

November 20, 2008

STATEMENT OF INVESTMENT POLICY

FOR

**SAINT MICHAEL AND ALL ANGELS
FOUNDATION OF DALLAS**

**SAINT MICHAEL AND ALL ANGELS FOUNDATION OF DALLAS
("FOUNDATION")**

INVESTMENT POLICY

**Section I. Duties of the Investment Committee of the Trustees of the Foundation
("Committee")**

The Committee shall have the following duties:

1. To recommend to Trustees for approval:

(a) investment objectives for the Foundation's funds, investment strategies to achieve such objectives and investment quality standards (including modifications as appropriate to this Investment Policy and the Range, as defined below, for each asset class), and

(b) one or more investment managers (the "Investment Manager").

2. To pursue objectives and implement strategies, and to negotiate, engage and communicate, with Investment Managers approved by the Board of Trustees.

3. In consultation with the Investment Manager, to review regularly, and modify as appropriate, the Target, as defined below, for each asset class.

4. To review regularly the Foundation's investments, the allocation of assets, and the performance of Investment Manager, and to make reports of such, when appropriate, to the Trustees.

5. To review at least annually, the Foundation's investment quality standards, objectives and strategies, and recommend appropriate revisions to the Board of Trustees.

Section II. Investment Philosophy and Strategy

The investment philosophy, responsibilities, and strategy for the Foundation are as follows:

1. Investment Philosophy

The investment philosophy of the Foundation is to preserve, protect and enhance the corpus, while providing a sustainable flow of funds to support the mission of the Foundation. To implement this investment policy, the Trustees have approved the following investment strategies and procedures.

2. Investment Strategy

The investment strategy for the Saint Michael and All Angels Foundation of Dallas' portfolio has been developed through an evaluation of alternatives reviewed by the Trustees and represents a consensus of input from the Committee, the Trustees, and the Investment Manager.

Among the factors considered in the development of this investment strategy are:

The Saint Michael and All Angels Foundation of Dallas' primary investment goals;
Investment risk;
Rate-of-return objective;
Investment return time horizon;
Role of different asset classes;
Spending policy; and
Asset allocation.

a. Primary Investment Goals

The Saint Michael and All Angels Foundation of Dallas' primary investment goals are to preserve, protect and enhance the corpus of the portfolio and optimize the investment returns in excess of inflation within acceptable levels of volatility. In particular, the Foundation has set the following total return investment goal: total returns over an investment return time horizon that exceed the sum of (i) inflation, plus (ii) distributions required by the Foundation's Total Return Policy (currently 1% per calendar quarter). The Committee may establish from time to time specific per annum return goals (e.g., a set percentage per annum) consistent with the above-referenced total return investment goal.

b. Inflation-Adjusted-Rate-of-Return Objective

Consistent with the Primary Investment Goals, above, the Trustees have adopted an investment strategy that will target a real rate of return (a return in excess of inflation) for the total portfolio of 4% over the Investment Return Time Horizon. Due to market fluctuations, the investment results may vary over the short term; and, therefore, it is important that the real rate of return be measured over the investment return time horizon.

d. Investment Return Time Horizon

In making investment decisions and in evaluating long-term investment returns, the Foundation will focus on a long-term investment time horizon of at least ten years. However, individual Investment Manager performance will be evaluated over shorter periods (e.g., one-, three-, and five-year periods).

e. Role of Different Asset Classes

In the Foundation's portfolio, equities and alternative investments (if appropriate) will be used to generate returns in excess of inflation and participate in overall economic growth, while fixed income securities and other assets will provide diversification and interest income. Professional, active portfolio management will be used to achieve competitive investment results over the long term. Cash equivalents can be used during market conditions that warrant accumulation of reserves for future purchases of equities, fixed income securities, other suitable investments, or for other liquidity purposes.

e. Asset Allocation

The most important component of an investment strategy is the portfolio asset mix, or the allocation among various asset classes available to the Foundation for investment purposes. The Trustees will monitor and change the asset allocation mix in conjunction with the advice and recommendations of the Investment Manager.

Section III. Investment Guidelines

The Foundation's assets may be invested in separately managed accounts, commingled (mutual) funds, or individual securities, if appropriate. The Foundation's portfolio will be broadly diversified in order to minimize the risk of large losses in a single asset class. Permissible investments include:

- (1) Domestic Equities;
- (2) International/Global Equities;
- (3) Alternative Investments
- (4) Fixed Income Securities; and
- (5) Other Investments approved by the Trustees.

The Foundation has established (i) a maximum investment percentage and minimum investment percentage ("Ranges") within each of the above asset classes, and (ii) target investment percentages ("Targets") for each of the above asset classes. The Ranges, which are set forth on Appendix A, are intended to be absolute limits on the portfolio, but may be amended from time to time with the approval of the Trustees after consultation with the Investment Manager. The Targets, which also are set forth on Appendix A, are intended only as a guide for day to day investment decisions, and may be amended from time to time by the Committee after consultation with the Investment Manager.

The Trustees shall select only (a) investment advisers registered under or exempt from the Investment Advisers Act of 1940 and whose investment performance is audited or audit-verifiable and/or (b) mutual funds registered under the Investment Company Act of 1940, which have audited financial statements and investment performance data.

1. Domestic Equities

The equity portion of the Foundation's portfolio will be invested in one or more professionally managed individual separate accounts and/or in commingled or mutual funds.

2. International/Global Equities

International investment managers, by definition, invest outside the U.S., while global investment managers seek opportunities around the world and sometimes have holdings that include domestic companies. .

3. Alternative Investments

While the Foundation acknowledges the fact that alternative investments such as hedge funds, hedge fund of funds and private equity are intended for qualified investors and that the Foundation under current guidelines is too small to invest in this asset class, it also recognizes that alternative investments may add diversification to traditional investment strategies, potentially improving the total investment returns. When appropriate and when properly qualified by size and other securities law, the Foundation may seek to review alternative investment strategies. In general, such investments should stress capital preservation, the use of non-correlated assets, and a high degree of diversification.

4. Fixed Income

The Foundation's portfolio's fixed income assets will be diversified for stability of principal and acceptable interest rate and credit risk. Either a separate account manager or commingled funds can be utilized to implement the strategy.

5. Prohibited Transactions

The following transactions are prohibited without specific approval from the Trustees.

- (a) short sales;
- (b) purchases and sales of put or call options except for hedging transactions;
- (c) purchases on margin (borrowing against the securities in the account);
- (d) purchases of derivative investments for speculative purposes;
- (e) purchases of tax-deferred or tax-free securities;
- (f) purchases of unregistered securities; and
- (g) investments that would cause the percentage investment in any asset class to fall outside the Range for such asset class.

Section IV. Investment Policy Implementation

1. Meetings

The Committee shall meet twice a year to review the investment strategy and investment performance. Additional meetings will be held as needed.

The Committee will deliver a quarterly investment performance report provided by the Investment Manager for the Trustees' review.

2. Performance Evaluation

On a quarterly basis, the Trustees will review individual managers' investment performance and the investment performance of the total portfolio for the Foundation over the Investment Return Time Horizon. Investment performance will be evaluated on a total-rate-of-return basis using time-weighted rates of return. Individual managers' investment performance will be evaluated relative to the other managers' performance with similar investment styles (peer group analysis) as well as published indices.

Appendix A

Targets and Acceptable Ranges of Investments

	Target (%)	Range (%)
Domestic Equities	40	20 - 50
International Equities	30	20 - 40
Alternative Investments	0	0 - 20
Fixed Income	30	15 - 45