



Investment Policy

Purpose

- Establish a clear understanding between the Savannah State University Foundation Finance and Investment Committee (the Committee), the Investment Manager(s) and the Financial Consultant (the Consultant) regarding the investment objectives and policy guidelines for managing and monitoring the assets of Savannah State University Foundation.
- Develop specific guidelines and limitations for the Investment Manager(s) to ensure that the assets are being managed in accordance with the investment objectives.
- Provide a basis for the Committee to review the progress in meeting the stated investment objectives by the Investment Manager(s).

Investment Objective

- The overall investment direction is to maximize total return consistent with risks that the committee is willing to accept as stated herein.
- The primary investment objectives for the portfolio are growth with income, and growth of capital. The minimum stated investment horizon for the portfolio is five (5) to seven (7) years.
- The stated risk tolerance level is moderate.
- The spending rate is defined as the sum distributed annually by the foundation, and is calculated as a percentage of the average market value as of the preceding three fiscal year-ends. The stated spending rate is five percent (5%).
- A total return strategy will be utilized in meeting these investment objectives. Total return is defined as the combination of interest and dividends, plus capital appreciation (or less capital depreciation) for the period. The Committee recognizes that fluctuations in market value will occur and that negative returns in any year are possible.
- The investment of the assets will be diversified in order to minimize the risk of losses, unless under particular circumstances it is clearly prudent not to do so. The Investment Manager(s), unless otherwise instructed by the committee, will view this portfolio (or their respective share of the assets without being influenced by the holdings of other investment managers. These objectives, as stated herein, will be accomplished through the structuring of a

diversified total portfolio.

Asset Allocation

The Finance and Investment Committee will retain those managers necessary with specific asset class, sector and style responsibilities. The Finance and Investment Committee and the Consultant are responsible for strategic asset allocation decisions. They should, however, use the following Target Asset Allocation Table as a general guideline:

Target Asset Allocation Table

Asset Class	Minimum Weight	Target Weight	Maximum Weight
Equities	50%	60.0%	75%
Large Cap Growth	20%	25.0%	30%
Large Cap Value	15%	20.0%	25%
Small/Mid Cap	5%	7.5%	10%
International	5%	7.5%	10%
Fixed Income	20%	35.0%	40%
Cash/Cash Equivalents	5 %	5.0%	10%

Strategic asset allocation decisions should be consistent with the moderate level of return volatility tolerance stated by the Committee, as well as their desire to maintain stability within the five to ten year stated investment horizon.

The managers are required to observe the stated Investment Policy Guidelines listed below that are specific to their allocation responsibilities.

Investment Policy Guidelines

The Investment Manager(s) is/are required to comply with all applicable laws, rules and regulations. The Investment Manager(s) will be given full discretion in managing the portfolio within the guidelines of this Investment Policy Statement.

There are certain characteristics that are expected to be associated with the portfolio, and they will be viewed as guidelines for portfolio construction. In general, the portfolio shall be invested using the care and diligence that a "prudent man" acting in this capacity for his, or her, own portfolio would exercise.

Equity Allocation

Equity holdings should focus primarily on issues that have potential for appropriate

capital appreciation and have net income in excess of \$50 million, or a market capitalization of \$100 million or greater. The equity holdings may include common stocks, or equivalents (units of beneficial interest, American Depository Receipts — ADRs/ADSs and issues convertible into common stock.)

All assets should have a readily attainable market value, be traded on the NYSE/AMEX and other principal exchanges, or OTC (NASDAQ) with the exception of ADRs/ADSs, as long as there is a liquid OTC market.)

No single equity position should account for more than ten percent (10%) of the portfolio.

No industry group, defined as a Standard Industry Code, should represent more than thirty percent (30%) of the portfolio.

All dividends should be held in the portfolio as cash, or cash equivalents, until suitable holdings can be found for their reinvestment.

Fixed Income Allocation

Fixed income holdings should consist of marketable US dollar denominated debt securities that are rated A or better by Standard & Poor's and/or Moody's, or their equivalents issued by either the US Government and/or its federal agencies, domestic industrial and utility corporations, domestic banks and other US financial institutions.

There is no limit on the debt portion of the portfolio that may be committed to obligations of the US Treasury, federal agencies or state and local public entities. Except for treasury and agency obligations, the debt portion of the portfolio should contain no more than ten percent (10%) of any given issuer (irrespective of the number of differing issues.)

The Investment Manager has discretion over the maturity of fixed income instruments as total return and market conditions warrant, but the maximum maturity will not exceed twenty (20) years.

Cash Equivalent Investments are defined as investment grade, US dollar denominated fixed income instruments maturing in thirteen (13) months, or less. Money market funds are included in this definition.

All interest should be held in the portfolio as cash, or cash equivalents until suitable holdings can be found for their reinvestment.

Standard of Performance

The Investment Manager(s) shall make reasonable efforts to preserve the principal and purchasing power of the assets over the long-term given the investment strategy of the Investment Manager(s), and the investment objectives of the portfolio. The Committee

recognizes that fluctuations in the market value will occur, and that negative returns in any given year are possible.

Investment Manager Responsibilities

- I. The Investment Manager(s) shall comply with the specific guidelines outlined herein, or as stated in any written revisions to this policy statement. By accepting the responsibility of managing this portfolio, the Investment Manager(s) confirms the realistic statement of investment objectives within the guidelines stated herein, but does not guarantee that management of the portfolio will achieve any specific rate of return.
- II. The Investment Manager(s) will be responsible for making all investment decisions on a discretionary basis, and for exercising the proxy voting rights in connection with the assets of the portfolio.
- III. The Investment Manager(s) will be expected to keep the Committee, through the Consultant, informed of any material change in its investment philosophy, equity ownership and financial condition. The Investment Manager(s) is/are required to be registered as an Investment Advisor with the Securities and Exchange Commission during the term of employment by the Committee.

Investment Consultant Responsibilities

- I. The Consultant(s) will meet with the Committee periodically to review this Investment Policy Statement, and to assist the Committee in documenting any necessary revisions. At the minimum, these periodic reviews will take place annually, and the renewal period will be for one year.
- II. The Investment Consulting Firms will provide safekeeping, transaction confirmations and monthly account statements.
- III. The Investment Consulting Firms will prepare, and deliver, a review of the portfolio on a quarterly basis that includes performance information net of all fees and charges. This review will also disclose the dollar amount and percentage of any fees and charges.
- IV. The Consultant (s) will assist the Committee on an ongoing basis by reviewing the Investment Manager (s) to determine that the investment Manager(s) is/are performing within the investment objectives and policy guidelines. The Consultant will also provide a qualitative evaluation of the organization and investment strategy of the Investment Manager(s).