The United Methodist Foundation
of Western Pennsylvania

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

3.2013.6-2019

Adopted May 28, 2015. (Replaces 2013-10). Amended September 2019.

This Statement of Investment Policy and Objectives (the "Policy") is approved by the Board of Directors (the "Board") of the United Methodist Foundation (the "Foundation") and approved by the Western Pennsylvania Annual Conference of the United Methodist Church (the "Member") for the guidance of the Foundation Investment Committee (the "Committee"), fiduciaries and investment professionals employed by the Foundation to assist in investing the assets of the Core Balanced Account, the Aggressive Account and the Income & Growth Account (the "Funds").

The choice of investment vehicle for any account managed by the Foundation is at the sole discretion of the accountholder, and may include investments outside of the Funds. This policy is not intended to apply to those investments.

ARTICLE I. PURPOSE OF THE FUNDS

The purpose of the Funds is to provide vehicles for the management of assets on behalf of United Methodist entities and causes, including local churches, boards, agencies and institutions as well as individual trusts where a United Methodist cause is the beneficiary, making a conscious effort to follow the Social Principles of the United Methodist Church.

The primary objective of the Core Balanced Account is to provide for current income as well as long-term growth consistent with the conservation of principal. It invests in domestic and international stocks and bonds with a modest cash position for liquidity, with a target mix of 60% equities and 40% fixed income and may invest in alternative strategies as permitted within this Policy.

The primary objective of the Aggressive Account is to provide for long-term growth with a modest level of current income. It invests in domestic and international stocks and bonds with a target mix of 80% equities and 20% fixed income and may invest in alternative strategies as permitted within this Policy.

The primary objective of the Income & Growth Account is to provide for current income with a moderate level of long-term growth. It invests in domestic and international stocks and bonds, with a target mix of 20% equities and 80% fixed income and may invest in alternative strategies as permitted within this Policy.

ARTICLE II. PURPOSE OF THE POLICY

The purposes of this Policy are fourfold:

1. Set forth the responsibilities of the respective parties involved in the Foundation's investment processes and guide the Board's and Committee's ongoing oversight of invested assets.

2. To set forth requirements for Account valuation, unit value calculation and income distributions as well as the treatment of deposits and withdrawals.

3. Develop investment objectives, policies and guidelines which are appropriate and prudent in consideration of the Funds' respective purposes.

4. Establish criteria against which to measure the progress of the Funds in achieving their respective objectives.

ARTICLE III. ROLE OF THE COMMITTEE, BOARD AND INVESTMENT PROFESSIONALS

A. Responsibilities of the Board and Investment Committee

The Board is responsible for oversight of the investment activities of the Foundation. In this regard, the Board shall consider the purposes, terms and other circumstances of the funds in the Foundation's care and pursue an overall investment strategy reasonably suited to the Foundation's purposes, including those purposes stated in accepting funds for investment from others. The Foundation shall require the same standard of prudence from any investment professionals the Foundation engages to assist it.

Under the oversight of the Board, the Committee shall monitor the management of the Foundation's investments by the investment professionals engaged by the Foundation ("Investment Professionals") and recommend to the Board investment policies, objectives and guidelines (hereinafter investment "policies") by:

1. Recommending for Board approval investment policies for the investment of assets owned by or entrusted to the Foundation by depositors, donors, settlors and others (together "Foundation investments"). Periodically reviewing such policies and recommending appropriate changes therein.
2. Regularly evaluating the performance of the Funds as to adherence to investment policies, conformity with investment objectives, and achievement of investment results.
3. Advising the Board as necessary with respect to investment matters. Communicating with depositors, donors and others as appropriate the investment objectives of the Foundation's investment programs, the investment results achieved, and related matters.
4. Appropriately authorizing Foundation management and staff, under the supervision of the Executive Director, to have the responsibility for executing transactions, communicating with the Foundation's investment professionals, depositors and others, and

performing other duties; receiving periodic reports from the Executive Director on the voting of proxies for investments held by the Foundation.

5. Meeting and taking action between meetings of the Board and Executive Committee of the Foundation, to the extent such action is not inconsistent with the Policy or the reservations of authority to the Board or to the Member of the Foundation, and reporting such actions to the Directors of the Foundation at the next regularly scheduled Board or Executive Committee meeting.
6. Selecting and engaging, subject to Board approval, qualified investment professionals, to which may be assigned the responsibilities delineated in the sections that follow.

The Investment Committee, with approval of the Board, has appointed a Dedicated Investment Office to assist with the management of Foundation assets. Within the constraints imposed by this document, the Dedicated Investment Office shall have the discretion to manage the Funds.

B. Responsibilities of the Dedicated Investment Office

The role of the Dedicated Investment Office is to provide investment advice and management services to the Board of Directors concerning the investment of Foundation assets. Specifically, in accordance with generally accepted investment theory and methods, it shall be responsible for:

- Assisting with the development, and ongoing review, of investment policy;
- Implementing the investment policy and asset strategy;
- Appointing and removing investment managers;
- Monitoring the qualifications and performance of the Investment Managers;
- Frequent and open communication with the Investment Managers;
- Rebalancing and tactically managing the assets;
- Evaluating and reviewing investment performance;
- Measuring the progress towards attaining goals;
- Providing for reporting of results;
- Attending meetings as necessary;
- Communicating with Foundation management, Investment Committee and Board of Directors regularly and as requested.

The Dedicated Investment Office is expected to take the initiative in pro-actively bringing all relevant investment matters to the Foundation's attention. Its activities shall be undertaken with an awareness of the investment objectives, policies, guidelines and constraints as established in this Policy. The Dedicated Investment Office's role shall be defined in a written engagement agreement by the Foundation prior to the inception of services.

C. Responsibilities of the Investment Managers

Contract for Services and Adherence to Investment Policies

Investment Managers will provide investment management services in accordance with formal agreements with the Foundation which will provide, inter alia, that investments are to be managed in accordance with the guidelines expressed herein, or, when the Board on the recommendation of the Investment Committee deems deviation prudent and desirable, expressed by separate written instructions. Written instructions amending this document must be authorized as required by this policy and shall be communicated through the Committee Chair and/or Foundation management. Investment Managers shall make a conscious effort to invest in companies, corporations or funds whose practices are consistent with the goals outlined in the Social Principles of the United Methodist Church in their selection of investments for Foundation accounts.

As a fiduciary, each investment manager is expected to diversify, within the boundaries of the investment strategy for which it was engaged, the portfolio to minimize the risk of large losses. The investment manager is expected to acknowledge its obligation and intention to comply with the Statement of Investment Policy and Guidelines as it currently exists or as it may reasonably be modified by the Foundation in the future.

The Investment Managers are expected to act within the boundaries of the restrictions outlined in this Statement of Investment Policy and Guidelines, the agreements engaging them, and their representations made in connection with their engagement.

Each investment Manager’s responsibility includes decisions to buy, hold, or sell equity or fixed-income securities (including cash equivalents) in amounts and proportions reflective of the current investment strategy for which the respective manager was engaged.

However, the Committee is aware that its decision to invest in a commingled account, mutual fund or partnership may make it impracticable to strictly follow the Social Principles and the asset allocation prescribed in the Policy. However, the Dedicated Investment Office will regularly review the underlying positions of these types of investment pools to ensure there is not a material contradiction of the Social Principles.

Communication and Reporting

The Investment Managers are responsible for frequent and open communication with the Dedicated Investment Office on all significant matters pertaining to the investment of Foundation assets. The Investment Managers will advise the Dedicated Investment Office of any major changes in investment outlook, investment strategy, asset allocation, portfolio structure, market value of the investments, and other substantive matters affecting the assets under their management. The Investment Managers will advise the Dedicated Investment Office promptly of any significant changes in the ownership, organization structure, financial condition, or senior personnel of the investment management organization. Audited financial statements of the management organizations are to be furnished annually.

The Committee recognizes that this Policy requires periodic re-examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever an Investment Manager believes that the Statement should be altered, it is the responsibility of the Investment Manager to initiate written communication with the Committee through the Dedicated Investment Office, Committee Chair or the Executive Director.

D. Responsibilities of the Custodian

The Custodian is responsible for the safekeeping of Foundation investments and timely/reliable reporting of holdings and transactions. The Custodian will maintain possession, in customary form and on behalf of the Foundation, of securities representing Foundation investments, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales of securities. The Custodian may also perform accounting for assets sold, purchased or owned as well as movement of assets into and out of Foundation accounts. The Custodian will provide monthly documentation of portfolio activity and portfolio value. Securities purchased should be delivered against payment and held in a custodian safekeeping account(s) segregated from the custodian's own assets. The Custodian annually must furnish to the Foundation a copy of its "SAS 70 Report" from its independent auditors.

The custodian will be authorized to take instructions from the Dedicated Investment Office in regard to opening new Foundation custody accounts, moving money between custody accounts, executing purchases and sales of commingled funds, mutual funds and ETFs as well as producing specific investment reports.

The Dedicated Investment Office is not authorized to move Foundation assets out of the Custodian's possession.

E. Responsibilities of Others

Additional specialists, such as attorneys, auditors, and others, may be engaged by the Foundation from time to time to assist the Board and Committee to meet their responsibilities under this Policy.

ARTICLE IV. VALUATION, DISTRIBUTIONS, DEPOSITS AND WITHDRAWALS

A. Valuation

The Funds will be valued in accordance with Appendix III for the purpose of establishing unit values to be used in reporting to depositors and in measuring deposits, withdrawals and distributions. These valuations will be derived by the sum of the fair market value of all assets held in the account, and net of broker fees and commissions, investment advisor fees, administrative service charges and bank charges. The fair market value on the business day immediately preceding the valuation date will be used if the valuation date is not a business day.

The unit value will be computed on each valuation date by dividing the sum of the fair market value of the assets by the total outstanding units. This value will be expressed to four decimal places.

B. Distributions

The Core Balanced Account will utilize a "total return" approach, as contemplated by Pennsylvania Act 141, to determine the amount of its income distributions. This methodology bases income distributions upon the combination of interest, dividends, other earnings and capital appreciation/depreciation.

Distributions of the Core Balanced Account may be reinvested if the unit holder so desires. Any distribution so reinvested will buy units on the day following the valuation at the unit value on the valuation date.

The Aggressive Account will not make regular distributions. Account holders may choose to set up regular withdrawals at their discretion and as determined by their own internal formula. This amount shall be set on an annual basis and communicated to the Foundation office before the end of the preceding calendar year.

The Income & Growth Account will not make regular distributions. Account holders may choose to set up regular withdrawals at their discretion and as determined by their own internal formula. This amount shall be set on an annual basis and communicated to the Foundation office before the end of the preceding calendar year.

C. Deposits and Withdrawals

Assets will be received into the Funds for investment subject to rules established from time to time by the Board as set forth in Appendix III. Withdrawals from the Funds will be permitted subject to rules established from time to time by the Board as set forth in Appendix III.

ARTICLE V. INVESTMENT SELECTION, MANAGEMENT AUTHORITYAND DIVERSIFICATION

A. Social Principles of the United Methodist Church

An overarching principle for the investment of funds entrusted to the Foundation is the adherence to the Social Principles of the United Methodist Church. To the extent possible, the Funds' assets shall be invested in a socially conscious manner consistent with the Social Principles of the United Methodist Church. This includes, but is not limited to, investing in companies that respect human rights, play a role in local communities, produce useful products in an environmentally sound way and seek workforce diversity and avoiding investing in companies engaged in gambling or in the manufacture of weapons systems, alcohol or tobacco products. To that end, the Board and its duly appointed Advisors and Investment Managers recognize their fiduciary responsibility to manage the Funds solely in the interest of the unit holders while making a conscious effort to follow the Social Principles and will attempt to balance these requirements in carrying out their respective duties.

B. Investment Selection Authority

1. The monies at any time forming part of the Funds shall be invested and reinvested in such investments as the Board or its duly appointed Investment Manager(s) may select including, but not limited to, stocks, bonds, notes, debentures, money market securities, mortgages, preferred stocks, mutual funds, exchange traded funds (ETFs), institutional collective trusts, limited partnerships and publicly traded Real Estate Investment Trusts (REITs).

2. The Funds shall not be limited in the making of such investments to securities or property in which fiduciaries are by law or any rule of court authorized to invest trust funds.

3. The Funds shall maintain in cash and short-term money market instruments and readily marketable securities such part of the assets of the Funds as the Committee deems necessary to provide adequate liquidity for the needs of the participants.

C. Powers of Management

1. The Board and its duly appointed Investment Manager(s) shall have in respect to any and all securities or property at any time received or held for the Funds or for any liquidating account, the same power of management as if the Foundation were the absolute owner thereof, including, but not by way of limitation, the power to sell, exchange or convert the same, to consent to and join in any plan of reorganization, and pursuant thereto or to any right of conversion granted by such plan, to receive in exchange for any such investment another investment although the same may not be eligible for original investment in the Funds, to vote in respect to all securities held by the Fund and to give proxies, general or special, to others to vote such securities with or without power of substitution; and, with respect to any real property which at any time may form part of the Funds, the power to maintain and improve such real property, to remove or raise the improvements thereon, to borrow monies thereon and to mortgage the same, and to lease the same for any period.

2. The Board and its duly appointed Investment Managers shall have the power to cause any security or other property to be registered and held in the name of one or more nominees, without increase or decrease of liability with respect to such security or other property so registered.

D. Investment Asset Classes and Diversification

The Board recognizes that the asset allocation forms the essence of any investment policy and that 80-90% of the Funds' investment returns are attributable to the manner in which the assets are invested in broad asset classes. Further, the Board recognizes that broad asset class diversification has a beneficial impact on risk but may result in a sub-optimal structure for maximizing return. Accordingly, guidelines have been adopted (see Appendix I) for the Funds to achieve diversification. These guidelines feature material commitments to equities while allowing for broad diversification both within and outside the equities segment. Diversification may be accomplished in each of the selected asset classes by the use of commingled or mutual funds that are actively or passively managed and/or passively managed exchange traded funds (ETFs), comply with the Social Principles of the United Methodist Church, and are approved by the Committee. In those instances where investments are made in commingled or mutual funds, the investment approach of the fund should be substantially consistent with the requirements of this policy. Asset classes are described in Appendix I.

E. Prohibited Investments

The Board will not authorize investment in the following:

- Venture Capital (except within qualifying alternative investment partnerships)
- Private placement or other securities not publicly traded, other than "144a" securities
- Limited partnerships and trusts not publicly traded (except qualifying alternative investment partnerships)
- Direct oil, gas or other natural resource properties
- Short sales, detached warrants, or options (except qualifying hedges)
- Margin purchases or other forms of leverage (except within qualifying alternative investment partnerships)
- Direct real estate investments without Board approval of the specific transaction
- Direct placement of mortgages without Board approval of the specific transaction
- Structured notes – except Collateralized Mortgage Obligations (CMO's), Asset-Backed
- Securities, Commercial Mortgage-Backed Securities or other publicly traded products
- Interest Only (IO) CMO's
- Principal Only (PO) CMO's
- Z-traunch CMO's
- Direct purchase of commodities (commodities futures, or pools of futures in the form of exchange traded funds (ETFS) or mutual funds, are permissible)
- Art objects or other collectibles
- Direct business investments

The Board is conscious of the widespread use of derivatives (options, futures, pass-through securities, structured notes, etc.) in implementing investment strategy. It is also aware that derivatives can be used prudently to establish investment positions and as risk control devices. The Board will not authorize the use of derivatives as speculative instruments or in a leveraged manner such that the risk of loss from a particular position would be materially larger than if actual securities were utilized.

ARTICLE VI. REVIEW PROCESS

Appendix II lists quantifiable benchmarks against which the progress toward investment goals can be measured.

At least quarterly, the Committee will review the actual results achieved to determine whether the Investment Managers have performed in accordance with this Policy and the return objectives as set forth herein. On a periodic basis, the Committee will review the broad asset class guidelines and benchmarks and make recommendations for changes.

The Board may retain an independent firm to assist in the evaluation of investment manager performance.

ARTICLE VII. AMENDMENT

A. This Statement of Investment Policy and Objectives may be amended from time to time by the Member upon recommendation by the Board; however, matters contained in the Appendices to this Statement of Investment Policy and Objectives may be amended from time to time by the Board. Each such amendment shall be effective on the date specified therein, provided that the effective date of such amendment shall not be retroactive to a date prior to the date of adoption of such amendment resolution except to conform this document to the rules and regulations of the Comptroller of the Currency or to applicable law. All amendments shall be filed in the registered office of the United Methodist Foundation of Western Pennsylvania. Any amendments adopted as herein provided shall be binding upon all participating entities and beneficiaries thereof and all other persons interested in the Funds. Changes in this Policy shall be communicated to participating entities as appropriate.

B. The Board may at any time in its discretion by resolution direct the termination and liquidation of the Funds. A copy of such resolution certified by the Secretary of The Board shall be sent to the appropriate representative of each participating entity. After the adoption of such resolution, no further funds shall be admitted to the Funds and all of the assets then held in the Funds shall thereupon be deemed to constitute a liquidating account and shall be distributed to the participating entities in proportion to their interests therein.

ARTICLE VIII. COMPLIANCE WITH LAWS, REGULATIONS AND FIDUCIARY DUTIES

The Board and each investment professional, trustee, or other investment professional or agent of the Foundation is strictly responsible for compliance with the provisions of all state and federal laws and regulations pertaining to their duties, function and responsibilities as fiduciaries of the Funds.

Approved: United Methodist Foundation Board of Directors at its Meeting: September 4, 2013.
Updated: Policy was approved at the Board of Directors Meeting on: May 28, 2015.
Updated: Policy was approved by the Member on: July 27, 2015

APPENDIX I: ASSET ALLOCATION GUIDELINES

Core Balanced Account

Historical performance results and future expectations suggest that common stocks generally will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased.

Based on the investment goals and risk tolerances stated in this document, the following asset allocation strategy is appropriate for the Core Balanced Account. Investments should not exceed the minimum and/or maximum levels (at market value) without prior written acknowledgement from the Investment Committee.

Traditional Investments	**Target**	**Range**
U.S. Equity	37.00%	29.0% - 43.0%
Non-U.S. Equity	23.00%	7.5% - 30.0%
Investment Grade Fixed Income	40.00%	20.0% - 60.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 10.0%
Unconstrained Fixed Income	0.00%	0.0% - 15.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 20.0%
Cash*	0.00%	0.0% - 10.0%
Total Traditional Investments	**100.00%**	**80.0% - 100.0%**

Alternative Investments	**Target**	**Range**
Strategic Return Hedge	0.00%	0.0% - 10.0%
Private Equity	0.00%	0.0% - 10.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 10.0%
Commodities	0.00%	0.0% - 10.0%
Absolute Return Hedge	0.00%	0.0% - 10.0%
Total Alternative Investments	**0.00%**	**0.0% - 20.0%**

Equities	**Target**	**Range**
U.S. Equity	37.00%	29.0% - 43.0%
Non-U.S. Equity	23.00%	7.5% - 30.0%
Strategic Return Hedge	0.00%	0.0% - 10.0%
Private Equity	0.00%	0.0% - 10.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 10.0%
Commodities	0.00%	0.0% - 10.0%
Total Equities	**60.00%**	**30.0% - 80.0%**

Fixed Income & Cash	**Target**	**Range**

Investment Grade Fixed Income	40.00%	20.0% - 60.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 10.0%
Unconstrained Fixed Income	0.00%	0.0% - 15.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 20.0%
Absolute Return Hedge	0.00%	0.0% - 10.0%
Cash*	0.00%	0.0% - 10.0%
Total Fixed Income & Cash	**40.00%**	**20.0% - 70.0%**

*The cash target will be managed by the Foundation on an overall basis. Individual Investment Managers are expected to be fully invested in the asset class which they have been engaged to manage.

Aggressive Account

Historical performance results and future expectations suggest that common stocks generally will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased.

Based on the investment goals and risk tolerances stated in this document, the following asset allocation strategy is appropriate for the Aggressive Account. Investments should not exceed the minimum and/or maximum levels (at market value) without prior written acknowledgement from the Investment Committee.

Traditional Investments	**Target**	**Range**
U.S. Equity	49.00%	40.0% - 57.0%
Non-U.S. Equity	31.00%	10.0% - 40.0%
Investment Grade Fixed Income	20.00%	0.0% - 40.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 5.0%
Unconstrained Fixed Income	0.00%	0.0% - 10.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 10.0%
Cash*	0.00%	0.0% - 10.0%
Total Traditional Investments	**100.00%**	**80.0% - 100.0%**

Alternative Investments	**Target**	**Range**
Strategic Return Hedge	0.00%	0.0% - 15.0%
Private Equity	0.00%	0.0% - 15.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 15.0%
Commodities	0.00%	0.0% - 15.0%
Absolute Return Hedge	0.00%	0.0% - 15.0%
Total Alternative Investments	**0.00%**	**0.0% - 20.0%**

Equities	Target	Range
U.S. Equity	49.00%	40.0% - 57.0%
Non-U.S. Equity	31.00%	10.0% - 40.0%
Strategic Return Hedge	0.00%	0.0% - 15.0%
Private Equity	0.00%	0.0% - 15.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 15.0%
Commodities	0.00%	0.0% - 15.0%
Total Equities	**80.00%**	**30.0% - 80.0%**

Fixed Income & Cash	Target	Range
Investment Grade Fixed Income	20.00%	10.0% - 40.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 5.0%
Unconstrained Fixed Income	0.00%	0.0% - 10.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 10.0%
Absolute Return Hedge	0.00%	0.0% - 15.0%
Cash*	0.00%	0.0% - 10.0%
Total Fixed Income & Cash	**20.00%**	**20.0% - 70.0%**

*The cash target will be managed by the Foundation on an overall basis. Individual Investment Managers are expected to be fully invested in the asset class which they have been engaged to manage.

Income & Growth Account

Historical performance results and future expectations suggest that common stocks generally will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased.

Based on the investment goals and risk tolerances stated in this document, the following asset allocation strategy is appropriate for the Income & Growth Account. Investments should not exceed the minimum and/or maximum levels (at market value) without prior written acknowledgement from the Investment Committee.

Traditional Investments	Target	Range
U.S. Equity	12.50%	5.0% - 20.0%
Non-U.S. Equity	7.50%	2.5% - 15.0%
Investment Grade Fixed Income	80.00%	70.0% - 95.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 15.0%
Unconstrained Fixed Income	0.00%	0.0% - 25.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 20.0%
Cash*	0.00%	0.0% - 10.0%

Total Traditional Investments	**100.00%**	**80.0% - 100.0%**

Alternative Investments	**Target**	**Range**
Strategic Return Hedge	0.00%	0.0% - 15.0%
Private Equity	0.00%	0.0% - 15.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 15.0%
Commodities	0.00%	0.0% - 15.0%
Absolute Return Hedge	0.00%	0.0% - 15.0%
Total Alternative Investments	**0.00%**	**0.0% - 20.0%**

Equities	**Target**	**Range**
U.S. Equity	12.50%	5.0% - 20.0%
Non-U.S. Equity	7.50%	2.5% - 15.0%
Strategic Return Hedge	0.00%	0.0% - 5.0%
Private Equity	0.00%	0.0% - 5.0%
Real Estate Inv Trusts (REITs)	0.00%	0.0% - 5.0%
Commodities	0.00%	0.0% - 5.0%
Total Equities	**20.00%**	**0.0% - 40.0%**

Fixed Income & Cash	**Target**	**Range**
Investment Grade Fixed Income	80.00%	70.0% - 95.0%
Below Inv. Grade Fixed Income	0.00%	0.0% - 15.0%
Unconstrained Fixed Income	0.00%	0.0% - 25.0%
Inflation-Protected Fixed Income	0.00%	0.0% - 20.0%
Absolute Return Hedge	0.00%	0.0% - 15.0%
Cash*	0.00%	0.0% - 10.0%
Total Fixed Income & Cash	**80.00%**	**60.0% - 100.0%**

*The cash target will be managed by the Foundation on an overall basis. Individual Investment Managers are expected to be fully invested in the asset class which they have been engaged to manage.

The asset allocation will be monitored by the Dedicated Investment Office and reported quarterly to the Investment Committee. Cash flow will be used to help keep the Fund in compliance with the targets. The Dedicated Investment Office will monitor the asset allocation, rebalance and tactically manage the assets of the Funds within the parameters outlined above. The Committee retains the authority to rebalance the portfolio at its discretion within the stated ranges for each asset category, permitting it the flexibility to vary, within limits, from the target allocations.

The aggregate market value of stocks, bonds or other obligations of any one person, firm or corporation (including entities in a consolidated group or its significant investees, but excluding mutual funds whose underlying assets meet these diversification requirements) in any one

Investment Manager's portfolio for the Foundation shall not exceed 5.0% of the total market value of that Investment Manager's portfolio for the Foundation without the approval of the Investment Committee.

Advance Committee approval is also required if "sector" (as defined by the Standard &Poor's 500 index) weightings of funds under any one Investment Manager's supervision (measured at market value) are to exceed the following limits: Any one sector weighting should not exceed the lesser of 25% of the Investment Manager's portfolio for the Foundation or, for large capitalization managers, the S&P 500 index weighting by more than 2.5 times, for small and mid-capitalization managers, the Russell 2000 index sector weighting by more than 2.5 times, and, for international managers, the MSCI-EAFE sector weighting by more than 2.5 times.

These limitations shall not apply to investments in direct obligations of the United States or other obligations that carry a direct guarantee by the United States as to principal and interest.

Description of Asset Classes – Traditional

U.S. Equity – Large Capitalization (Value)
This asset class consists of large capitalization stocks which offer both growth potential and dividend income. Investments will generally be concentrated in well-established, large companies (i.e., market capitalization of $2 billion or greater). The structure and performance of this asset class should be representative of the broad U.S. stock market.

U.S. Equity – Large Capitalization (Core)
This asset class consists of large capitalization stocks blending value and growth characteristics. Investments will generally be concentrated in well-established, large companies (i.e., market capitalization of $2 billion or greater). The structure and performance of this asset class should be representative of the broad U.S. stock market.

U.S. Equity-Large Capitalization (Growth)
This asset class consists of large capitalization stocks which offer more growth potential than dividend income. Investments will generally be concentrated in well-established, large companies (i.e., market capitalization of $2 billion or greater). The structure and performance of this asset class should be representative of the broad U.S. stock market.

U.S. Equity – Small and Mid- Capitalization
This asset class consists primarily of companies expected to grow at a greater rate than the overall economy. Investments may occasionally be concentrated in specific economic sectors. This asset class is expected to earn most of its returns from capital appreciation and little from dividend income and to have a greater degree of volatility than the overall equity market. Investments will emphasize smaller companies.

International Equity – Developed Markets
This asset class consists primarily of companies in developed international markets, but a modest allocation to companies in emerging markets is acceptable. Non-U.S. developed market equity investments are defined as those in the common stocks and convertible securities of publicly traded companies in developed nations outside of the U.S. as well

as the American Depository Receipts (ADR's) of developed foreign companies traded on the New York Stock Exchange.

International Equity – Emerging Markets
This asset class consists primarily of companies in emerging international markets. Non-U.S. developed market equity investments are defined as those in the common stocks and convertible securities of publicly traded companies in emerging market nations outside of the U.S. as well as the American Depository Receipts (ADR's) of developed foreign companies traded on the New York Stock Exchange.

Investment Grade Debt
This asset class consists of obligations of the U.S. Government and its agencies, marketable corporate bonds, debentures, preferred stocks, commercial paper, certificates of deposit and other such debt instruments as may be deemed prudent by the Investment Manager and not prohibited by this Policy. Non-government publicly traded bonds should be selected and managed so as to ensure an appropriate balance of maturity, quality, marketability and adequate diversification with respect to industry and issue. Not more than 5% of this class may be individual securities of foreign issuers or can 1% be from individual issues of one foreign country. Where investments are in mutual funds or commingled accounts, the specific limits on individual issues or prohibited investments may be waived if the Board, on the recommendation of the Committee, is satisfied that the asset allocation policy of the mutual fund or commingled account reasonably accomplishes investment diversification. The investment manager is permitted to invest a portion, as specified in Appendix I to this Policy, of its portfolio in high yield debt as described below. The investment grade debt asset class together with high yield debt allocation outlined below is to have a duration of not greater than 120% of the LB Intermediate Aggregate Index, and the dollar-weighted average credit quality is not to fall below A.

Below Investment Grade Debt
This asset class consists of higher yielding corporate debt securities which can be rated BB or lower. Such investments are to be through diversified mutual or commingled funds rather than through individual issues. These investments feature less certain payouts than higher rated debt, offering higher coupon payments as compensation. While default risk is greater, interest rate sensitivity is lower as bonds often trade on the merits of the underlying company. This asset class has no strict limitations on credit quality and may also include U.S. government obligations, time and savings deposits, commercial paper, preferred stocks, and convertible debt securities.

Unconstrained Fixed Income
This asset class consists of any type of bond investment, which includes high yield bonds, corporate bonds, US Treasury bonds, and Foreign Bonds. Such investments are to be through diversified mutual or commingled funds rather than through individual issues. Unconstrained bond funds have an absolute return strategy, which seeks to gain as much return on investment as possible in any given investment environment. An unconstrained

bond fund has much more flexibility than a core bond strategy and ultimately lowers many types of risks found in traditional fixed income investments. These funds can invest across a wide variety of fixed income securities (and derivatives thereon) in pursuit of return and risk objectives with the flexibility to vary portfolio duration more broadly and can maintain a short duration posture.

Cash Equivalents
A cash component will be maintained for liquidity purposes. It shall be invested in appropriate short term cash account(s) of the custodian or other account selected by the Committee. The underlying investments of these funds may include any instrument issued, guaranteed by or insured by the U. S. Government or its agencies; commercial paper issued by domestic corporations which is rated both"P-1" and"A-1" by Moody's and Standard & Poor's rating agencies, respectively certificates of deposit; bankers acceptances, or other such irrevocable primary obligations; and repurchase agreements. The maturity of these instruments shall be less than 90 days.

Description of Asset Classes – Alternatives

The Funds may invest in alternative investments, including private equity and hedge funds, with the approval of the Investment Committee. The aggregate size of alternative investments that the Funds will be making is not large enough for direct access to most of the top firms. Therefore, the primary focus will be on pooled vehicles (fund-of-funds) that provide diversification among strategies versus direct investments into single-strategy managers. The Investment Committee will determine the appropriateness of each investment recommendation on a case-by-case basis, taking into consideration the merits of the individual investment as well as the overall allocation to alternative investments. Qualitative and quantitative factors such as, but not limited to, liquidity, fee structure, manager history, etc. will be a part of the decision process.

Investments in this area are illiquid and should only be considered if they offer the potential for substantially higher returns and substantially greater risk reduction than publicly traded traditional investments. Assets earmarked to be invested in illiquid asset classes, such as private equity, which take time to implement shall be invested on a pro rata basis in their respective equity or fixed income strategies.

General criteria for investment manager selection include:

- Diversification among and within private equity strategies and managers including buyout, venture capital, real estate, and opportunistic strategies
- Long-term targets of 40-60% in buyout and value-related strategies, 20-40% in venture capital and early stage strategies and 10-20% in real estate and opportunistic strategies
- Focus on top-performing funds with strong qualitative attributes
- Maximum 20% of each fund in a single manager
- Managers have significant experience

Alternative investments for the purpose of this IPS may contain the following investments:

- Hedge Funds
- Private Equity
- Real Estate
- Commodities
- Absolute Return Strategies

Hedge Fund-of-Funds

This asset class consists of partnerships made up of individual hedge funds with various underlying investment strategies. The purpose of hedge fund investing is to achieve a long-term return commensurate with traditional equities, but with less downside risk.

Hedge fund managers pursue numerous opportunistic strategies, generally investing in marketable instruments; however, hedge funds are usually less liquid than traditional strategies. Managers generally assume both long and short positions in securities. Hedge funds generally subject investors to greater manager risk than traditional equities; however, hedge funds typically bear less market related risk than traditional equities. The HFOF fund will invest in a broadly diversified pool of hedge funds to mitigate manager risk. The following list is illustrative, but not necessarily all inclusive, of all potential strategies that managers might pursue: convertible arbitrage, credit (derivative) arbitrage, capital structure arbitrage, stressed credit, origination, long/short high yield, long/short equity, restructurings, special situations, fixed income arbitrage, fixed income relative value, systematic relative value, equity market neutral, and risk arbitrage.

Real Estate Investment Trusts (REITs)

This asset class consists of real estate investment trusts (REITs), which are companies that own and, most often, actively manage income-producing commercial real estate. Some REITs make or invest in loans and other obligations that are secured by real estate collateral. The shares of most large REITs are publicly traded securities. Over time, REITs have demonstrated a record of providing a high level of current income combined with long-term share price appreciation, inflation protection, and diversification.

Commodities

This asset class consists of a broadly diversified commodity futures portfolio that achieves returns and diversification benefits of the asset class, while simultaneously addressing fundamental investment issues of indexed-based commodity strategies and the execution risks of some actively managed commodity investment vehicles. The objective of the commodities allocation is to improve the Fund’s diversification, curtailing the portfolio’s downside risk without diminishing the expected return. The diversification benefits from commodities stem from a low correlation to equities and fixed income, which have demonstrated different sensitivities to the business cycle.

Private Equity

This asset class consists of partnerships made up of individual private equity funds with various underlying investment strategies. The goal of private equity investing is to achieve a long-term return in excess of publicly traded equities by taking advantage of opportunities unavailable in public, liquid markets. It will be diversified among private equity strategies and managers, including buyout and value-related strategies, venture capital and early stage strategies and real estate and opportunistic strategies. Underlying managers are typically specialists with a defined investment strategy and area of expertise.

APPENDIX II: PERFORMANCE MEASUREMENT

The Dedicated Investment Office will monitor the Funds' results on an ongoing basis for the purpose of evaluating how successful the Fund's investment managers have been at meeting the stated investment objectives. It will provide a written performance report to the Investment Committee assessing the managers and progress toward objectives not less than quarterly. All returns will be measured net of investment management fees and judged against the following standards:

A. Total Fund Assets

Core Balanced Account

1. The Core Balanced Account's absolute long-term real return objective is 4.0%. We will assess the long-term performance of the Core Balanced Account's cumulative and periodic results versus CPI+4%.

2. Composite benchmarks comprised of unmanaged market indices weighted according to the target asset allocations set forth in this document. These market-based benchmarks are as follows:

Broad Market Benchmark

Weight	Index
60.0%	MSCI All Country World Index
40.0%	Barclays Aggregate Index
100.0%	

Diversified Market Benchmark - w/Alts

Weight	Index
36.0%	Russell 3000 Index
21.5%	MSCI ACWI ex-U.S. Index
35.0%	Barclays Aggregate Index
7.5%	HFRI Fund-of-Funds Index
100.0%	

Diversified Market Benchmark – w/o Alts

Weight	Index
37.0%	Russell 3000 Index
23.0%	MSCI ACWI ex-U.S. Index
40.0%	Barclays Aggregate Index
100.0%	

Aggressive Account

1. The Aggressive Balanced Account's absolute long-term real return objective is 5.5%. We will assess the long-term performance of the Aggressive Account's cumulative and periodic results versus CPI+5.5%.

2. Composite benchmarks comprised of unmanaged market indices weighted according to the target asset allocations set forth in this document. These market-based benchmarks are as follows:

Broad Market Benchmark

Weight	Index
80.0%	MSCI All Country World Index
20.0%	Barclays Aggregate Index
100.0%	

Diversified Market Benchmark - w/Alts

Weight	Index
47.5%	Russell 3000 Index
30.0%	MSCI ACWI ex-U.S. Index
12.5%	Barclays Aggregate Index
10.0%	HFRI Fund-of-Funds Index
100.0%	

Diversified Market Benchmark – w/o Alts

Weight	Index
49.0%	Russell 3000 Index
31.0%	MSCI ACWI ex-U.S. Index
20.0%	Barclays Aggregate Index
100.0%	

Income & Growth Account

1. The Income & Growth Account's absolute long-term real return objective is 2.0%. We will assess the long-term performance of the Income & Growth Account's cumulative and periodic results versus CPI+2%.

2. Composite benchmarks comprised of unmanaged market indices weighted according to the target asset allocations set forth in this document. These market-based benchmarks are as follows:

Broad Market Benchmark

Weight	Index
20.0%	MSCI All Country World Index
80.0%	Barclays Aggregate Index
100.0%	

Diversified Market Benchmark - w/Alts

Weight	Index
11.5%	Russell 3000 Index
6.0%	MSCI ACWI ex-U.S. Index
77.5%	Barclays Aggregate Index
5.0%	HFRI Fund-of-Funds Index
100.0%	

Diversified Market Benchmark – w/o Alts

Weight	Index
12.5%	Russell 3000 Index
7.5%	MSCI ACWI ex-U.S. Index
80.0%	Barclays Aggregate Index
100.0%	

B. Individual Managers

1. A market-based index appropriately tailored to the agreed upon investment objectives and normal investment characteristics of the manager's portfolio.

2. The performance of other investment managers with similar investment objectives and policies (peer universe).

In keeping with the Funds' overall long-term financial objectives, the Dedicated Investment Office and Investment Committee will evaluate each Fund and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

Investment reports shall be provided by the investment manager(s) on a calendar quarterly basis or as requested by the Dedicated Investment Office and Committee. Each investment manager is expected to be available to meet with the Dedicated Investment Office once per year, or as necessary, to review portfolio structure, strategy and investment performance.

APPENDIX III: VALUATION AND DISTRIBUTION MATTERS, ACCEPTANCE OF DEPOSITS, PERMITTED WITHDRAWALS

Selection of Valuation Dates

The Funds will be valued on following dates of each year: March 31, June 30, September 30 and December 31. Calculation of numbers of units in the Funds will be rounded to four decimal places.

Distributions

The Core Balanced Account will utilize a "total return" approach, as contemplated by Pennsylvania Act 141, to determine the amount of its income distributions. This methodology bases income distributions upon the combination of interest, dividends, other earnings and capital appreciation/depreciation. At its last meeting of each year, the Board will approve a "total return" % rate between 2% and 7% that will be applied to the average unit value of the prior 12 quarters as of year-end. That calculated amount will be allocated ratably over each distribution period for the coming year, and multiplied by the number of units held in each account at said distribution date to determine the distributed income for that period.

The Aggressive Account will not make regular distributions. Account holders may choose to set up regular withdrawals at their discretion and as determined by their own internal formula. This amount shall be set on an annual basis and communicated to the Foundation office before the end of the preceding calendar year.

The Income & Growth Account will not make regular distributions. Account holders may choose to set up regular withdrawals at their discretion and as determined by their own internal formula. This amount shall be set on an annual basis and communicated to the Foundation office before the end of the preceding calendar year.

Acceptance of Deposits

Deposits will be accepted from time to time subject to the following rules:

A. Only cash and marketable income producing securities will be received into the Funds. (Subject to the approval of the Board, other assets may be received by the Foundation and held outside the Fund until liquidated for investment into the Fund(s).)

B. Assets received into the Funds will buy units at the next valuation date on the basis of net cash received or realized upon conversion of other assets received.

C. Deposits will be assigned units in the respective Fund at the unit value of the next valuation date. However, units will not be considered to be purchased until the day following valuation. Units will be assigned to a deposit by dividing the fair market value of the deposit by the unit value.

D. Deposits will not earn short-term interest or any other return from the date of receipt until units are purchased at the next valuation date of the respective Fund.

Permitted Withdrawals

Withdrawals from the Funds will be permitted from time to time subject to the following rules:

A. At the option of the Foundation, a minimum of 30 days' notice will be required for all withdrawals of principal.

B. Withdrawals will only be permitted at quarterly valuation dates.

C. Units assigned to withdrawals will be determined by dividing the amount of withdrawal by the unit value on the valuation date of the withdrawal.