



INVESTMENT POLICY

INTRODUCTION

This document sets forth the Southwestern College Foundation's (SWCF) policy regarding the investment of its assets.

ASSETS

SWCF's assets consist of all SWCF endowment assets and any other assets legally obtained by SWCF. Assets are designated as one of the following:

Funds Endowments: Funds donated to or otherwise legally obtained by SWCF and designated as either a Restricted or Unrestricted Funds Endowment (as such terms are defined in the SWCF Endowment Policy).

Property Endowments: Property donated to or otherwise legally obtained by SWCF and designated as either a Restricted or Unrestricted Property Endowment (as such terms are defined in the SWCF Endowment Policy).

General Purpose Funds: Funds designated for SWCF's administrative needs and other obligations (such as taxes, etc).

OBJECTIVE

SWCF's objective regarding the investment of its assets shall be as follows:

For Restricted and Unrestricted Funds Endowments, SWCF desires moderate growth of principal and income which shall generally result in investing such funds approximately fifty percent (50%) in stock mutual funds, forty percent (40%) in bond mutual funds and ten percent (10%) in money market mutual funds (a "Moderate Growth Market Strategy"). SWCF shall hire a qualified investment manager as defined below to manage the investment of such funds and to determine the specific stock, bond and money market mutual funds (including specific sector allocations, etc) in which to invest consistent with the Moderate Growth Market Strategy.

For Restricted and Unrestricted Property Endowments, SWCF desires effective use of such property to support the needs of Southwestern College and its students and shall determine how to invest or use such assets on a case-by-case basis.

For General Purpose Funds, SWCF desires conservative growth of principal and income which shall generally result in investing such funds in a traditional interest bearing savings account.

QUALIFIED INVESTMENT MANAGER

A “Qualified Investment Manager” is a reputable investment manager or firm who has under management at least Three Hundred Million Dollars (\$300MM), has had such an amount under management during the previous five (5) years, and is independent of any SCWF employees, trustees, directors, board members or committee members. SWCF’s Finance Committee shall be responsible for meeting with and reviewing the past performance of potential Qualified Investment Managers and selecting one which it believes charges a reasonable fee for its services and is likely to produce reasonable or superior rates of return in comparison to its appropriate benchmarks (given SCWF’s Moderate Growth Market Strategy). Once selected, the Finance Committee shall review on a periodic basis the performance of the Qualified Investment Manager with respect to its appropriate benchmarks (on a weighted basis) and its competitors (who use a similar investment strategy that would be consistent with SWCF’s Moderate Growth Market Strategy) to the extent such competitive data is available to SWCF.

The Qualified Investment Manager selected by the Finance Committee shall communicate with SWCF on all significant matters pertaining to SWCF’s assets under its management, including:

- Changes in the Qualified Investment Manager’s organization, personnel or investment strategies which are likely to have an effect on SWCF’s assets
- Periodic performance summaries (including transaction histories, fees, etc) of SWCF’s assets
- Periodic reviews with the Qualified Investment Manager’s personnel assigned to manage SWCF’s assets