Statement of Investment Policy, Objectives, and Guidelines
Carolina Piedmont Foundation

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Carolina Piedmont Foundation.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Board of Directors of the Carolina Piedmont Foundation in order to:

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding for all involved parties of the investment goals and objectives of portfolio assets.

3. Offer guidelines and parameters to all investment Managers regarding the investment of portfolio assets.

4. Establish a basis for evaluating investment results.

5. Manage Fund assets according to the prudent investor rule which establishes fiduciary standards for fund management.

6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The Board of Directors of the Carolina Piedmont Foundation is responsible for directing and monitoring the investment management of the portfolio. As such, the Board of Directors is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:
1. Investment Management Consultant. The consultant may assist the Board of Directors in: establishing investment policy, objectives, and guidelines, selecting investment managers, reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

2. Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities, fixed income issues or cash that will be used to meet the Fund’s investment objectives.

The Board of Directors will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the portfolio as deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as investment manager and/or as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.

2. Reporting on a timely basis (bi-annually to the Executive and Finance Committees and annually to the full board) regarding investment performance results. The reports should also include capital gains, dividends and interest earned. The reports should reflect performance numbers for the current quarter, year to date, and total returns from creation of the relationship with the fund manager(s), including three and five year indices.

3. Communicating any major changes to the economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund’s investment management.
Informing the Board of Directors regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

The Board of Directors of Carolina Piedmont Foundation voted on September 21, 2006 to move all investments to the Spartanburg County Foundation. The pooling of our funds with the county foundation will allow us access to investment managers not available to us on a stand alone basis. Spartanburg County Foundation has invited the Carolina Piedmont Foundation to have one member of our investment committee attend all investment committee meetings of the Spartanburg County Foundation, in order to maintain an understanding of all investment policy decisions of the Spartanburg County Foundation. This attending investment committee member will have no voting power on the Spartanburg County Foundation's Investment Committee. The decision to maintain our funds with the Spartanburg County Foundation may be revoked at any time by the Carolina Piedmont Foundation Board.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Carolina Piedmont Foundation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the portfolio shall be:

1. Preservation of Purchasing Power – To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of portfolio assets. Risk control is an important element in the investment of Plan assets.

2. Long-Term Growth of Capital – To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

3. Liquidity – To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the aggregate Plan assets to meet or exceed: The total return of a balanced market index comprised of appropriate indices for equities, alternatives, and fixed income. The balance market index to be used should correspond to the current asset allocation of the fund.
The investment goals above are the objectives of the aggregate Plan, and are not meant to be imposed on each investment account (if more than one account is used). The goal of each investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Board of Directors that most closely corresponds to the style of investment management.

2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire plan.

**VOLATILITY OF RETURNS**

The Board of Directors understands that in order to achieve its objectives for portfolio assets, the portfolio will experience volatility of returns and fluctuations of market value. Board of Directors parameters for investments state that the portfolio could tolerate a maximum loss of 10% over any one year period, and achieve a minimum 8% compounded annual total rate of return over a five year investment horizon. Therefore, the Board of Directors supports an investment strategy that minimizes the probability of loss and/or total returns greater than that stated above. However, it realizes that the portfolio’s return objective is its primary concern. There is, of course, no guarantee that the portfolio will not sustain losses greater than those stated herein.

**Asset Allocation Guidelines**

Investment management of the assets of the Portfolio shall be in accordance with the following asset allocation guideline:

1. Aggregate Fund asset Allocation Guidelines (at market value)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>60%</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>Alternatives</td>
<td>10%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Cash and Equivalents</td>
<td>0%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

2. The Board of Directors may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such
investment managers will receive written direction from the Board of Directors regarding specific objectives and guidelines.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Board of Directors will periodically provide investment managers with an estimate of expected net cash flow. The Board of Directors will notify the investment consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

MARKETABILITY OF ASSETS

The Board of Directors requires that all assets which are invested in marketable securities must be ones that can be transacted quickly and efficiently for the Fund, with minimal impact on market price.

INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
   • Treasury Bills
   • Money Market Funds
   • Commercial Paper
   • Banker’s Acceptances
   • Repurchase Agreements
   • Certificates of Deposit

2. Fixed Income Securities
   • U.S. Government and Agency Securities
   • Corporate Notes and Bonds
   • Mortgage Backed Bonds
   • Preferred Stock
   • Collateralized Mortgage Obligations

3. Equity Securities
   • Common Stocks
   • Convertible Notes and Bonds
   • Convertible Preferred Stocks
   • American Depository Receipts (ADRs) of Non-U.S. Companies

4. Mutual Funds
   • Mutual Funds which invest in securities as allowed in this statement
5. **Hedge Funds**

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

**INVESTMENT POLICY REVIEW**

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Directors plans to review this investment policy at least annually.

This statement of investment policy is adopted on 11/14/06 by the Executive Committee of the Carolina Piedmont Foundation.

Witness

Vice President for Finance
John S. Poole

Witness

President
Tommy Young

Carolina Piedmont Foundation
Investment Committee
Investment Policy
Rev 10/19/06