SOWELA FOUNDATION
Investment Policy

Authority: Foundation Board Action

Original Adoption: ___________ Effective Date: ___________ Last Revision: ___________

I. INTRODUCTION

The SOWELA Technical Community College Foundation (Foundation) will seek private funds from individuals, corporations, and foundations to enhance the ability of the SOWELA Technical Community College (SOWELA) to provide exceptional education, skill development and workforce training for the citizens of Louisiana. The Foundation will inspire, leverage and facilitate donations in ways that lead to ever-growing philanthropic investment in the College.

This Investment Policy is intended to establish a general framework for the investment of the Foundation’s assets in order to:

A. Invest all assets with the care, skill and diligence under the circumstances then prevailing that a prudent person in like position would exercise under similar circumstances, and specifically manage Louisiana Board of Regents Support Fund (“BRSF”) assets in accordance with applicable governing statutes and under the specific guidelines and restrictions established by the Board of Regents.

B. Define investment goals and objectives of the Endowed Portfolio (General Endowed and BRSF Endowed) and the Nonendowed Portfolio (Temporarily Restricted, Unrestricted, and Future Endowed Funds.)

C. Establish a basis for evaluating investment results.

II. SCOPE

This policy applies to assets held and invested by the Foundation, which include:

A. Private funds contributed for the benefit of SOWELA; and

B. Funds provided for the benefit of SOWELA by the State as match to certain qualifying private endowed contributions.
III. DUTIES AND RESPONSIBILITY

A. Foundation Board of Directors (Board)

The Foundation’s Board of Directors shall:
1. Maintain full authority and responsibility for the investment of all Foundation assets and delegate to the Finance and Investment Committee the authority necessary to manage the investment of such assets and ensure that the policies of the Board are executed appropriately.
2. Establish spending policies.

B. Finance and Investment Committee (Committee)

The Foundation’s Finance and Investment Committee, a standing committee of the Board, shall:
1. Establish and revise as necessary investment strategy, including asset allocation parameters for investing funds.
2. Develop and maintain investment guidelines and performance criteria for each investment asset class.
4. Grant exception to the guideline and restrictions established within this policy on a case-by-case basis, in accordance with responsibilities delegated to the Committee by the Board.

C. President of the Foundation

The President of the Foundation shall:
1. In conjunction with the Committee, implement investment strategy.
2. Interface directly with Investment Managers and oversee investment of funds in accordance with this policy and asset allocation strategy established by the Committee.
3. Maintain a system of internal controls and procedures for implementation of this policy.
4. Establish and maintain such bank, depository, custodial and investment accounts as necessary to properly manage and account for the assets.
5. Endorse securities for sale, transfer, merger or other lawful purposes, as necessary to implement investment decisions.
6. Ensure that investment managers report investment results to the Committee and to the Board at least quarterly and as requested.
7. Maintain internal processes for annually reporting investment results to the Board of Regents.
8. Report any irregularities or substantive deviations from these policies to the Board.

D. College Staff

1. Provide counsel and support to the Board in developing investment and finance policy.
2. Assist the Board in the day-to-day implementation of these policies in accordance with the Bylaws.
3. Perform all accounting functions for investment activity related to the Foundation's invested assets.
IV. STATEMENT OF OBJECTIVES

A. Investment Objectives

General Objectives applicable to both the Endowed and Nonendowed Portfolios
1. To ensure that all investments shall be made solely in the interest of the Foundation and University beneficiaries.
2. To minimize the risk of loss of assets through diversification.
3. To achieve the desired targeted rate of growth within reasonable and prudent levels of risk.
4. To maintain sufficient liquidity to enable the Foundation to disburse funds for beneficiary purposes and meet its obligations on a timely basis.
5. To employ cash productively at all times by investment in short-term (less than twelve-month) cash equivalents and demand deposits.
6. To provide principal safety, liquidity and appreciation to the extent possible.

B. Endowed Portfolio (General Endowed and BRSF Endowed)

The General Endowed Pool includes funds from private sources and is comprised of a number of individual accounts. The Board in its discretion may establish investment guidelines for these funds because it does not involve state funds. The BRSF Endowed Pool includes qualifying private endowed contributions and respective endowed State matching funds which are subject to the investment policy of the Louisiana Board of Regents Endowed Chair and Endowed Professorship Programs.

Additional investment objectives of the General Endowed and BRSF Endowed Pools are:
   a. To preserve the real purchasing power of the portfolio by targeting a total rate of return which, over rolling ten-year periods, will at least maintain the value of the portfolio in real terms (i.e., adjusted for inflation as measured by the Consumer Price Index) after distributions (other than extraordinary distributions) and expenses.
   b. To earn the highest total return (i.e., capital appreciation plus dividend/interest income) over the long term, consistent with prudent funds management.
   c. Provide adequate distribution of income to the beneficiaries.
   d. For BRSF Endowed Pools, to adhere to governing statutes and specific restrictions established for management of BRSF program assets (see Appendix A).

C. Nonendowed Portfolio (Temporarily Restricted, Unrestricted and Future Endowed Pools)

The Temporarily Restricted Pool does not carry a requirement to be held in perpetuity. It primarily consists of private gifts and grants restricted by the donor for a particular program, capital project, or other purpose. The Unrestricted Pool is comprised of private funds allowed to be used at the discretion of the Foundation Board. Investment objectives of these two pools are as follows:
   a. To provide liquidity sufficient to meet the Foundation’s short-term (less than twelve-month) requirements on a timely basis,
   b. To provide for the safety of temporary funds through investment in high quality, low volatility, absolute return, fixed income or fixed income like securities, and
c. To earn the highest return over the short to intermediate term consistent with prudent fund management.

The Future Endowed Pool is composed of identified accounts for which private funds are being raised to satisfy the regulatory minimum principal required to apply for matching funds from the Board of Regents. When private funds in each account have reached the applicable statutory level, the Foundation will assist SOWELA in applying for State matching funds from the Board of Regents, which, when received, will result in the account being transferred to the BRSF Pool.

Investment objectives of the Future Endowed Pool are:

a. To provide for the safety of funds through investment in high quality, low volatility, absolute return, fixed income or fixed income like securities,

b. To earn the highest return over the short to intermediate term consistent with prudent fund management.

The Finance and Investment Committee will meet at regular intervals of no less than twice each year to review the asset allocations and fund performance. The Committee will report to the Board no less than twice each year and make policy change recommendations.

D. Spending Objectives

1. Endowed Portfolio (General Endowed and BRSF Endowed)

Spending for the General Endowed and BRSF Endowed Pools shall be determined by using the 3-year rolling average of the fair market value of the Foundation’s available endowments as of December 31st of each year. The Board will determine the spending rate on an annual basis, within statutory limits with consideration given to market conditions and the spending levels of peer institutions. Typically, this rate is from three to five percent, providing relatively stable spending allocations. If during any given year the entire annual payout amount on endowment funds is not distributed or awarded, the dollars that would have been distributed or awarded during that academic or calendar year shall be retained to be distributed or awarded the following academic or calendar year in addition to the annual payout for that year.

Funds received as the result of the Louisiana Board of Regents Endowed Scholarship Program, the BoRSF Endowed: Two-Year Student Workforce Scholarships Sub-program, or the Combined Endowed Chairs and Professorships Program, and in combination with the Non-State Match Funds must meet the requirements of the Louisiana Board of Regents Statement of Investment Policy and Objectives, as attached.

2. Nonendowed Portfolio (Temporarily Restricted, Unrestricted, and Future Endowment Pools)

Funds in the Temporarily Restricted Pool may be spent by the beneficiary, subject to any limits imposed by the terms and conditions of the donations. Funds in the Unrestricted Pool may be spent as directed by the Foundation Board. Except for direct expenses associated with fundraising, funds comprising the Future Endowed
Pool will not be spent, but rather held until they qualify for and receive state matching funds, at which time they will be transferred to the BRSF Fund.

V. INVESTMENT ALLOCATIONS

A. Endowed Portfolio (General Endowed and BRSF Endowed Pools)

As recommended by the Finance and Investment Committee, the Board will place General Endowment Pools with the Southwest Louisiana Community Foundation who in turn places the funds with the Baton Rouge Area Foundation. Having conducted due diligence and consideration, the Board hereby adopts the investment policy of the Baton Rouge Area Foundation attached as Exhibit C, and as amended and approved from time to time by the Baton Rouge Area Foundation.

The BRSF Endowed Pool will be invested in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives attached as Exhibit B.

B. Nonendowed Portfolio (Temporarily Restricted, Unrestricted and Future Endowed Pools)

Temporarily Restricted and Unrestricted Pools will be held in highly liquid cash and cash equivalents such as money market accounts or interest bearing checking accounts that support the spending needs of the Foundation and enable the Foundation to fulfill donor restrictions associated with temporarily restricted gifts and grants.

VI. INVESTMENT MANAGER SELECTION, REVIEW, AND EVALUATION

The SOWELA Foundation may utilize the services of external investment managers to assist in the management of the Foundation’s Investment Portfolio. The Finance and Investment Committee shall determine the number of managers and the amount of funds under their management, with periodic review and approval by the Board of Directors. The Foundation will internally manage those funds that because of size or value cannot feasibly or economically be managed by external advisors.

A. Selection of Investment Managers

Investments managers will be selected from strongly established and financially sound organizations that have a proven and demonstrated record in managing funds consistent with the needs of the Foundation. Investment managers must, at a minimum:

1. Provide historical performance information calculated on an industry-accepted basis;
2. Provide detailed information on the history of the firm, key personnel and fees;
3. Clearly articulate the investment strategy to be followed and be able to document that the strategy has been adhered to consistently over time;
4. Have no outstanding legal judgments or recent past judgements that reflect negatively upon the firm.

B. Responsibility of Investment Managers

Each Investment Manager must acknowledge, in writing, its acceptance of fiduciary responsibility. The Investment Manager(s) will have full discretion to make all investment
decisions for the assets placed under its domain, while also operating within the policies, guidelines, and constraints outlined in this document.

Specific responsibilities of the Investment Manager(s) include:
1. Buy, sell, or hold individual securities in the Foundation’s investment portfolio.
2. Vote proxies on the Foundation’s behalf. In cases in which the Foundation desires to vote proxies related to specific topics, it will notify investment managers.
3. Report at least quarterly investment performance to the Foundation Board, in a timely manner, including performance comparison against pre-selected benchmarks.
4. Present investment performance information to the Board, in person, as of October 31 each year, to assist the Finance and Investment Committee in making funding allocation decisions for the following year.
5. Communicate major changes in the economic outlook and advise the foundation on investment strategy or any other factors which may impact the Foundation’s investment objectives or outcomes.
6. Inform the Finance and Investment Committee regarding any qualitative change in the investment manager’s organization (i.e., changes in portfolio management personnel, ownership structure, investment philosophy, etc.).

C. Review of Investment Returns and Objectives

Investment objectives will be reviewed annually in light of the Foundation’s actual and projected disbursements and investment returns in order to determine:
1. The continued appropriateness of the Foundation’s investment objective.
2. The continued feasibility of achieving the investment objective.
3. The continued appropriateness of the Policy for achieving the investment objective.

D. Evaluation of Investment Managers

The ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process. The Committee will review the performance of the investment portfolio on a quarterly basis. At least every four years, the Committee will review the performance of investment managers relative to:
1. Managers of like investment style or strategy (peer review);
2. Appropriate indices and/or other benchmarks; and
3. Managers overall contribution to the Foundation’s portfolios.

The Committee recognizes market conditions may greatly influence ability of a manager to meet year-to-year investment goals and objectives. Further, the Committee realizes that significant cash flow may also affect the ability of a manager to meet a specific short-term objective. Accordingly, the Committee expects to monitor performance through absolute return objectives, relative performance against identified benchmarks and comparatively against other investment managers when possible.

E. Annual Compliance Certification

Not less than annually prior to the Foundation’s fiscal year end and upon any revision of this Investment Policy, the investment manager(s) shall execute an attestation in a form supplied by the Foundation that the manager 1) acknowledges receipt of the Foundation Investment
Policy; 2) has reviewed and understands the terms of the Policy; and 3) certifies that to his/her knowledge the manager’s investment practices with regard to Foundation assets are in compliance with the Policy.

VII. INVESTMENT POLICY REVIEW
To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this statement, the Finance and Investment Committee shall review this investment policy on an annual basis.

VIII. ETHICS AND CONFLICT OF INTEREST
Finance and Investment Committee members, Directors, and employees of the Foundation involved in the investment process shall refrain from personal business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.
EXHIBIT A

FINANCE AND INVESTMENT COMMITTEE CHARTER

Charge

The Finance and Investment Committee (Committee) exercises general oversight with respect to the Foundation’s investment portfolio, including endowed funds, state matching funds, nonendowed funds, and other pools that may be contemplated in the future. The Committee reviews proposals for investments and investment managers, regularly monitors performance of the investment portfolio and investment managers, and recommends any changes to the Board as indicated.

Committee Membership and Structure

The Committee shall constitute a standing committee of the Board and shall consist of no fewer than three Directors. The Committee Chair and members from the Board shall be appointed and replaced at the discretion of the Board Chair.

The Committee shall meet no less than quarterly. A majority of the members of the Committee shall constitute a quorum. Committee members are expected to attend a minimum of 75 percent of all meetings, whether in person or by telephone.

Specific Duties

- Develop and recommend to the Board investment policies and procedures, including asset allocations for the portfolio based on the Foundation’s needs, expert advice from retained investment managers, and its risk tolerance.
- Ensure compliance with all applicable trust, fiduciary, prudence, and due diligence requirements and with all applicable laws, rules and regulations, including those propounded by the Louisiana Board of Regents.
- Serve as a liaison between the Board and investment managers, custodian(s), and other service providers.
- Establish performance criteria and monitor, evaluate, and compare the performance results achieved by investment managers on a quarterly basis.
- At least every four years, review proposals from investment managers and recommend changes to the Board as indicated.
- Maintain minutes of its meetings and report on Committee activities at each Board meeting.
- Review the Committee charter at least annually and recommend revisions to the Board.
EXHIBIT B

LOUISIANA BOARD OF REGENTS

ENDOWED CHAIR, ENDOWED PROFESSORSHIP, AND ENDOWED SCHOLARSHIP PROGRAMS

Statement of Investment Policy and Objectives

The constitutional amendment which created the Louisiana Education Quality Trust Fund (LEQTF) and the Louisiana Education Quality Support Fund (LEQSF) charged the Louisiana Board of Regents (“Regents”) with allocating revenues available from the LEQSF to four broad program categories. The Endowed Chair, the Endowed Professorship, and the Endowed Scholarship Programs are funded within those categories. This Statement of Investment Policy and Objectives (“Statement”) governs the management of the Endowed Chair, the Endowed Professorship, and the Endowed Scholarship Programs’ (collectively, "Program") assets, including the funds contributed by the Regents and the funds contributed by educational institutions (“Participants”) participating in the Program (collectively, "Program Assets"). An Endowed Chair provides a permanent endowment beginning with $1 million, an Endowed Professorship provides a permanent endowment beginning with $100,000, and an Endowed Scholarship provides a permanent endowment beginning with $100,000 for 4 year institutions and $50,000 for 2 year institutions. These endowments are generally created by non-state contributions to the university that equal 60% of the endowment and are matched with funds from the Regents that equal 40% of the endowment. Endowed Chairs may be established in multiples of $1 million, Endowed Professorships may be established in multiples of $100,000, and Endowed Scholarships may be established in multiples of $100,000 or $50,000 as applicable.

In accordance with prudent management principles for endowed funds, the investment and expenditure of Program Assets shall comply with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as well as any additional restrictions contained herein. UPMIFA provides robust guidance through a set of standards and criteria that unifies both investment and expenditure decisions. UPMIFA became effective in Louisiana as of July 1, 2010, as defined in Louisiana Revised Statute 9:2337.1-10.

It is recognized that Participants with relatively small amounts of these endowments and with limited staff resources may be challenged by the administrative and investment-related issues involved in managing a diversified portfolio. Accordingly, such Participants may choose to seek collaboration with another Participant for the purpose of pooling investments. Nothing in this Statement of Investment Policy and Objectives shall limit the fiduciary responsibility of Participants.

The responsibility for the implementation of the policy and guidelines set forth in this Statement rests with the Finance and Investment Committee (“Committee”) of the Regents. Specific guidelines for individual accounts managed by investment advisors and other Program documentation may be attached as appendices to this Statement by Participants provided they do not conflict with this Statement.
A. FINANCIAL AND INVESTMENT OBJECTIVES

1. The primary financial objective of the Program Assets is to be a source of funds provided through return on the invested capital for the current and future support of the Program. Implicit in this objective is the financial goal of preserving purchasing power of the Program Assets.

2. More specifically, the long-term objective of the investment of the Program Assets is to attain an average annual real total return at or above the level of spending and fees. Real total return is investment return (gains and losses, realized and unrealized, as well as earnings) minus inflation. Inflation is measured by the change in the Consumer Price Index - Urban (CPI-U).

B. SPENDING POLICY

1. Annual spending must be determined by each Participant in accordance with UPMIFA. However, the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made. When the current market value of each endowment is below the original corpus of that endowment, no spending is allowed. The amount of annual spending allowed above for the Endowed Scholarship may be divided among multiple recipients, provided that each student receives at least $1,000 per year at 4 year institutions or at least $500 per year at 2 year institutions.

2. Also in accordance with UPMIFA, Participants may assess an appropriate usual and customary fee on Program Assets.

C. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

1. To achieve the long-term investment objective, the Program Assets shall be invested in accordance with UPMIFA and appropriately diversified across such categories as asset class, geography, and market capitalization.

2. Permissible Investments
   a. Publicly traded debt securities
   b. Publicly traded equity securities
   c. Alternative Investments managed by an external investment manager
      i. Real Estate Investment Trusts (REITs)
      ii. Hedge Funds
      iii. Private Equity and Private Debt

3. Restrictions
   a. In accordance with Article VII, Section 14 (B) of the Constitution of Louisiana, no more than 74% of the Program Assets may be invested in equity. For the purpose of this limitation, publicly traded equity and alternative investments shall be considered equity.
   b. A minimum of 26% of the Program Assets will be held in Fixed Income investments.
   c. No more than 50% of publicly traded equity may be foreign equity
d. No more than 50% of publicly traded debt may be foreign debt

e. Publicly traded debt must maintain an average credit quality of at least “A” as determined by Moody’s, S&P, or Fitch.

f. No more than 5% of publicly traded debt may be invested in any single issuer with the exception of securities issued by the U.S. Government or its agencies.

g. No more than 25% of Program Assets may be invested in Alternative Investments
   i. No more than 10% of Program Assets may be invested in REITs
   ii. No more than 15% of Program Assets may be invested in Hedge Funds
   iii. No more than a 10% of Program Assets may be invested in Private Equity and Private Debt combined based on committed capital.

h. Leverage and the speculative use of derivatives are prohibited at the Participant level, yet are permissible for external alternative investment managers.

D. INVESTMENT MANAGEMENT STRUCTURE

The Participants may choose and monitor the investment manager(s) for their respective portions of the Program Assets. Each investment manager has discretion to manage the assets in each particular portfolio to achieve the investment objectives within the guidelines set forth in this policy and in any separate manager guidelines not contrary to this Statement adopted by the Participants.

E. PERFORMANCE AND MONITORING OBJECTIVES

1. The investment performance of the Program Assets is to be measured against benchmarks constructed to reflect the asset classes contained in each Participant's portfolio.

2. Each investment manager’s portion of the Program Assets will be monitored by the Participant for consistency with that manager's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. The Participants will review portfolios on an annual basis, but investment results will be evaluated in accordance with Section A and E.1.

F. GUIDELINES FOR TRANSACTIONS

1. The Participants will be responsible for communicating the guidelines set forth in this Statement and the individual Participant’s investment plans and financial needs to the investment managers.

2. As a general rule that applies to all assets managed, transactions should be entered into on the basis of best execution.

G. STATEMENT REVIEW

This policy should be reviewed biennially for its continued appropriateness. The Investment Policy Advisory Committee (IPAC), which shall consist of two representatives from each public
higher education system and two representatives from the Louisiana Association of Independent Colleges and Universities (LAICU), shall be responsible for making recommendations for revision of this policy to the Regents, the Committee, and the Commissioner of Higher Education on behalf of the postsecondary education community.

H. REPORTING REQUIREMENTS

1. Annual reporting forms developed by the Regents must be submitted no later than October 1st of each year or the end of the third month following the end of the fiscal trust fund year. The reports will reflect the activities of each Endowed Chair, Endowed Professorship, and Endowed Scholarship. These reports will be reviewed by the Regents' staff.

2. The Participant shall contract annually with an independent auditor or the Legislative Auditor to make the following representations and certifications regarding the Program. The auditor should certify that:
   a. The Program Assets have been managed in compliance with the provisions in this Statement.
   b. The annual financial reports for the Program submitted to the Regents were accurate and agreed to the accounting records of the foundation and/or institution.
   c. The proceeds of the endowed chairs were used in accordance with the provisions as set forth in the Board of Regents Endowed Chair Program Policy, the proceeds of the endowed professorships were used in accordance with the provisions as set forth in the Board of Regents Endowed Professorship Program Policy and the proceeds of the endowed scholarships were used in accordance with the provisions as set forth in the Board of Regents Endowed Scholarship Program Policy. The foundation, if applicable, is operating under and has complied with all provisions of a funds management agreement with its respective university. Investment earnings generated from pooled assets involving Endowed Chairs, Endowed Professorships, or Endowed Scholarships have been properly allocated to the chairs, professorships or scholarships in accordance with this Statement.
   d. The value of the state funds held by the foundation, if applicable, as reported in its financial statements is equal to the amount recorded in the university’s books.

3. A copy of the above report along with a plan to address any findings shall be sent to the Finance and Administration Division of the Regents with a copy also sent to the appropriate management board by October 31st of each year or the end of the fourth month following the end of the fiscal trust fund year. In addition, if Program Assets are held by a foundation associated with a public institution of higher education, the report shall also be forwarded to the Legislative Auditor’s office.

I. EFFECTIVE DATE

This revised Statement was adopted on January 26, 2012.
The effective date of this Statement is January 26, 2012.
GLOSSARY

Credit Quality – a measure of creditworthiness of the issuing organization that reflects the likelihood that it will be able to pay its debt. Standard and Poor’s Corporation, Moody’s Investors Service, Inc., and Fitch Ratings, Ltd. are widely utilized independent rating agencies of debt securities.

Equity – represents the ownership interest in a company through publicly held common and preferred shares. Also refers to any mutual fund, pooled fund, and separately managed account that hold such shares.

Hedge Fund - a private investment fund open only to eligible investors; the fund may take a long and/or short position in (but not limited to) fixed income, equities, currencies, and derivatives; the fund may use leverage.

Investment Return - return calculation that incorporates unrealized and realized gains and losses, as well as earnings.

Management Fee – the management fee rate times the market value of Program Assets averaged on a consistent basis for the 5 most recent fiscal trust fund years.

Management Fee Rate– the rate applied to the market value of Program Assets averaged on a consistent basis for the 5 most recent fiscal trust fund years.

Multi-Strategy Hedge Fund of Funds - a fund that invests in more than one hedge fund and in more than one hedge fund investment strategy.

Private Debt – privately negotiated debt financing instruments for which pricing is not readily available or which cannot quickly and easily be converted into cash without substantially impacting the price. This asset class would include bank loans, mezzanine debt, and distressed debt.

Private Equity – privately negotiated equity ownership instruments for which pricing is not readily available or which cannot quickly and easily be converted into cash without substantially impacting the price. This asset class would include leveraged buyouts, venture capital, and growth equity.

Real Estate Investment Trust (REIT) - a publicly traded investment vehicle that invests funds on behalf of its investors in real estate-related investments such as real property and mortgages.

Real Total Return - Total Return less inflation as defined herein.

Total Return - Investment Return less management fees as defined herein.
INTRODUCTION

The Baton Rouge Area Foundation (the “Foundation”) was founded in 1964 as a non-profit community foundation with a commitment to the improvement of our community. As the premier resource of philanthropists, nonprofit organizations and community leaders, the Foundation unites human and financial resources to enhance the quality of life in Southern Louisiana. The Board of Directors has established a policy of investing assets (the “Investment Fund”) so as to preserve the real value of the principal and to provide the Foundation with a dependable source of revenue to support its facilities and programs.

The Community Foundation of Southwest Louisiana is a supporting organization of the Baton Rouge Area Foundation and follows the same investment policy statement. A representative from Southwest Louisiana serves on the Investment Subcommittee.

The Investment Subcommittee has approved, and the Board of Directors (the “Board”) has adopted, the following policies and standards.

SPENDING POLICY

In pursuance of the “Total Return” approach to investing proposed in this policy, the Foundation annually establishes the amount that can be distributed from each Endowment Fund. The current rate is 5% of the fair value of the fund, calculated and made available for distribution quarterly by taking 1.25% of the fair value of the fund on the last day of the quarter. Donors can request a lower distribution percentage on those Endowment funds where they serve as Donor Advisors.

PROCEDURES

The following procedures will be followed to ensure the investment policy statement is consistent with the current mission of the Investment Fund and accurately reflects the current financial condition:

a. This investment policy shall be reviewed annually by the Investment Subcommittee for any necessary revisions or modifications.

b. Recommendations for any revisions or modifications will be made by the Investment Subcommittee first to the Finance Committee, and then to the Board for approval.
The Foundation will retain one or more Investment Advisors to facilitate the investment and management of the Investment Fund, with the exact portion of funds to be managed by any one Investment Advisor to be determined by the Subcommittee. Pursuant to the provisions herein, the Investment Advisors are authorized to allocate the assets given to them to manage to professional asset managers (“investment managers”) either affiliated and/or unaffiliated with such Investment Advisors.

**ASSIGNMENT OF RESPONSIBILITIES**

**Responsibility of the Investment Subcommittee on behalf of the Finance Committee**

The Investment Subcommittee is charged with the responsibility for managing the Foundation’s Investment Fund in accordance with the Foundation’s purpose and restrictions. The Subcommittee shall discharge its duties solely in the interest of the Foundation, with the care, skill, prudence and due diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims. The specific responsibilities of the Investment Subcommittee relating to the investment management of assets include:

1. Conveying the financial needs to each Investment Advisor on a timely basis;
2. Determining the risk tolerance and investment time horizon and communicating these to each Investment Advisor;
3. Establishing reasonable and consistent investment objectives, policies and guidelines that will direct the investment of the Investment Fund;
4. Prudently and diligently selecting qualified Investment Advisors;
5. Approving portfolio mandates which formalize the investment parameters under which each Investment Advisor may act;
6. Evaluating on a quarterly basis the performance of all investments in the Investment Fund as a whole and in each account held with an Investment Advisor, including an Investment Advisor’s choice of affiliated and/or unaffiliated investment managers, to assure adherence to policy guidelines and monitor investment objective progress;
7. Developing and enacting proper controls and procedures; and

**Responsibility of an Investment Advisor**

An Investment Advisor’s role is to provide investment advice concerning the investment management of the assets entrusted to such Investment Advisor (an “Account”) and to execute portfolio decisions that are consistent with the investment objectives, policies, and constraints as established in this Investment Policy Statement provided by the Investment Subcommittee to that
Investment Advisor. Subject to the provisions herein and the portfolio mandate, the Investment Advisor will have full discretion to make all investment decisions for an Account. Specific responsibilities of the Investment Advisor(s) include:

1. Assisting in the development and periodic review of investment policy;

2. Recommending to the Investment Subcommittee the appropriate strategic asset allocation to achieve the Account’s objectives;

3. Monitoring the asset allocation of the Account in accordance with the Investment Policy Statement provided by the Investment Subcommittee;

4. Conducting due diligence and selecting appropriate affiliated and/or unaffiliated investment managers and vehicles to assist in meeting overall investment objectives;

5. Monitoring affiliated and unaffiliated investment managers retained by the Investment Advisor and investment vehicles to determine their continued appropriateness for inclusion in the Account;

6. Terminating affiliated and/or unaffiliated managers or liquidating investment vehicles which are no longer appropriate for inclusion in the Account;

7. Communicating with the Investment Subcommittee to provide it with the ability to determine the progress toward the investment objectives and the performance of all components to the Account. This includes quarterly reporting of investment performance as well as ongoing communication of any major changes to economic outlook, investment strategy, investment manager selection and/or termination, or any other factors that affect the Account. Since the Investment Advisor has been granted full discretion to make all investment decisions, it is understood that some communication to the Investment Subcommittee will occur after certain actions and/or executions have been completed. Quarterly portfolio reports will include: a) a schedule of fees being assessed on each component of the portfolio, including fees charged by any underlying managers utilized in any investment product, and b) a schedule listing all liquidity restrictions on each component of the portfolio;

8. Reviewing the Account’s investment history, historical capital markets performance and the contents of the Account mandate with newly appointed members of the Subcommittee, the Finance Committee and the Board as requested by the Board or the Subcommittee; and

9. Voting proxies or facilitating the voting of proxies relating to securities in the Account, if requested by the Board, on behalf of the Foundation, and communicating such voting records to the Board on a timely basis.

June, 2014
FEE SCHEDULE

Fees are charged on all cash or cash equivalents in the component funds.

In addition to the Foundation’s fee, funds bear equally the cost of investment management and custodial fees. Investment management and custodial fees average approximately 1.06%.

ANNUAL MINIMUM FEE FOR ALL FUNDS IS $250.00.

CORPORATE ADVISED® AND DONOR ADVISED FUNDS

1. On the balance up to $999,999, one percent (1%) of the fund value per annum, charged quarterly (.0025 per quarter) based on the daily fund balance.
2. On that portion of the balance from $1 million to $4,999,999, three quarters of one percent (.75%) of the fund value per annum, charged on a quarterly basis (.001875 per quarter).
3. On that portion of the balance from $5,000,000 and over, one half of one percent (.50%) of the fund value per annum, charged on a quarterly basis (.00125 per quarter).

UNRESTRICTED, FIELD OF INTEREST, AND SCHOLARSHIP FUNDS

One percent (1%) of the fund value per annum, charged quarterly (.0025 per quarter) based on the daily fund balance.

ORGANIZATION AND DESIGNATED BENEFICIARY FUNDS

Fifty basis points (.50%) of the fund value per annum, charged quarterly (.00125 per quarter) based on the daily fund balance.

THE INVESTMENT FUND

HISTORICAL RETURNS

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.76%</td>
</tr>
<tr>
<td>2013</td>
<td>10.16%</td>
</tr>
<tr>
<td>2012</td>
<td>9.87%</td>
</tr>
<tr>
<td>2011</td>
<td>-1.23%</td>
</tr>
</tbody>
</table>

ASSET MIX

The Investment Fund shall be comprised of the asset classes listed in the table below, which also lists the minimum and maximum weightings of investments in the asset class.

The Investment Subcommittee will monitor the asset allocation of each Account based on quarterly reports provided by the applicable Investment Advisor. It is the responsibility of the Investment Advisor to monitor each Account on an on-going basis and to rebalance the Account to ensure that the Account remains within the Account’s weight parameters.
<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>MINIMUM WEIGHT</th>
<th>MAXIMUM WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUITY</td>
<td>30%</td>
<td>60%</td>
</tr>
<tr>
<td>FIXED INCOME AND CASH</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>ALTERNATIVE ASSETS</td>
<td>0%</td>
<td>50%</td>
</tr>
</tbody>
</table>

The Subcommittee may, in its discretion, hire an Investment Advisor to manage only one of the asset classes or it may establish a balanced account with an Investment Advisor.

INVESTMENT ADVISOR SELECTION

In selecting Investment Advisors for the Investment Fund, the Subcommittee will consider a variety of factors. Statistical factors, measured over a multi-year period, may include such Investment Advisor’s Investment objectives, performance relative to its index and peer group, risk characteristics, return characteristics, investment style, fees, manager tenure and turnover, style consistency and the degree of correlation with other fund investment managers. The financial strength, stability and the quality of personnel at the Investment Advisor’s firm will also be considered in the selection process.

INVESTMENT ADVISOR MONITORING AND REVIEW

The on-going monitoring of Investment Advisors must be a regular and disciplined process. It is the mechanism for revisiting the Investment Advisor selection process and confirming that the criteria originally satisfied remain so, and that an Investment Advisor continues to operate within the parameters of the investment policy statement, while also meeting or exceeding its expected performance relative to specified guidelines is an on-going process.

INVESTMENT ADVISOR REMOVAL

The Subcommittee may remove an Investment Advisor when it believes such removal is in the best interests of the Investment Fund, taking into account for this purpose all relevant factors including, and without limitation, when the Subcommittee has lost confidence in the Investment Advisor’s ability to:

1. Achieve performance and risk objectives;
2. Comply with investment guidelines; or
3. Maintain a stable organization and retain key relevant investment professionals.

The aforementioned events or any other events of concern identified by the Subcommittee may prompt the immediate removal of an Investment Advisor.

PERFORMANCE REPORTING

The Investment Fund in the aggregate and each Account will be evaluated quarterly on a total return basis. Returns will be compared to:

1. The increase in the Consumer Price Index plus 3%; and
2. Nationally recognized indices measuring performance of the classes specified in the target asset mix.

Comparisons will include all items listed in this section and will show risk and return performance statistics for the latest quarter, year-to-date, and since inception. Each Investment Advisor will prepare a report on the Account it manages for presentation to the Investment Subcommittee.

2015 INVESTMENT SUBCOMMITTEE

Kevin R. Lyle, Chair
I-MPACT – Partner

Dudley W. Coates
Retired – Financial Advisor

Jim Dombrowski
Benjamin F. Edwards & Co. – Financial Advisor

Joe Ingraham
Roman Catholic Diocese of Baton Rouge – Director of Finance

John B. Noland
Noland Investments – Owner, president

Denise Rau
Rau Financial Group – President

June, 2015