or complaint process; and

(d) Send a copy to the Foundation of its annual SEC Form ADV filing.

6. Brokerage. The Investment Manager shall use its best efforts to obtain brokerage services based upon consideration of the dual objectives of best execution and lowest net cost to the Foundation. At the request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff, the Investment Manager will provide detailed soft dollar budgets, as well as summaries of all transactions, showing executing broker/dealer and commissions paid.

7. Voting of Proxies. It shall be the policy of the Investment Managers to vote proxies for the exclusive benefit of the Foundation in accordance with the procedures set forth below. The Investment Managers will use their best efforts to insure that their proxy voting benefits the Foundation.

If any mutual or pooled funds used by the Foundation have their own proxy voting policies, their policies shall be reviewed by the Committee and shall take precedence over the rules in this section. These guidelines shall govern any mutual or pooled funds that do not have their own proxy voting policies.

The procedures outlined below are designed to guide the Investment Manager in the voting of proxies. The proxies received by the Investment Manager will be designated "routine" or "non-routine".

(a) Routine Proxies. Routine items are not expected to have a material adverse effect on the price of the security and will not substantially affect the rights or privileges of the security. The investment manager will vote all routine proxies according to the recommendations of company management. A "routine" proxy is one that is not "non-routine" as defined below.

(b) Non-Routine Proxies. A "non-routine" proxy is one that includes one or more of the following issues:

(i) Acquisitions, mergers, and divestitures;

(ii) Significant changes in the company's articles of incorporation or by-laws, such as anti-takeover provisions, "poison pills", or "rights" issues;

(iii) Increases in the number of authorized common or preferred shares; and

(iv) Any unusual compensation or benefits to be awarded contingent upon the merger or acquisition of a particular company.

The Investment Manager shall research all non-routine issues and vote the Foundation's shares according to the Investment Manager's fiduciary charge. The Investment Manager will also keep summaries of the rationale behind their votes on all non-routine issues. These summaries will be sent annually to the Foundation Staff. The Investment Manager will also document that all proxies are being voted.

Appendix D

Responsibilities of Custodian Bank

1. Responsibilities Generally. The Custodian Bank shall undertake its activities in a manner that is consistent with:

(c) the provisions of this Appendix (as it may be revised from to time by the Foundation); and

(c) the Custodian Bank's contract with the Foundation.

2. Safekeeping of Assets. The Custodian Bank shall hold all Foundation assets in the appropriate account(s) with the Depository Trust Company or a depository used by the Custodian Bank. Safekeeping of physical stock or bond certificates is considered an exception and should be discussed with and approved by the Foundation in advance.

3. Settlement of Trades. The Custodian Bank shall arrange for timely and business-like settlement of all purchases and sales of individual securities made for the Foundation. Transactions shall be on a delivery versus payment basis unless provided otherwise in writing by the Investment Committee. The Custodian Bank shall receive and document confirmation of each transaction involving purchase or sale of shares or units of mutual or pooled funds.

4. Collection of Income. The Custodian Bank shall provide for receipt and prompt crediting of all dividends and interest payments received as a result of the Foundation's portfolio holdings. The Custodian Bank shall monitor income receipts to ensure that income is received when due.

5. Cash Sweep. The Custodian Bank shall sweep cash daily into an interest bearing account featuring a high degree of safety of principal and liquidity.

6. Account Reporting. The Custodian Bank shall provide monthly reports showing individual asset holdings with sufficient descriptive detail to include units, unit prices, cost, market value, CUSIP number and any other information requested by the Investment Committee. Principal cash transactions, including dividends, interest and principal payments received, deposits and withdrawals, securities purchased, sold and matured, and fee payments shall also be listed. The Custodian Bank shall keep adequate records for the Foundation's interests to be well represented in class action shareholder lawsuits.

7. Performance Reporting. The Custodian Bank shall report each Investment Manager's performance in the same consistent and uniform manner.

8. Transfers. The Custodian Bank shall expeditiously transfer assets into and out of specific accounts as directed by the Investment Committee.

9. Proxy Materials. The Custodian Bank shall promptly forward all proxy materials received to the appropriate Investment Manager.

Appendix E

Specific Requirements for Endowment and Quasi-Endowment Funds

Each Investment Manager shall invest the Foundation's Endowment Fund assets in a manner that is consistent with this Appendix (as it may be revised from to time by the Foundation) and the Investment Manager's contract with the Foundation.

1. Overall Return Objective. To preserve the inflation adjusted value of the funds and to maximize total return net of investment expense (i.e., total interest, dividends and capital appreciation reduced by management fees and transaction costs).

The endowment and quasi-endowment portfolio's annual rate of return over a trailing three-year period, net of investment expenses, is expected to outperform the greater of (a) the Consumer Price Index - All Consumers, plus 5% or (b) the Portfolio Benchmark, plus 2%.

The Portfolio Benchmark means that product of the Benchmark Indices for each Asset Class for the relevant measurement period, assuming using a pro-forma asset allocation of 45% equities, 45% fixed income and 10% cash (and equivalents).

2. Asset Classes and Allocations. In order to reduce overall risk, the portfolio should not be limited to any one asset class, industry segment, type of security, or single issue. The Fund is to be managed as balanced portfolio consisting of equities, fixed income and cash equivalents. The exact ratio of asset classes in the portfolio shall be determined by the Investment Manager within the following parameters:

Asset Class	Minimum Ratio	Maximum Ratio
Equities	30%	70%
Fixed Income	30%	70%
Cash (& equivalents)	0%	20%

A minimum or maximum ratio shall be deemed to have been violated if the asset class's actual ratio is outside of the permitted range for at least 20 business days in any 30 consecutive business days period. Any ratio violation shall be corrected within 30 business days following the end of the violation period.

3. Benchmark Indices. Benchmark Indices for the Asset Classes are:

Asset Class	Benchmark Index .
Equities	Standard & Poor's 500 Index
Fixed Income	Lehman Brothers Intermediate Govt/Credit Bond Index
Cash (& equivalents)	U.S. 3 Month Treasury Bill

4. Performance Reporting; Measurement Periods. For comparative purposes, the Investment Manager shall measure and report to the Foundation the portfolio's performance as of March 31, June 30, September 30 and December 31 of each year with respect to the Foundation's fiscal year to date and the preceding three, twelve and thirty-six month periods. With respect to each measurement period, the Custodian Bank shall calculate and report the Performance Benchmark for the portfolio, also identifying the difference between the portfolio's performance and its Performance Benchmark.

5. Equity Asset Class Requirements and Guidelines.

(a) Diversification. Based on market value, no equity investment shall exceed 5% of the equity portfolio's value at any time. The foregoing limitation shall not apply to investments in regulated mutual funds. No purchase of a foreign equity investment may be made if such purchase would cause the total value of foreign equity assets to exceed the lesser of 10% of the total and 25% of the equity portion of the endowment portfolio.

(b) Market Capitalization. No equity investment shall be made in any company that has less than $500 million market capitalization (i.e., share price multiplied by number of shares outstanding) at the time of the asset's purchase, or that has less than $500 million of market capitalization subsequent to its purchase.

(c) Permitted Investments. Subject to the foregoing limitations, the Investment Manager may make equity investments only in one or more of:

(i) Common Stocks and Preferred Stocks. Common stocks and preferred stocks that trade regularly on or through a stock exchange or electronic market, which exchange or market is subject to United States' securities regulation and enforcement.

(ii) American Depository Receipts. American depository receipts that trade regularly on or through a stock exchange or electronic market, which exchange or market is subject to United States' securities regulation and enforcement.

(iii) Open and Closed End Mutual Funds. Open and closed end mutual funds that invest primarily in the foregoing equities and are subject to United States' securities regulation and enforcement.

6. Fixed Income Asset Class Requirements and Guidelines.

(a) Diversification. Based on market value, no fixed income investment shall exceed 5% of the fixed income portfolio's value at any time. The foregoing limitation shall not apply to investments in regulated mutual funds. The foregoing limitation does not apply to fixed income securities issued or guaranteed by the United States of America or any of its agencies (e.g., GNMA, FHLMC, FNMA).

(b) Quality. No fixed income investment shall be made in any issuing company that has less than $500 million market capitalization (i.e., share price multiplied by number of shares outstanding) at the time of the asset's purchase, or that has less than $500 million of market capitalization subsequent to its purchase.

Furthermore, a fixed income investment in any government or corporate security shall be made or retained only if the security is rated A2 or higher by Moody's Investor Service or is rated A or higher by Standard & Poor's Corporation, Fitch Investors Service or Duff & Phelps Credit Rating Co. The weighted average rating of the fixed income portfolio shall be rated AA1 or higher by Moody's Investor Services.

(c) Duration. The maximum term of fixed income investments is 15 years. As of each quarterly measurement date (i.e., March 31, June 30, September 30 and December 31), the market value weighted average duration of the fixed income portion of the portfolio, adjusted for expected life and call provisions, shall not vary by more than 20% from the duration of the Fixed Income Asset Class

Benchmark Index. This variance shall be determined and reported to the Foundation by the Investment Manager.

(d) Permitted Investments. Subject to the foregoing limitations, the Investment Manager may make fixed income investments only in one or more of:

(i) United States Government and Agency Debt Securities. Debt securities issued or guaranteed by the United States Government or any of its agencies, including without limitation U.S. Treasury notes and bonds, and securities issued by GNMA, FNMA and FHLMC.

(ii) Corporate Debt Securities. Corporate debt securities that trade regularly on or through a capital market, which market is subject to United States' securities regulation and enforcement.

(iii) Certificates of Deposit. Certificates of deposit that are insured by the Federal Deposit Insurance Corporation.

(iv) Open and Closed End Mutual Funds. Open and closed end mutual funds that invest primarily in the foregoing fixed income securities and are subject to United States' securities regulation and enforcement.

7. Cash and Cash Equivalents Class Requirements and Guidelines.

(a) Diversification. No more than 5% of the portfolio's value shall be invested in commercial paper, banker's acceptances, or other cash equivalent instruments of any one issuer, nor shall the aggregate of such cash equivalent investments in any one issuer exceed 5% of the portfolio's value at any time. The foregoing limitation does not apply to a money market fund or short-term investment fund that is administered by the Investment Manager if the fund's underlying investments would not exceed the foregoing thresholds if they were held directly in the portfolio.

(b) Quality. Commercial paper shall not be purchased or retained unless the paper is rated at least Prime-1 by Moody's Investor Service or is rated at least A1 by Standard & Poor's Corporation. Banker's acceptances issued by banks with such commercial paper ratings are also acceptable. Money market mutual funds must also meet the same rating requirements.

Debt securities issued or guaranteed by the United States Government or any of its agencies are permitted.

(c) Duration. No cash equivalent investment shall have a duration of more than one year.

(d) Permitted Investments. Subject to the foregoing limitations, the Investment Manager may make fixed income investments only in one or more of:

(i) United States Government and Agency Debt Securities. Debt securities issued or guaranteed by the United States Government or any of its agencies, including without limitation U.S. Treasury bills.

(ii) Corporate Commercial Paper.

(iii) Banker's Acceptances.

(iv) Certificates of Deposit. Certificates of deposit that are insured by the Federal Depository Insurance Corporation.

(v) Money Market Mutual Funds. Money market mutual funds that invest primarily in the foregoing cash equivalents and are subject to United States' securities regulation and enforcement.

Adopted May 31, 2001

Appendix F

Spending Policy

(Policy for the Allocation of Endowment Fund and Quasi-Endowment Fund Earnings & Distributions to Program Funds)

1. Purpose of the Policy

The purpose of this policy is to ensure that fiscal officers of endowments, quasi-endowments, and related program funds are able to make the best possible use of the earnings attributable to endowment and quasi-endowment funds while preserving the interests and intent of the donor, the Foundation and the University. To accomplish this purpose, earnings and other amounts available for program purposes will be determined according to each endowment fund's classification. Current endowment fund classifications are student assistance endowment funds and general endowment funds.

2. Definitions

(a) Endowment Fund: An endowment fund consists of two parts, as follows:

(i) Principal: The principal is the total of net contributions to the endowment fund plus other permanent additions.

(ii) Reserve: The reserve is the accumulation of earnings (positive or negative) attributable to the endowment fund after reduction for that portion of earnings distributed to the program fund reduced by amounts distributed from the reserve to the program fund in accordance with this policy.

(b) Quasi-Endowment Fund: A quasi-endowment fund is made up of assets that have been categorized as quasi-endowment assets for the purpose of investing these funds in a manner similar to endowment assets. Quasi-endowment assets differ from endowment assets in that they have not been permanently restricted by the donor. Similar to an endowment fund however, a quasi-endowment fund also consists of two parts as follows:

(i) Principal: The principal is the total of all assets designated by the Investment Committee of the Foundation Board as quasi-endowment assets.

(ii) Reserve: The reserve is the accumulation of earnings (positive or negative) attributable to the quasi-endowment fund after reduction for that portion of earnings distributed to the program fund reduced by amounts distributed from the reserve to the program fund in accordance with this policy.

(c) Student Assistance Endowment and Quasi-Endowment: Student assistance endowment and quasi-endowment funds support academic and honorary awards, loans, grants and scholarships for students as well as academic and honorary awards for faculty.

(d) General Endowment and Quasi-Endowment: General endowment and quasi-endowment funds are those endowment and quasi-endowment funds not related to student assistance such as those supporting development funds, book funds, faculty research, etc.

(e) Program Fund: A program fund is related to the endowment fund(s) and quasi-endowment fund(s) if applicable, and receives the distribution from earnings and the reserve available to be spent in program support. The endowment fund stipulation defines how the money is to be used. The distribution to program fund is determined by the classification of the endowment and quasi-endowment fund.

(f) Earnings: Earnings attributable to endowment and quasi-endowment fund investments include interest and dividends earned, as well as realized and unrealized gains and losses on endowment and quasi-endowment fund investments, less an investment management and administration fee determined annually. Earnings will be allocated among endowment and quasi-endowment funds no less frequently than annually on the basis of a method uniformly applied to all endowment and quasi-endowment funds maintained by the SIUE Foundation. Such earnings shall be distributed to the program fund or credited to the reserve in accordance with the provisions of this policy.

(g) Earnings Available for Distribution: As of the date of distribution, earnings available for distribution is the positive excess, if any, of earnings for the year over the amount required to eliminate a negative reserve balance.

(h) Target Yield: A target yield is established for each endowment and quasi-endowment fund classification. The target yield reflects the investment experience of the assets supporting endowment and quasi-endowment funds and the expectation of the earnings level on such assets reflecting the investment policy applicable to endowment and quasi-endowment funds. The current target yield is 6% for general endowment and quasi-endowment funds and 6% for student assistance endowment and quasi-endowment funds. The target yield is subject to change at the direction of the Board of Directors of the Foundation.

(i) Reserve Level: The reserve level is the reserve expressed as a percentage of principal.

3. Distribution from Endowments to Program Funds

Current year earnings attributable to the endowment fund are first applied to eliminate a negative reserve or to reduce the reserve if such earnings are negative. Distribution of earnings available for distribution and supplemental amounts from the remaining reserve are determined as follows:

(a) Student Assistance Endowment Funds

(i) Earnings available for distribution up to the amount of interest calculated at the target yield on the endowment fund (principal and reserve) are distributed to the program fund. Any earnings in excess of such amount are added to the reserve.

(ii) If interest calculated at the target yield exceeds earnings available for distribution, such excess may be distributed from the reserve to the extent that such distribution is not greater than the reserve.

(b) General Endowment Funds

(i) Earnings available for distribution up to the amount of interest calculated at the target yield on the endowment fund (principal and reserve) are distributed to the program fund.

(ii) Earnings in excess of the above amount are added to the reserve or distributed to the program fund on the basis of the reserve level.

(1) If the reserve level is greater than or equal to three (3) times the target yield, all excess earnings are distributed to the program fund.

(2) If the reserve level is greater than or equal to two (2) times but less than three (3) times the target yield, a portion of excess earnings is distributed to the program fund. Excess earnings up to twenty-five percent (25%) of interest calculated at the target yield, plus that portion of remaining earnings that when added to the reserve would cause the reserve level to be greater than three (3) times the target yield are distributed to the program fund. Earnings not distributed to the program fund are added to the reserve.

(3) If the reserve level is less than two (2) times the target yield, that portion of remaining earnings that when added to the reserve would cause the reserve level to be greater than three (3) times the target yield are distributed to the program fund. Earnings not distributed to the program fund are added to the reserve.

(iii) If interest calculated at the target yield exceeds the earnings available for distribution, such excess may be distributed from the reserve to the extent such distribution is not greater than one-half of the reserve prior to distribution.

(b) Endowment funds that are not fully funded: The allocation of earnings related to endowment funds that have not reached full endowment level as established by the Southern Illinois University Edwardsville Foundation Board of Directors will be to the reserve.

4. Distribution from Quasi-Endowments to Program Funds

Current year earnings attributable to the quasi-endowment fund are first applied to eliminate a negative quasi-endowment reserve or to reduce the quasi-endowment reserve if such earnings are negative. Distribution of earnings available for distribution and supplemental amounts from the remaining quasi-endowment reserve are determined as follows:

(a) Student Assistance Quasi-Endowment Funds

(i) Earnings available for distribution up to the amount of interest calculated at the target yield on the quasi-endowment fund (principal and reserve) are distributed to the program fund. Any earnings in excess of such amount are added to the quasi-endowment reserve.

(ii) If interest calculated at the target yield exceeds earnings available for distribution, such excess may be distributed from the quasi-endowment reserve to the extent that such distribution is not greater than the quasi-endowment reserve.

(b) General Quasi-Endowment Funds

(i) Earnings available for distribution up to the amount of interest calculated at the target yield on the quasi-endowment fund (principal and reserve) are distributed to the program fund.

(ii) Earnings in excess of the above amount are added to the quasi-endowment reserve or distributed to the program fund on the basis of the quasi-endowment reserve level.

(1) If the quasi-endowment reserve level is greater than or equal to three (3) times the target yield, all excess earnings are distributed to the program fund.

(2) If the quasi-endowment reserve level is greater than or equal to two (2) times but less than three (3) times the target yield, a portion of excess earnings is distributed to the program fund. Excess earnings up to twenty-five percent (25%) of interest calculated at the target yield, plus that portion of remaining earnings that when added to the quasi-endowment reserve would cause the quasi-endowment reserve level to be greater than three (3) times the target yield are distributed to the program fund. Earnings not distributed to the program fund are added to the reserve.

(3) If the quasi-endowment reserve level is less than two (2) times the target yield, that portion of remaining earnings that when added to the quasi-endowment reserve would cause the reserve level to be greater than three (3) times the target yield are distributed to the program fund. Earnings not distributed to the program fund are added to the quasi-endowment reserve.

(iii) If interest calculated at the target yield exceeds the earnings available for distribution, such excess may be distributed from the quasi-endowment reserve to the extent such distribution is not greater than one-half of the quasi-endowment reserve prior to distribution.

Appendix G

Responsibilities of Planned Giving Administrator

1. Responsibilities Generally. The Planned Giving Administrator shall undertake its activities in a manner that is consistent with:

(a) the provisions of this Appendix (as it may be revised from to time by the Foundation);

(b) the specific requirements and restrictions as set forth in Appendix H; and

(c) the Planned Giving Services Agreement with the Foundation.

2. Safekeeping of Assets. The Planned Giving Administrator will hold the assets in their safekeeping facilities or delegate the custody of assets to other custodian banks or clearing corporations in the same manner in which it holds and protects its own assets of similar character. Safekeeping of physical stock or bond certificates is considered an exception and should be discussed with and approved by the Foundation in advance.

3. Settlement of Trades. The Planned Giving Administrator shall arrange for timely and business-like settlement of all purchases and sales of individual securities made for the Foundation. Transactions shall be on a delivery versus payment basis unless provided otherwise in writing by the Investment Committee. The Planned Giving Administrator shall receive and document confirmation of each transaction involving purchase or sale of shares or units of mutual or pooled funds.

4. Brokerage. The Planned Giving Administrator shall use its best efforts to obtain brokerage services based upon consideration of the dual objectives of best execution and lowest net cost to the Foundation. At the request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff, the Planned Giving Administrator will provide detailed soft dollar budgets, if applicable, as well as summaries of all transactions, showing executing broker/dealer and commissions paid for transactions outside of mutual or pooled funds.

5. Collection of Income. The Planned Giving Administrator shall provide for receipt and prompt crediting of all dividends and interest payments received as a result of the Foundation's portfolio holdings. The Planned Giving Administrator shall monitor income receipts to ensure that income is received when due.

6. Account Reporting. The Planned Giving Administrator shall provide monthly reports showing individual asset holdings with sufficient descriptive detail to include units, unit prices, cost, market value, CUSIP number and any other information requested by the Investment Committee. Principal cash transactions, including dividends, interest and principal payments received, deposits and withdrawals, securities purchased, sold and matured, and fee payments shall also be listed. Individual asset holdings of mutual funds will be provided when requested as soon as reasonably available. The Planned Giving Administrator shall keep adequate records for the Foundation's interests to be well represented in class action shareholder lawsuits. The manager shall also provide additional details upon request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff.

7. Performance Reporting. The Planned Giving Administrator shall report performance in the same consistent and uniform manner as reported by the Custodian Bank of the Foundation, and as described in detail in Appendix H.

8. Review Meetings. At the request of the Foundation Treasurer, Investment Committee Chairperson or Foundation Staff, but not less than once each year, each Planned Giving Administrator will participate in a review meeting, with the agenda to include:

(a) A review and appraisal of the investment program;

(b) A commentary on investment results versus Performance Benchmarks and Benchmark Indices;

(c) A synopsis of the key investment decisions made by the Planned Giving Administrator, its rationale, and how those decisions could affect future results; and

(d) A discussion of the Planned Giving Administrator's outlook, what specific investment decisions this outlook may trigger, and how these decisions could affect future results.

9. Communication. The Planned Giving Administrator shall maintain frequent, open communication with the Foundation Staff or any other designee of the Committee on all material matters pertaining to investment policies and the management of the funds. Specifically, the Planned Giving Administrator shall:

(a) Provide prompt notice of any material changes in its investment outlook, strategy, or portfolio structure;

(b) Provide prompt notice of material changes in its ownership, organizational structure, financial condition, senior staffing or management;

(c) Provide prompt notice of involvement in any litigation, or involvement in any regulatory investigation or complaint process; and

(d) Send a copy to the Foundation of its annual SEC Form ADV filing.

10. Voting of Proxies. It shall be the policy of the Planned Giving Administrator to vote proxies for the exclusive benefit of the Foundation in accordance with the procedures set forth below. The Planned Giving Administrator will use its best efforts to insure that its proxy voting benefits the Foundation.

If any mutual or pooled funds used by the Foundation have their own proxy voting policies, their policies shall be reviewed by the Committee and shall take precedence over the rules in this section. These guidelines shall govern any mutual or pooled funds that do not have their own proxy voting policies.

The procedures outlined below are designed to guide the Planned Giving Administrator in the voting of proxies. The proxies received by the Planned Giving Administrator will be designated “routine” or “non-routine”.

(a) Routine Proxies. Routine items are not expected to have a material adverse effect on the price of the security and will not substantially affect the rights or privileges of the security. The Planned Giving Administrator will vote all routine proxies according to the recommendations of company management. A "routine" proxy is one that is not "non-routine" as defined below.

(b) Non-Routine Proxies. A "non-routine" proxy is one that includes one or more of the following issues:

(i) Acquisitions, mergers, and divestitures;

(ii) Significant changes in the company's articles of incorporation or by-laws, such as anti-takeover provisions, "poison pills", or "rights" issues;

(iii) Increases in the number of authorized common or preferred shares; and

(iv) Any unusual compensation or benefits to be awarded contingent upon the merger or acquisition of a particular company.

The Planned Giving Administrator shall research all non-routine issues and vote the Foundation's shares according to the Planned Giving Administrator's fiduciary charge. The Planned Giving Administrator will also keep summaries of the rationale behind their votes on all non-routine issues. These summaries will be sent annually to the Foundation Staff. The Planned Giving Administrator will also document that all proxies are being voted.

Adopted May 31, 2001

Appendix H

Specific Requirements for Charitable Gift Annuity Funds

The Planned Giving Administrator shall invest the Foundation's Charitable Gift Annuity Fund assets in a manner that is consistent with this Appendix (as it may be revised from to time by the Foundation) and the Planned Giving Services Agreement with the Foundation.

1. Overall Return Objective. To generate an average annual return equal to or greater than the assumed total return underlying the proposed rates set from time to time by the American Council on Gift Annuities.

The charitable gift annuity portfolio's annual rate of return over a trailing three-year period, net of investment expenses, is expected to achieve or exceed the Portfolio Benchmark.

The Portfolio Benchmark means that product of the Benchmark Indices for each Asset Class for the relevant measurement period, assuming using a pro-forma asset allocation of 35% equities, 60% Fixed Income, and 5% cash (and equivalents).

2. Asset Classes and Allocations. In order to reduce overall risk, the portfolio should not be limited to any one asset class, industry segment, type of security, or single issue. The Fund is to be managed as a balanced portfolio consisting of equities, fixed income and cash equivalents. The exact ratio of asset classes in the portfolio shall be monitored and adjusted by the Planned Giving Administrator within the following parameters:

Asset Class	Minimum Ratio	Maximum Ratio
Equities	30%	40%
Fixed Income	55%	65%
Cash (& equivalents)	0%	10%

A minimum or maximum ratio shall be deemed to have been violated if the asset class's actual ratio is outside of the permitted range for at least 20 business days in any 30 consecutive business days period. Any ratio violation shall be corrected within 30 business days following the end of the violation period.

3. Benchmark Indices. Benchmark Indices for the Asset Classes are:

Asset Class	Benchmark Index
Equities	Standard & Poor's 500 Index
Fixed Income	Lehman Brothers Aggregate Bond Index
Cash (& equivalents)	U.S. 3 Month Treasury Bill

4. Performance Reporting; Measurement Periods. For comparative purposes, the Planned Giving Administrator shall measure and report to the Foundation the portfolio's performance as of March 31, June 30, September 30 and December 31 of each year with respect to the Foundation's fiscal year to date and the preceding three, twelve and thirty-six month periods. With respect to each measurement period, the Investment Manager shall calculate and report the Performance Benchmark for the portfolio, also identifying the difference between the portfolio's performance and its Performance Benchmark.

5. Equity Asset Class Requirements and Guidelines.

(a) Diversification. Based on market value, no equity investment shall exceed 5% of the equity portfolio's value at any time. The foregoing limitation shall not apply to investments in regulated mutual funds. No purchase of a foreign equity investment may be made if such purchase would cause the total value of foreign equity assets to exceed the lesser of 10% of the total and 25% of the equity portion of the endowment portfolio.

(b) Market Capitalization. No equity investment shall be made in any company that has less than $500 million market capitalization (i.e., share price multiplied by number of shares outstanding) at the time of the asset's purchase, or that has less than $500 million of market capitalization subsequent to its purchase.

(c) Permitted Investments. Subject to the foregoing limitations, the Planned Giving Administrator may make equity investments only in one or more of:

(i) Common Stocks and Preferred Stocks. Common stocks and preferred stocks that trade regularly on or through a stock exchange or electronic market, which exchange or market is subject to United States' securities regulation and enforcement.

(ii) American Depository Receipts. American depository receipts that trade regularly on or through a stock exchange or electronic market, which exchange or market is subject to United States' securities regulation and enforcement.

(iii) Open and Closed End Mutual Funds. Open and closed end mutual funds that invest primarily in the foregoing equities and are subject to United States' securities regulation and enforcement.

6. Fixed Income Asset Class Requirements and Guidelines.

(a) Diversification. Based on market value, no fixed income investment shall exceed 5% of the fixed income portfolio's value at any time. The foregoing limitation shall not apply to investments in regulated mutual funds. The foregoing limitation does not apply to fixed income securities issued or guaranteed by the United States of America or any of its agencies (e.g., GNMA, FHLMC, FNMA).

(b) Quality. No fixed income investment shall be made in any issuing company that has less than $500 million market capitalization (i.e., share price multiplied by number of shares outstanding) at the time of the asset's purchase, or that has less than $500 million of market capitalization subsequent to its purchase.

Furthermore, a fixed income investment in any government or corporate security shall be made or retained only if the security is rated A2 or higher by Moody's Investor Service or is rated A or higher by Standard & Poor's Corporation, Fitch Investors Service or Duff & Phelps Credit Rating Co. The weighted average rating of the fixed income portfolio shall be rated AA1 or higher by Moody's Investor Services.

(c) Duration. The maximum term of fixed income investments is 15 years. As of each quarterly measurement date (i.e., March 31, June 30, September 30 and December 31), the market value weighted average duration of the fixed income portion of the portfolio, adjusted for expected life and call provisions, shall not vary by more than 20% from the duration of the Fixed Income Asset Class

Benchmark Index. This variance shall be determined and reported to the Foundation by the Investment Manager.

(d) Permitted Investments. Subject to the foregoing limitations, the Planned Giving Administrator may make fixed income investments only in one or more of:

(i) United States Government and Agency Debt Securities. Debt securities issued or guaranteed by the United States Government or any of its agencies, including without limitation U.S. Treasury notes and bonds, and securities issued by GNMA, FNMA and FHLMC.

(ii) Corporate Debt Securities. Corporate debt securities that trade regularly on or through a capital market, which market is subject to United States' securities regulation and enforcement.

(iii) Certificates of Deposit. Certificates of deposit that are insured by the Federal Deposit Insurance Corporation.

(iv) Open and Closed End Mutual Funds. Open and closed end mutual funds that invest primarily in the foregoing fixed income securities and are subject to United States' securities regulation and enforcement.

7. Cash and Cash Equivalents Class Requirements and Guidelines.

(a) Diversification. No more than 5% of the portfolio's value shall be invested in commercial paper, banker's acceptances, or other cash equivalent instruments of any one issuer, nor shall the aggregate of such cash equivalent investments in any one issuer exceed 5% of the portfolio's value at any time. The foregoing limitation does not apply to a money market fund or short-term investment fund that is administered by the Investment Manager if the fund's underlying investments would not exceed the foregoing thresholds if they were held directly in the portfolio.

(b) Quality. Commercial paper shall not be purchased or retained unless the paper is rated at least Prime-1 by Moody's Investor Service or is rated at least A1 by Standard & Poor's Corporation. Banker's acceptances issued by banks with such commercial paper ratings are also acceptable. Money market mutual funds must also meet the same rating requirements.

Debt securities issued or guaranteed by the United States Government or any of its agencies are permitted.

(c) Duration. No cash equivalent investment shall have a duration of more than one year.

(d) Permitted Investments. Subject to the foregoing limitations, the Investment Manager may make fixed income investments only in one or more of:

(i) United States Government and Agency Debt Securities. Debt securities issued or guaranteed by the United States Government or any of its agencies, including without limitation U.S. Treasury bills.

(ii) Corporate Commercial Paper.

(iii) Banker's Acceptances.

(iv) Certificates of Deposit. Certificates of deposit that are insured by the Federal Depository Insurance Corporation.

(v) Money Market Mutual Funds. Money market mutual funds that invest primarily in the foregoing cash equivalents and are subject to United States' securities regulation and enforcement.