

***THE REGIS HIGH SCHOOL
ENDOWMENT***

INVESTMENT POLICY

DECEMBER 16, 2008

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- Regis High School Endowment Portfolio Prescription

1. INTRODUCTION

This document establishes the Investment Policy (the "Policy") for the assets of the Regis High School Endowment (the "Fund"). The Regis High School Investment Committee (the "Investment Committee") is responsible for managing the investment process of the Fund in a prudent manner with regard to preserving principal while providing reasonable investment returns. This document has been approved by the Board of Trustees ("Board") upon the recommendation of the Investment Committee of Regis High School (the "School".)

This Investment Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Fund, which are described in the "Investment Objectives" section of this document. It is the intent of this Policy to be both sufficiently specific to be meaningful, yet flexible enough to be practical and enduring.

The Investment Committee has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

2. DUTIES AND RESPONSIBILITIES OF REGIS HIGH SCHOOL'S INVESTMENT COMMITTEE

The members of the Investment Committee will be appointed by the Board of Trustees and serve at the pleasure of the Board. Members may but need not be members of the Board of Trustees. The principles of the Bylaws of the School regarding committees of the Board of Trustees will apply to the functioning of the Investment Committee. The Investment Committee is not a formal committee of the Board of Trustees.

The Investment Committee may appoint a Chair from among its members, will hold meetings periodically, will keep minutes of its actions at such meetings and may act by unanimous consent in lieu of a meeting.

Responsibilities and objectives of the Investment Committee, as delegated by the Board, in the investment of assets of the Fund include:

- Developing a sound and consistent investment policy including asset allocation, diversification and rebalancing guidelines;
- Seeking to achieve an optimum level of return within specified risk tolerances;
- Seeking to ensure that current and future spending requirements are supported while also preserving the real purchasing power of the Fund, and providing support for capital investing needs as they arise;
- Selecting, maintaining, evaluating, and if necessary, discharging investment managers and consultants;
- Monitoring and evaluating results to help ensure that policy guidelines are being adhered to and that policy objectives are being met;
- Conducting an investment process that, while achieving the aforementioned objectives, minimizes the expense of such investment activities on the Fund.
- Supervising the staff of the School charged with day-to-day implementation of the policy.

The Investment Committee may act alone as Investment Advisor for the Fund or may elect to hire outside consultants to act as Investment Advisor and may delegate the responsibility for carrying out certain investment duties and responsibilities. The Investment Committee, either acting alone or through outside consultants, shall develop and maintain investment policies that will include the following: asset allocation strategy, selection and monitoring of investment managers, administration of investment-related operations, and compliance. If the Investment Committee

chooses an outside consultant or advisor, such outside consultant or advisor may serve as the primary contact with investment managers and custodians.

The President of Regis High School is charged with implementing and administering the policy under the direction of the Investment Committee. In addition, the Office of the President shall be responsible for maintaining the appropriate records regarding all fund assets.

3. DISCLOSURES AND CONFLICTS OF INTEREST POLICY

The Committee will generally not consider investments in funds or vehicles directly managed by a member of the Committee. In addition, a member of the Committee employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The Investment Committee recognizes however that certain exception to this policy may be appropriate. Such exception will be made only upon a majority vote of the disinterested members of the Committee.

Prior to or during consideration of any investment opportunity or investment manager by the Investment Committee, each member of the Investment Committee should disclose to the Committee if the member has or proposes to have (or is aware that a member of his immediate family has or proposes to have) an investment in the same investment opportunity or with the same investment manager and, if so, whether such investment is on different terms than the Fund would obtain.

Prior to or during consideration of any investment opportunity or investment manager by the Investment Committee, each member of the Investment Committee is obligated to disclose to the Committee any conflict or potential conflict relating to such investment opportunity or investment manager of which such member is aware. Potential conflicts of interest include such matters as the member is employed by or has a substantial financial interest in the organization that will manage the investment opportunity, the member or a member of his immediate family has a personal relationship or substantial business relationship with senior personnel of the investment manager or personnel involved in the investment opportunity or the member or a member of his immediate family would potentially receive any financial or personal benefit if the Fund makes an investment in the opportunity or with the manager.

For purposes of this Investment Policy Statement, the term "immediate family" of a person means such person's spouse or domestic partner, parents, children, siblings and the spouse or domestic partner of any of the foregoing and any other person living in the same household as such person.

As a matter of general policy, the Investment Committee will not engage an investment manager or make an investment in an investment fund where a member of the Investment Committee or a member of his immediate family is known to be associated with the investment manager through employment or significant ownership interest in or service relationship with the investment manager. Any exception to this policy will require ratification by the Board prior to the Fund making a commitment to the investment manager or investment opportunity in question. The policy is not intended to prevent an investment manager or investment fund utilized by the Fund from itself investing on a discretionary basis in or with an investment fund or investment manager with which a member of the Investment Committee is so associated. In addition, a member who has a conflict or potential conflict with regard to any potential investment decision must recuse himself from any vote on such matter.

The Investment Committee recognizes that the positive performance of the Fund has in the past been, and is expected to continue to be, due in substantial part to recommendations and introductions by the members of the Investment Committee or members of the Board to various investment managers and investment funds previously or currently utilized by such member. The

Investment Committee urges members to continue making such recommendations and introductions within the framework of the foregoing disclosure and recusal policies.

4. SCOPE OF POLICY

The Investment Policy contained herein applies only to those assets of the Fund over which the School has investment discretion, namely the primary endowment fund. The other provisions of this document apply with respect to all assets of the Fund.

Specifically, the Fund has other investment exposure through the Founders Fund, under custody of JP Morgan Chase. The Investment Committee will not be advising on the Founders Fund assets, but will consider those assets with respect to their effect on the Fund's overall portfolio allocation and risk exposure.

5. INVESTMENT STRATEGY

5.1 INVESTMENT OBJECTIVES

The investment strategy for the Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The investment objectives of the Fund are as follows:

- To achieve a total rate of return sufficient to provide for the ongoing educational mission and reasonable operational needs of the School in excess of annual income provided from other sources, and
- To achieve growth in the purchasing power of the Fund, net of distributions from the Fund to the school, expenses, and inflation.

Achievement of these objectives is subject to maintaining an investment risk profile for the Fund in the aggregate that is, in the judgment of the Investment Committee, not excessive in light of the objectives.

These financial objectives are based on a ten year investment horizon, so that interim fluctuations shall be viewed with appropriate perspective. The Investment Committee realizes that past investment performance is not a guarantee of future performance. Please refer to Section 5.2(e) Risk Tolerance for more detail.

The Investment Committee will review the investment objectives annually. It is not expected that the investment strategy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the investment strategy. However, it is possible that tactical adjustments may be made in response to short-term market circumstances.

5.2 SPECIFIC PREFERENCES/REQUIREMENTS

5.2(a) Distribution Policy/ Cash Flow Requirements

The spending rate of the Fund must be sustainable for the long term and must balance the dual needs of supporting current operational needs and preserving the value of the Fund and its income distribution in perpetuity. The amount to be distributed to the School from the Fund each year and the timing of such distributions will be determined by the Board. In the absence of specific direction from the Board, the Investment Committee will seek to manage the Fund so that approximately 5% of the Fund's assets are available to the School over the

course of the year. Accordingly, the Fund's investment policy is based on the assumption that the spending policy over the long term will average approximately 5% of its market value per year. In the shorter-term, and until notification by the Board, the School will require an annual distribution of approximately \$4.5MM to \$5.25MM, adjusted for inflation.

5.2(b) Time Horizon

The Fund should continue to grow in perpetuity and provide for the needs of the school and its students. The objectives of the Fund are based on a long-term investment horizon, so interim fluctuations should be viewed with appropriate perspective.

5.2(c) Taxes

The Regis High School Endowment Fund is a 501(c) (3) registered tax-exempt public charity for an educational institution, and all assets covered by this Investment Policy are endowment assets.

Investments in hedge funds should seek to mitigate any US withholding tax issues where possible and in an effort to avoid Unrelated Business Taxable Income ("UBTI"). However, there can be no guarantee that the portfolio will not generate UBTI.

UBTI is income or gain derived from a trade or business that is not substantially related to the educational purpose that is the basis for the Fund's tax exemption. Passive investment income, such as interest, dividends and capital gains, earned by the Fund is generally exempt from Federal income tax. However, investment income can be taxable as UBTI if derived from a controlled organization or from an investment that incurs debt-financed income. Debt-financed income includes income and gains from investments where there is acquisition indebtedness. Many alternative investments generate UBTI by incurring acquisition indebtedness through transactions such as the purchase of securities on margin. While not all hedge funds will generate UBTI, private placement memorandums almost universally are written such that there is no guarantee that they will avoid generating UBTI.

5.2(d) Risk Tolerance and Return Target

Given the Fund's cash flow requirements, and in order to maintain the Fund's purchasing power over time, the Fund will be managed consistent with a moderate level of risk tolerance. Over the long-term, the portfolio will need to return between 7% and 8%, on average, and the return of a more conservatively-positioned portfolio will typically not achieve the target level of return.

6. INVESTMENT AND PERFORMANCE STANDARDS

6.1 BENCHMARK SELECTION

In order to measure performance, each asset class, as well as the Fund as a whole, will be assigned an appropriate benchmark. Benchmarks for individual holdings and managers will be standardized. Asset class benchmarks will be customized to reflect exposure within that asset class. The overall portfolio benchmark will be customized based on the portfolio's asset allocation.

6.2 INELIGIBLE INVESTMENTS

Any mutual funds or other pooled asset portfolios that do not conform to the restrictions of the Investment Company Act of 1940 will be ineligible.

Separately, the Fund must not make "jeopardizing investments"; that is, the Fund's investment portfolio must not jeopardize the foundation's ability to fulfill its charitable mission. Per Modern Portfolio Theory and the Prudent Investor Rule, the merits of each asset will be regarded in relation to the others, and the portfolio is assessed in the aggregate. While the tax code does not strictly prohibit any particular categories of investments, certain types of investments may trigger closer scrutiny by the IRS. (Caution must be exercised with respect to the following types or methods of investments: Trading in securities on margin, trading in commodity futures, investments in working interests in oil and gas, the purchase of puts, call and straddles, the purchase of warrants, selling short, risk arbitrage, and certain investments in high yield bonds, hedge funds, distressed real estate, and international equities in third world countries where the entire principal of the investment could be at risk.)

In addition, the Investment Fund will seek to make investments that do not generate UBTI. Please see Section 5.2(c) for more information on Taxes and UBTI.

7. INVESTMENT PROCEDURES & IMPLEMENTATION

7.1 ASSET ALLOCATION TARGETS

The Investment Committee believes that allocation of the Fund's assets among various categories of investments is desirable and that the resulting diversification among assets and strategies whose returns are not similarly affected by particular economic, political, market or social developments will be beneficial to the ability of the Fund to achieve its investment objectives over the long term. The Investment Committee will accordingly seek diversification to provide a balance that should enhance total return while avoiding undue risk concentrations in any single asset category.

The Investment Committee will seek to diversify the assets of the Fund broadly across the following major asset classes:

- Cash
- Fixed Income
- US Equity
- Foreign Equity
- Hedge Funds
- Private Equity
- Real Estate
- Commodities

The Investment Committee will recommend for approval by the Board a target asset allocation and permissible asset allocation ranges for each asset class. The Investment Committee will monitor the continued appropriateness of the target allocation and the associated ranges and may from time to time recommend modification to the Board. Any changes to the target asset allocation and permissible ranges will be codified in a revised Portfolio Prescription, which will be signed and dated by a person authorized to provide direction to the outside consultant or investment manager. Any revised Portfolio Prescriptions will be addendums to this Investment Policy. The current asset allocation policy is attached hereto as Exhibit 1 ("Portfolio Prescription").

Separately, the Investment Committee will review consistency of the Fund's investments with the allocation ranges in effect at the time on a quarterly basis and, after making such allowance as the Investment Committee sees fit for fluctuations that appear to be short-term in nature, will adjust particular investments from time to time as necessary or appropriate to maintain the Fund's asset allocations within the parameters of such asset allocation ranges or will seek Board approval for a modification of the ranges.

7.2 IMPLEMENTATION AND MANAGER SELECTION

7.2(a) Consultants, Investment Managers, Investment Funds

The Investment Committee may, but is under no obligation to, engage outside consultants to make recommendations regarding investment strategies, investment manager and investment fund selection and asset allocation ranges relating to one or more portions of the Fund's investment portfolio or the Fund as a whole. The Investment Committee may authorize the engagement of investment managers to invest designated portions of the Fund on a discretionary basis (including in investment funds) in accordance with one or more investment strategies reviewed by the Investment Committee. The Investment Committee may also directly select investment funds in which to make investment. Although the Investment Committee will generally not make decisions to invest in particular securities (other than investment funds), it is authorized to do so and may in particular from time to time invest all or a portion of the Fund's cash and cash equivalents in securities chosen by the Investment Committee.

7.2(b) Evaluation and Selection

The Investment Committee or a consultant or investment manager engaged by the Investment Committee will evaluate each potential investment manager or investment opportunity in accordance with a variety of criteria, which include:

- Ability of the firm to assist the Fund in meeting its investment objectives
- Sufficient organizational depth and continuity of investment professionals,
- Existence of clear and effective decision-making systems,
- Historical growth of, and future plans for, assets under management,
- Compliance commitment and record,
- Consistency of investment strategy and risk adjusted results,
- Confidence that past track record can be repeated in the future,
- Reasonableness of fees and expenses, and
- Adequate reporting, administration and back-office support.

7.3 PERFORMANCE REVIEW

The Investment Committee shall provide the Board written statements setting forth an inventory of assets on a periodic basis, and performance reviews will be provided at least quarterly while balance sheet reports will be provided monthly. Investment performance will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives.

7.3(a) Manager Guidelines

Each manager retained by the Committee, or by the investment consultant on behalf of the Investment Committee, must utilize written investment guidelines that are representative of both its asset class and the manager's individual strategy. Guidelines will address such issues as: benchmark, permissible investments, liquidity, currency exposure, quality requirements, diversification parameters, cash level, use of leverage, derivatives usage, and shorting practices. Where investments are made in investment funds, the permissible investments will be governed by the related offering documents or fund agreements.

Each investment manager is expected to comply with the reporting requirements provided. Regular communication from investment managers concerning investment strategy, any significant changes in firm ownership, organizational structure, professional personnel, and account structure (e.g., number, asset size and account minimums) is expected.

7.3(b) Monitoring and Replacement

The investment managers and investment funds selected by the Investment Committee must report on a periodic basis, generally at least quarterly, in order to ensure that the Investment Committee will be able to review the investment performance of the manager or investment fund and of the Fund in the aggregate and will be able to make appropriate changes.

The investment managers will be responsible for keeping the Investment Committee advised of any material change in their personnel, investment strategy, or other pertinent information potentially affecting their performance.

Performance reviews will focus on:

- Comparison of investment results to appropriate benchmarks, as well as market index returns in the relevant asset class and in the general equity and debt markets.
- Investment adherence to this Investment Policy Statement and guidelines.
- Material changes in the investment organizations, such as in investment philosophy, personnel, acquisitions or losses of major accounts, etc.

The Investment Committee may increase or decrease the allocation of assets to, or terminate its relationship with, an investment manager or investment fund at any time in accordance with its agreement with the manager or fund.

8. PROTECTION OF MEMBERS

The School and its Board of Trustees recognize that the members of the Investment Committee serve without compensation out of their devotion to the School and consequently will indemnify each member to the maximum extent permitted by applicable law and will maintain insurance coverage for each member in respect of such member's acts and omissions in his capacity as a member of the Investment Committee in amounts considered appropriate by the Board of Trustees in consultation with the Investment Committee.