
STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES

The American Institute of Architects Louisiana Chapter was founded in 1943 as a non-profit association with a commitment to organize and unite in fellowship the members of the architectural profession; promote the aesthetic, scientific and practical efficiency of the profession; advance the science and art of planning and building by advancing the standards of architectural education, training, and practice; coordinate the building industry and the profession of architecture to ensure the advancement of the living standards of people through their improved environment; and make the profession of ever increasing service to society. The Board of Directors has established a policy of investing assets (the "Investment Fund") so as to preserve and enhance the real value of the principal and to provide the Association with a dependable source of revenue to support its programs.

The Investment Subcommittee has adopted, and the Board of Directors (the "Board") has approved, the following policies and standards.

Investment Objectives and Policies

Financial Objectives

The primary, long-term investment objective of the Investment Fund is to preserve the real (adjusted for inflation) purchasing power of the assets and income. Specifically, the Association seeks to ensure that the present value of the existing funds grow at a rate that will exceed inflation while generating a predictable stream of spendable income as determined by the Board. The investment priorities of the Association are:

1. Capital Growth
2. Protection of Principal
3. Sufficient Income commensurate with safety of principal
4. Preserve Purchasing Power

The investment objective is to achieve a total annual return equal to or greater than the spending rate plus the rate of inflation over the long term. Total rate of return takes into consideration interest and dividend income, plus realized and unrealized gains. It is recognized that the real return objective may be difficult to attain in every five-year period. This performance is judged on rolling 3- and 5-year terms

For purposes of this requirement the Investment Subcommittee will use the U.S. Consumers Price Index as published by the Department of Labor as the definition of inflation.

The Board of Directors of the Association shall establish the amounts to be distributed from the Investment Fund.

Permissible Asset Classes

The Investment Fund will be diversified by both asset class and investment style. The purpose of diversification is to limit the specific risk associated with any single security or class of securities. The Investment Committee periodically reviews the overall asset allocation of the Investment Fund to ensure appropriate diversification.

Asset Allocation

To achieve its investment objective, the Investment Fund shall be divided into two parts: an Equity portion & Fixed Income portion. It should be noted that the division of the Investment Fund by asset class need not necessarily be related to the division of assets to investment managers. The purpose of dividing the Investment Fund in this manner is to ensure that the overall asset allocation between these three major asset classes (Equity, Fixed Income & Cash) remains under the regular scrutiny of the Investment Committee and is not necessarily determined by the total sum of separate manager decisions.

Target Asset Mix Table

Asset Class	Min Wt.	Target Wt.	Max Wt
Large Capitalization Equities	15%	25%	45%
Mid Capitalization Equities	0%	5%	10%
Small Capitalization Equities	0%	5%	10%
International Equities	25%	35%	55%
Fixed Income	20%	30%	50%

Equity & Fixed Income Manager Guidelines

Equity Managers

The performance of all equity managers will be compared to their appropriate benchmark. Investment managers of the Equity Portion will be expected to produce, in combination, a cumulative annualized total return, net of fees, that exceeds the S&P 500 index over 3 and 5 year rolling time periods and that exceeds the median of all similarly managed equity funds. Each equity manager's quarterly performance will be compared to an appropriate peer group. All equity managers are expected to perform at or above the 50th percentile of their respective peer group over rolling 3 and 5-year periods.

The investment objective of common stocks is to provide for both long-term capital appreciation and growth in current income. A primary objective of the Equity Portion is to achieve a net annual return that equals or exceeds the CPI plus. A secondary objective of the Equity Portion is to outperform (net of fees) the S&P 500.

Domestic equity manager(s) may select equities from the New York, American and Regional Stock Exchanges, or the NASDAQ markets.

Managers are prohibited from investing in private placements, letter stock, and options; or from engaging in short sales, margin transactions or other specialized investment activities. It is expected that no assets will be invested in securities whose issuers have filed a petition for bankruptcy.

The international equity manager(s) should maintain the international portion of the Fund at a risk level equivalent to the international markets as a whole. The return objective is to exceed the results of the MSCI Europe, Australia, and Far East (EAFE) index over a three- and five-year time period net of fees. Equity holdings may be selected from the major European, Canadian, Asian, Latin American, South America, Africa and Australian exchanges.

The above guidelines give the equity manager(s) full responsibility for security selection and diversification. The Manager(s) also will have full discretion over turnover and allocation of equity holdings among selected securities and industry groups, within the limits described above.

Fixed Income Managers

Managers of fixed income portfolios are expected to produce returns, that equal or exceed the Barclays Agg Bond Index over the 5 year rolling time period. The manager's quarterly performance will be compared to an appropriate peer group. The fixed income manager's performance is expected to be at or above the 50th percentile of the respective peer group over rolling 3 and 5-year periods.

The investment objectives of fixed income instruments are to provide a hedge against deflation, to provide a consistent rate of current income and to provide diversification of the investment fund's assets.

1. Investments in securities of a single issuer (with the exception of the U.S. Government and its agencies) must not exceed 5% of the market value without permission of the Investment Subcommittee.

2. Only corporate debt issues that are of investment grade may be purchased.

Managers are prohibited from investing in private placements, and from speculating in fixed income, or interest rate futures, or related derivative securities.

Within the above restrictions, Managers have complete discretion over timing and selection of fixed income securities.

Rebalancing

The Custodian is given direction by the Association's Board of Directors to carry out rebalancing of the Investment Fund's assets, in conformance with the asset allocation above, no more

frequently than quarterly. Rebalancing will be performed when the allocation to an asset class violates either the minimum or maximum commitment. Portfolios will be rebalanced to the target allocation.

Cash and Equivalents

The investment objective of cash equivalents is to provide adequate liquidity for investment reserves and current operations and, from time to time, to serve as substitutes for other asset classes for defensive purposes in adverse investment conditions.

Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the account's principal value. All such assets must represent maturities of one year or less at time of purchase. Commercial paper assets must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively. Managers also may not invest more than 5% of the account's market value in the obligations of a single issuer (without the specific approval of the Investment Subcommittee), with the exception of the U.S. Government and its agencies. Within the limitations mentioned above, Managers have complete discretion to allocate and select short-term cash and equivalent securities.

Monitoring Objectives and Results

- If at any time an Investment Manager believes that any policy guideline inhibits investment performance, it is the manager's responsibility to clearly communicate this view to the Board.
- Investment Managers are required to inform the Director of Finance and investment consultant immediately of any significant changes in firm ownership, organizational structure, disability, incapacity or temporary absence of any professional personnel, account structure, or fund investment philosophy. Additionally, each Investment Manager is charged with immediately reporting, in writing, any pertinent changes or adverse regulatory developments (including SEC deficiency letters) regarding the manager's firm or personnel to the Board and the investment consultant.
- Portfolios will be monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations. Portfolios will be reviewed by the Investment Committee on a continuing basis, but the results will be evaluated over rolling three and five year periods. However, the Investment Committee will regularly review managers in order to confirm that the factors underlying performance expectations remain in place.
- The custodian shall issue monthly account statements of the transactions and holdings of the each managed account. These will also be made available to the Foundation's consultant. The Investment Manager(s) will issue quarterly reports and will be available for regular meetings with the Board as desired (at least annually) to review the status of the account and the Investment Manager's performance compared to objectives. The reports of all Investment Managers shall utilize the custodian's security pricing.

CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments of the ongoing performance of an Investment Manager may be made. With this in mind, the following are adopted:

If, at any time, any one of the following is breached, the Investment Manager will be warned of the Board's serious concern for the Investment Fund's continued safety and performance.

- Loss by the Investment Manager of any senior investment personnel.
- Any change in basic investment philosophy by the Investment Manager.
- Failure to attain a sixty percent (60%) vote of confidence by the Board.
- Failure to observe the investment restrictions of the Investment Fund.

This shall in no way limit or diminish the Board's right to terminate the Investment Manager at any time with or without cause.