Statement of Investment Policy for the Greenville College Foundation

INTRODUCTION AND PURPOSE

This Statement of Investment Policy is set forth to:

1. Define the investment policies, guidelines and objectives of the Greenville College Foundation.
2. Create a framework from which the Investment Committee can evaluate performance, explore new opportunities to enhance the Foundation’s investment portfolio.
3. Provide guidance for, expectation of and limitation on all parties bearing investment responsibilities with the Greenville College Foundation.

The intent of this Statement is to design an investment policy with specific parameters that reflect the philosophy of the Investment Committee, thereby providing Investment Managers with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical.

INVESTMENT RESPONSIBILITIES

The Greenville College Foundation (“Foundation”) is an IRS Section 501c(3) public charity tax-exempt foundation. The purpose of the Foundation is to support Greenville College by financially assisting the College in accomplishing its mission through the acquisition, management and disbursement of philanthropic assets.

The investment program is managed in compliance with all applicable fiduciary, prudence, and due diligence requirements that experienced investment professionals would utilize, and with all relevant laws, rules, and regulations issued by local, state and federal entities that apply to the Foundation.

Board of Directors

The Board of Directors (“Board”) of the Foundation has delegated to the Investment Committee the responsibility for making the decisions that affect the Foundation’s Investment Policy, Portfolio Objectives, Policy Asset Allocation, and Consultant. They must act prudently, avoid self-dealing and conflicts of interest, and for the best long-term interest of the Foundation. The Board has created the Investment Committee, a working committee of the Board, to coordinate the activities of Investment Managers, the Consultant and Custodian, study issues pertinent to the Foundation portfolio (“Fund”), and report conclusions back to the Board.

Investment Committee

The Investment Committee (“Committee”) is charged by the Board with the responsibility of overseeing the management of assets of the Foundation available for investment. The Committee has the responsibility to ensure that the assets of the Foundation are managed in a manner which is consistent with the policies and objectives of the Foundation. In this regard, the Committee also has oversight responsibility for full compliance with all applicable laws.
The Committee Members shall discharge their duties solely in the interest of the Foundation and for the exclusive purpose of meeting the financial needs of the Foundation. The Committee is authorized and permitted to engage the services of registered Investment Managers who possess the necessary specialized research facilities and skill to meet the investment objectives and guidelines of the Foundation. Accordingly, the Committee will require the Investment Managers to adhere to any policies adopted by the Committee.

In carrying out its responsibilities a quorum of the Committee must be present, either in person or by teleconference. A quorum is defined as a majority of voting members. Each member shall be entitled to one vote and each decision of the Committee shall require the assent of a majority of those present.

The Investment Committee’s responsibilities include:

1. Determining investment policy guidelines and reviewing the policy at least annually;
2. Setting policy asset allocation in conjunction with the Investment Consultant;
3. Selecting Investment Managers and Custodians;
4. Assessing and determining investment objectives, rebalancing strategies, and performance measurement standards which are consistent with the financial needs of the Foundation;
5. Reviewing and evaluating investment results in the context of predetermined performance standards and implementing corrective action as needed;
6. Reporting to the Board regarding the Fund as to account balance, asset allocation, performance, and other pertinent items, and
7. Working with Foundation staff to determine the time horizons and liquidity needs.
Investment Consultant

The Committee may recommend the engagement of an independent investment consulting firm ("Consultant") to assist the Foundation in the attainment of its objectives and monitor compliance with the stated investment policies. The Consultant’s responsibilities are:

1. Assisting in the development and implementation of investment policies, objectives and guidelines,
2. Preparation of an asset allocation analysis and recommendation of an asset allocation strategy with respect to the Foundation’s objectives,
3. Reviewing Investment Managers - including search, selection and recommendation,
4. Preparing and presenting performance evaluation reports in accordance with CFA Institute promulgated standards,
5. Attending Investment Committee meetings to present evaluation reports twice annually either by phone or in-person as agreed upon between the Consultant and the Investment Committee (attendance at other meetings is on an “as needed” basis) and submitting these reports at least two (2) business days in advance of the Committee meeting,
6. Reviewing of contracts and fees for both current and proposed Investment Managers,
7. Reviewing and developing special investment strategies that complement existing asset classes or strategies to be considered by the Investment Committee,
8. Communicating investment policies and objectives to the managers, monitoring their adherence to such policies and reporting all violations,
9. Notifying the Investment Committee of any changes in key personnel or ownership of the consulting firm, as well as satisfactory explanation for such changes,
10. Assisting the Investment Committee in special tasks,
11. Notifying the Investment Committee immediately of any litigation or violation of securities regulations in which any Investment Manager is involved, and
12. Notifying the Investment Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm.
Investment Managers

Each Investment Manager is expected to pursue their own investment strategy within the performance guidelines created for individual managers. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Foundation.

The Investment Managers’ responsibilities are as follows:

1. Investing assets under their management in accordance with the guidelines and restrictions formulated by the Committee,
2. Exercising discretionary authority over the assets entrusted to them, subject to these guidelines and restrictions,
3. Providing written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics on a quarterly basis in addition to other information as requested by the Committee or Consultant,
4. Voting proxies vigorously in the best interest of the Foundation, and
5. Where applicable, annually providing a copy of the SEC investment advisors disclosure form ADV Part II.

Investment Custodian

The Investment Custodian (“Custodian”) is responsible for the safekeeping of the Foundation’s assets. The duties and responsibilities of the Custodian are as follows:

1. Providing timely reports detailing investment holdings and account transactions monthly and an annual report summarizing the following to be submitted to the Foundation and Consultant within 21 days following each fiscal year end.

2. The reports will include the following:
   a. Statement of all property on hand,
   b. Statement of all property received representing contributions to the accounts,
   c. Statement of all sales, redemptions, and principal payments,
   d. Statement of all distributions from the account,
   e. Statement of all expenses paid,
   f. Statement of all purchases, and
   g. Statement of all income.

3. Establishing and maintaining an account(s) for each Investment Manager of the Foundation,

4. Providing all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of uninvested cash, etc., and

5. Preparing additional accounting reports as requested by the Committee or Consultant.
6. Preparing an electronic and paper report by lot showing the percentage gains and losses of each position.

INVESTMENT POLICIES AND OBJECTIVES
For the Greenville College Foundation Endowment

General Investment Philosophy

Objectives:

1. **Return:** The long term objective of the Foundation is to earn a return sufficient to preserve the purchasing power of the Foundation for generations to come, provide for current needs, and grow over time. The Return Goal shall consist of a spending rate, an assumed rate of inflation and administrative management fees. These items and their function in the overall return need are established below:

<table>
<thead>
<tr>
<th>Components of Return Need</th>
<th>Return Need</th>
<th>Goal Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending Rate</td>
<td>4.75%</td>
<td>4.75%</td>
</tr>
<tr>
<td>Administrative Fee</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>2.50%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Desired Growth</td>
<td>-</td>
<td>1.00%*</td>
</tr>
</tbody>
</table>

| Long-Term Return Need (Net of Fees) | 8.25% | 9.25% |

*Desired growth target includes fundraising activities in addition to capital appreciation.

2. **Risk:** The Committee will permit the Foundation’s portfolio to experience an overall level of risk consistent with the risk generally associated with the Committee’s policy asset allocation.

Constraints:

1. **Liquidity:** At times, cash may be required to satisfy the needs of the Foundation. The Foundation should have sufficient liquid assets to meet such foreseeable requirements.

2. **Time Horizon:** The Foundation has a long life and should be managed with a time horizon much longer than the typical investment cycle. A time horizon of thirty to fifty years is appropriate. Providing for the Foundation's needs over the time horizon is a high priority.

3. **Taxes:** The Foundation is an IRS Section 501c(3) exempt private foundation.

Return Measurement Objectives

The investment objectives of the Foundation are based upon a long term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. While there cannot be assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by the Investment Policy Statement of the Foundation.

DATE: JANUARY 2008
Over time, the Foundation will aim to achieve the total fund return goal while maintaining acceptable risk levels. To accomplish this goal, the fund will diversify its assets among several asset classes. Appendix A provides permissible asset classes and appropriate index measures of these classes. Active managers will be expected to provide returns greater than or equal to their appropriate benchmark while utilizing acceptable risk levels.

All return objectives described are understood to be net (after) of investment expense.

1. Total Foundation (portfolio) assets should attempt to return, over the Time Horizon, an annualized nominal rate of return greater than or equal to the long-term return objective, net after all fees and costs.

2. Total Foundation (portfolio) assets should attempt to return, over rolling three-year periods, a nominal rate of return greater than or equal to a composite index created utilizing broad indices representing cash, bonds and stocks in the same proportion as the Foundation’s target allocation.

3. Each investment manager should attempt to return, over a market cycle, a nominal rate of return greater than or equal to the appropriate market index for that investment manager (Appendix A), with not more than commensurate risk.

Volatility and Risk

The Foundation believes that the return objectives can be achieved while assuming acceptable risk levels commensurate with “market” volatility. “Market” volatility is defined as the trailing three year standard deviation of investment returns (based on monthly data) of the benchmark indices deemed appropriate.

The Foundation further believes that risk is defined as the probability of failing to meet the Foundation’s Objectives over the time horizon. Therefore, in order to minimize the probability of failure, thereby minimizing risk, the following variables should be considered in all aspects of the decision-making process with regards to the Foundation’s investable assets:

- Probability of Missing the Goal Return
- Inflation
- Asset/Style Allocation

Distribution Policy

Distribution Rate

The Spending Rate of the Foundation will be reviewed at least annually in light of evolving trends with respect to investment performance and the needs of the Foundation, and will be adjusted as necessary.

Unless otherwise directed by the donor for a specific endowed gift, the annual Distribution rate shall not exceed 4.75% of the average of the trailing 3 years’ market value of the Foundation, as determined each June 30.

Total Return Policy

The Foundation’s Endowment total return is comprised of both traditional “income” (e.g., dividend on stocks and interest on fixed-income securities) plus realized and unrealized net
capital gains. In recognition of these facts the Foundation has determined to use a Total Return approach for management of the Funds and as a basis for future distribution.

Asset Allocation

The single most important decision made by the Foundation is the asset allocation decision. Investment research has determined that a significant portion of a fund’s investment behavior can be attributed to (1) the asset classes/styles which are employed by the fund, and (2) the weighting of each asset class/style. It is the responsibility of the Investment Committee of the Foundation to determine the asset allocation that offers the highest probability of achieving the investment objectives. The Committee, with guidance and recommendations from their Consultant, should review the asset mix on an ongoing basis and recommend revisions as necessary.

The target asset allocation has been determined by the Foundation based on a comprehensive allocation study completed by the Consultant. The target asset allocation of the Foundation is designed to give balance to the overall structure of the Foundation’s investment program over a long time horizon. However, some factors may impact the target allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include:

1. The Committee’s assessment of the intermediate or long term outlook for different types of asset classes and styles,
2. The Consultant’s assessment of the intermediate or long term outlook for different types of asset classes and styles,
3. Divergence in the performance of the different asset classes and styles

Portfolio Rebalancing

Since asset allocation is the most critical component of the Foundation’s returns, it is desirable to rebalance the portfolio periodically to minimize deviations from the Policy Asset Allocation mix. The Committee may rebalance the portfolio to achieve the Policy Asset Allocation at any time. However, the Foundation’s Endowment portfolio shall normally be rebalanced in the event any individual marketable asset class differs from policy ranges (minimum or maximum) by more than 20% of the target weight, but with a minimum deviation threshold of 3% of the total portfolio value.

The Consultant will inform the Foundation’s Administration at the close of any month in which rebalancing the portfolio is necessary. The Consultant, together with the Foundation’s Administration, will complete the rebalancing process and notify the Committee. The Consultant will assist the Foundation’s Administration as needed in implementing such rebalancing.

Permissible Investments

The target asset allocation of the Foundation is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed in Appendix A. The permissible asset classes are as follows:

- Domestic Large-Capitalization Equity
- Domestic Large-Capitalization Value Equity
- Domestic Large-Capitalization Growth Equity
• Domestic Large-Capitalization Quality Equity
• Domestic Mid-Capitalization Equity
• Domestic Small-Capitalization Equity
• Domestic Small-Capitalization Value Equity
• Domestic Small-Capitalization Growth Equity
• International Large-Capitalization Equity
• International Small-Capitalization Equity
• International Emerging Markets Equity
• Private Equity
• Domestic Fixed Income
• Global Fixed Income
• Inflation-protected Fixed Income
• High Yield Fixed Income
• International Emerging Markets Fixed Income
• Domestic and International Real Estate (including REITs)
• Absolute Return Strategies (including hedge funds)
• Natural Resource and Commodity Funds
• Cash Equivalents

**Investment Policies & Performance Goals for Investment Managers**

The following are performance goals and constraint guidelines placed on individual managers within specific asset classes:

**All Managers**

1. All managers shall demonstrate a reasonable match, or “fit”, with their respective index, as measured by acceptable $R^2$ and tracking error. $R^2$ ranges from 0 to 100 and reflects the percentage of a manager's movements that are explained by movements in its benchmark index.

2. Active managers may be terminated if tracking error is consistently out of policy and net performance is statistically indistinguishable from the benchmark return. The Investment Committee may want to maintain managers with tracking error because they may protect capital by being different than the index.

3. Index managers shall be terminated if tracking error is consistently out of policy.

4. No traditional manager shall be permitted to use margin or to otherwise leverage the portfolio, without the prior written consent of the Investment Committee. However, alternative managers (managers not considered to be un-leveraged and long-only in the fixed income and equity asset classes) are permitted to use margin or leverage the portfolio, without the Board’s consent, so far as their use of margin and leverage is consistent with their mandate.

**Domestic Equity**

1. The maximum weighting (cost basis) in any one company for active managers is 7%. This weighting applies only to those funds managed by a particular manager.

**DATE: JANUARY 2008**
2. The maximum allocation to cash, at any time, will be 15% unless written permission is communicated to the Consultant by the Committee.

3. Trading and Execution: Managers should execute trades on a competitive basis, considering both commission and market impact, as compared to relative size funds.

**Domestic Fixed Income**

1. The maximum weighting (cost basis) in any one security for active managers is 5%. This does not apply to U.S. government and agency issues. This weighting applies only to those funds managed by a particular manager.

**International Equity and Fixed Income**

1. The use of currency futures to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager, provided the hedging in any one currency will never exceed the market value of the assets in the currency. A detailed description of a manager’s currency strategy must be submitted to the Committee.

**Other**

- **Securities Lending:** Investment Managers may engage in securities lending to broker dealers as a means of enhancing income.
- **Related Party Transaction:** The Foundation will not loan funds to related parties defined as an officer, Trustee, Committee member, employee, or donor either current or prospective.

**Moral and Social Investing**

Securities purchased in the name of the Greenville College Foundation shall be selected with sensitivity to the mission, policies and standards of the Foundation. The Foundation, where practicable, has adopted a no-tolerance policy to tobacco, alcohol, gambling, pornography and abortion. Specifically, investment managers are instructed to avoid investing in companies whose primary revenues are derived from tobacco, alcohol, gambling, pornography and/or abortion operations. There may be instances; however, where such information may not be available for certain asset classes. In these cases, the Finance Committee will determine if investment in the asset class(es) is acceptable.

Securities which are received as gifts in trust or endowment and do not meet these qualifications or the investment goals and objectives outlined in this policy will be liquidated as soon as economically feasible, unless specifically prohibited by terms of the trust or endowment agreement.

**Other Non-Endowment Assets**

The Board may, from time to time, establish investment portfolios other than the Endowment Fund. Asset allocation and investment guidelines for these portfolios will be developed as needed and, when appropriate, in consultation with the donor.

**Procedure for Revising Guidelines**

All investment policies and performance goals will be reviewed annually or when deemed necessary by the Committee. In order to facilitate timely adjustments and rebalancing to the

**DATE:** January 2008
Foundation’s Policy Asset Allocation without undue delays, the Policy Asset Allocation may be revised with a majority vote of the Investment Committee.

**Reporting Requirement**

The Consultant will be responsible for the preparation of the reports concerning performance evaluation. These reports will comply with standards developed by the CFA Institute. While the assets will be monitored on a continuous basis, the Committee will focus primarily on the achievement of its objectives over a rolling three year time horizon. However, if any Investment Manager significantly changes management philosophy, personnel or ownership, a review will be conducted to determine if the Investment Manager remains appropriate for the Foundation’s purpose. The format of the Foundation’s performance evaluation reports shall be developed with input from the Committee.

**Conflicts of Interest**

All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any member(s) of the Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation’s custodian(s), Investment Manager(s), or Consultant(s) in the course of their services on behalf of the Foundation.
### APPENDIX A

**COMPARATIVE INDICES FOR INVESTMENT MANAGERS**

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>COMPARATIVE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic Equity</td>
<td></td>
</tr>
<tr>
<td>U.S. All-Cap Stocks</td>
<td>Wilshire 5000</td>
</tr>
<tr>
<td>U.S. Large Stocks</td>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>U.S. Large Value Stocks</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>U.S. Large Growth Stocks</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>U.S. Large Quality Stocks</td>
<td>Dividend Achievers Select</td>
</tr>
<tr>
<td>U.S. Mid Stocks</td>
<td>S&amp;P MidCap 400</td>
</tr>
<tr>
<td>U.S. Small Stocks</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>U.S. Small Value Stocks</td>
<td>Russell 2000 Value</td>
</tr>
<tr>
<td>U.S. Small Growth Stocks</td>
<td>Russell 2000 Growth</td>
</tr>
<tr>
<td><strong>International Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Int’l Large/Mid Stocks</td>
<td>MSCI EAFE</td>
</tr>
<tr>
<td>Int’l Small Stocks</td>
<td>S&amp;P Citigroup EMI-EPAC</td>
</tr>
<tr>
<td>Emerging Market Stocks</td>
<td>MSCI Emerging Markets Free</td>
</tr>
<tr>
<td><strong>Private Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>Lehman Aggregate Bond</td>
</tr>
<tr>
<td>Inflation-protected Fixed</td>
<td>Citigroup Inflation Linked Bond</td>
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<tr>
<td>High Yield Fixed Income</td>
<td>Citigroup High Yield</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>Citigroup World Bond</td>
</tr>
<tr>
<td>Emerging Mkt Bonds</td>
<td>JPM Emerging Mkt Bond</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>U.S. Treasury Bills</td>
</tr>
<tr>
<td><strong>Absolute Return</strong></td>
<td></td>
</tr>
<tr>
<td>*Real Estate (including REITs)</td>
<td>HFR Fund of Funds Index/CPI + 5%</td>
</tr>
<tr>
<td>Commodity</td>
<td>Dow Jones Wilshire REIT</td>
</tr>
<tr>
<td></td>
<td>Dow Jones AIG Commodity Index</td>
</tr>
</tbody>
</table>

*Includes both Domestic and International*
### APPENDIX B

**POLICY ASSET ALLOCATION PARAMETERS**

**Long-Term Growth**

<table>
<thead>
<tr>
<th>Current Allocation Parameters</th>
<th>Allocation Range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>50% to 75%</td>
</tr>
<tr>
<td>Risk Reduction Assets</td>
<td>10% to 40%</td>
</tr>
<tr>
<td>Inflation Protection</td>
<td>15% to 35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portfolio Components</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>Risk Reduction</td>
<td>Inflation Protection</td>
</tr>
<tr>
<td>US Equities</td>
<td>Fixed Income</td>
<td>Real Assets</td>
</tr>
<tr>
<td>International Equities</td>
<td>Absolute Return</td>
<td>Inflation Protected Fixed</td>
</tr>
</tbody>
</table>