

Investment Policy Statement
For
The Morehouse School of Medicine Endowment Fund
And
Short-Term Operating Account

August 18, 2009

Table Of Contents

I. Introduction	2
II. Responsibilities of the Endowment Representatives	2
III. Responsibilities of the Investment Managers.....	4
IV. Objectives.....	4
V. Constraints	5
VI. Investment Strategy.....	6
VII. Asset Allocation Strategy	9
VIII. Performance Evaluation.....	10
IX. Meetings and Communication with the Investment Managers	10
X. Guidelines for Corrective Action	11
XI. Short-Term Operating Account	12
XI. Approval	14

I. Introduction

Information about Morehouse School of Medicine and the Purpose of the Funds

Morehouse School of Medicine

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Primary Contact Mrs. Donnetta S. Butler
..... *Vice President of Finance & CFO*

Board of Trustee Contact..... Mr. Felker W. Ward, Jr.
..... *Chairman, Finance & Investment Committee*

Endowment Assets.....\$54,000,000
(As of 12/31/08)

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives of the Morehouse School of Medicine (“Endowment”). Since this document is intended to provide guidelines for the Finance & Investment Committee, (herein referred to as the “Committee”) the investment managers and the investment consultant responsible for managing the Endowment’s assets, it outlines certain specific investment policies which will govern how these goals are to be achieved. This statement:

- Describes an appropriate risk posture for the investment of the Endowment's assets;
- Specifies the target asset allocation policy;
- Establishes investment guidelines regarding the selection of investment manager(s), permissible securities and diversification of assets;
- Specifies the criteria for evaluating the performance of the Endowment's investment manager(s) and of the Endowment portfolio as a whole;
- Defines the responsibilities of the Committee, the consultant, the investment managers, and other parties responsible for the management of the Endowment’s assets.

The Committee believes that the investment policies described in this statement are dynamic in nature and hence, need to be updated with agreed upon frequency to reflect the Endowment's current financial status, and the Committee’s philosophy regarding the investment of assets and changes in the capital markets.

II. Responsibilities of the Endowment Representatives

The Committee

As a fiduciary, the primary responsibilities of **the Committee** are:

- Prepare and maintain an investment policy statement;
- Prudently diversify assets to meet an agreed upon risk/return profile;
- Prudently select and approve the investment options, and the investment consultant;
- Approve investment managers recommended by investment consultant that match the objectives of the endowment;
- Monitor the investment consultant(s), investment managers and supervise all service vendors;
- Control and account for all investment, record keeping and administrative expenses associated with the accounts;
- Avoid prohibited transactions listed in this IPS and avoid conflicts of interest pertaining to the endowment;
- Review at least annually all costs associated with the management of the Portfolio's investment program and control, if necessary.

The Investment Consultant

The Investment Consultant retained by the Committee has the following responsibilities:

- Assist the Committee in strategic investment planning for the Endowment. This includes providing assistance in developing an investment policy, recommendations on asset allocation strategy, rebalancing and portfolio structure;
- Provide written performance reports quarterly of accounts under advisement;
- Assist in the selection of investment manager(s) /funds;
- Meet with the Committee quarterly or on an agreed upon frequency to review performance, attribution analysis of individual managers and the portfolio as a whole, suggest recommendations, and implement approved changes to the portfolio structure;
- Annually report on the organizational structure and financial stability of the investment managers
- Provide a listing of all portfolio holdings at least annually for review by the Committee.

The Custodian

The Custodian is responsible for the safekeeping of the Endowment's assets. The specific duties and responsibilities of the custodian are:

- Maintain separate accounts by legal registration;
- Value the holdings;
- Collect all income and dividends owed to the Endowment;
- Settle all transactions initiated by the investment manager;
- Provide monthly reports that detail transactions, cash flows, securities held and their current marked to market value, and change in value of each security and the overall portfolio since the previous report.

III. Responsibilities of the Investment Managers

The following guidelines apply to investment managers.

Fiduciary Responsibilities

Each investment manager is expected to manage the Endowment's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and in accordance with applicable laws. This would include discharging responsibilities with respect to the Endowment's that are consistent with the "Prudent Investor" standards, and all other applicable fiduciary responsibility provisions and regulations. The Endowment's assets will be managed by investment management personnel/firms as determined by the Due Diligence area of the Investment Consultant's firm.

Each investment manager shall:

- Maintain adequate fiduciary liability insurance and bonding for the management of this account equal to the value of the assets that are under management;
- At all times maintain registration as an investment adviser under the Investment Advisers Act of 1940 (where applicable);
- Acknowledge in writing that they are a fiduciary with respect to the assets they manage.

Proxy Voting

Absent delegation to another service provider, each investment manager is responsible and empowered to exercise all rights, including voting rights that are acquired through the purchase of securities, where practical. The investment manager(s) shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Committee upon request.

IV. Objectives

Investment Objectives

The Endowment's assets should be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Endowment, the Committee has taken into account the time horizon available for investment, the nature of the Endowment's cash flows and liabilities, and other factors that affect the Endowment's risk tolerance. Accordingly, the investment objective of the Endowment is Capital Appreciation. This investment objective emphasizes long-term capital appreciation as a primary source of return.

Return Objectives

Policy Benchmark: It is desired that the Endowment produce an absolute total annualized rate of 8.5% net of expenses over a five year period and to exceed the return of the benchmark index on a risk adjusted basis. This benchmark or "*policy index*" is a blend based on the policy allocation targets and benchmarks listed in section VII.

Risk Tolerance

Given the relationship between risk and return, a fundamental step in determining the investment policy for the Endowment is the determination of an appropriate risk tolerance.

The Committee examined their risk tolerance by the following relevant factors.

Positive factors that contribute to a higher risk tolerance are:

- (1) The long-term time horizon available for investment;
- (2) There is no finite liability that must be funded.

Offsetting these factors include:

- (1) Any material losses to the portfolio that could cause the Committee to dramatically change the Endowment's willingness to accept risk.

Based on these factors, the Committee chose a risk profile of moderately aggressive. This profile is for investors who are willing to take a fair amount of risk. Primary emphasis is on achieving portfolio appreciation over time. Investors using this model should be willing to assume a high level of portfolio volatility and risk of principal loss. A typical portfolio will have exposure to various asset classes but will be primarily weighted towards equities.

V. Constraints

Time Horizon

The Endowment has an infinite investment time horizon since the institution is expected to exist in perpetuity.

Liquidity Requirements

The long-term spending policy of the Endowment is to make available an amount equal to 5% of a rolling 3-year average of the Endowment's market value as of the beginning of each fiscal year. The Committee recognizes that there is a reasonable probability that over certain short-term periods the total return earned by the Endowment may not keep pace with this rate of spending on a real return basis. However, this investment strategy has a higher likelihood of earning a return sufficient to maintain or grow the purchasing power of assets, net of spending and inflation. Spending is expected to be further funded by additional contributions to the Endowment.

Tax, Legal / Regulatory and Unique Considerations

The Endowment is an investment vehicle of Morehouse School of Medicine. The Endowment is subject to the Uniform Prudent Management of Institutional Funds Act.

Socially Responsible Investment Guidelines

Investment managers will not invest in securities of companies or governments whose policies and practices are in conflict with the moral teachings of Morehouse School of Medicine... Specifically, each investment manager will screen the universe of available investments to avoid investing in securities of companies that:

Derive more than twenty-five percent of their revenue from the production or distribution of **alcohol or tobacco products**; it is acknowledged that there are other activities, i.e. environmental abuse, conventional weapons production, etc. that may be contrary to the moral values of the Endowment and should therefore be avoided. In the interest of not unduly burdening the investment managers with analysis not directly related to their function, however, the responsibility for monitoring issues on a regular basis, not less than annually, will rest with the Committee. The Committee will review portfolio holdings on a regular basis, not less than annually, to assess whether any portfolio holdings may be inconsistent with these Socially Responsible Guidelines. The Committee shall review any suspect holdings with the investment manager(s) to determine any appropriate action, which may include instructing the investment manager(s) to liquidate the holding.

VI. Investment Strategy

Selection Criteria for Investment Managers

Investment managers selected by the Investment Consultant and approved by the Committee should be chosen using the following criteria:

- The investment size, style, geography and investment discipline of the investment manager;
- Past performance, while not a guarantor of future performance, can be considered relative to other investments having the same investment objective. Consideration should be given to both consistency of performance, the level of risk taken to achieve results and the upside/downside capture of broad market performance by the manager;
- How well the investment manager's investment style or approach complements other investment managers in the portfolio;
- Level of experience, financial resources, and staffing levels of the investment manager;
- An assessment of the likelihood of future investment success, relative to other opportunities;
- How consistent an investment manager is to the style for which they are hired;
- Reasonableness of expense ratios/fees;
- Stability of the organization;

Security Selection/Asset Allocation

- Except as noted below, each investment manager shall have the discretion to determine their portfolio's individual securities selection;
- The Endowment's portfolio is expected to operate within an overall asset allocation strategy defining the portfolio's mix of asset classes. This strategy, described below, sets

a long-term percentage target for the amount of the portfolio's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations;

- The asset allocation strategy for each investment manager's portfolio can deviate from the overall Endowment's asset allocation, however, the Committee is responsible for monitoring the aggregate asset allocation, and may direct the Investment Consultant to re-balance to the target allocation annually or on an agreed frequency.

Diversification Requirements

The primary method to reduce risk of the Endowment is diversification through asset allocation. By allocating assets in different asset classes, the portfolio can reduce risk from avoiding concentration as well as reduce risk from the low-correlation to market movements between different asset classes.

Each Investment Manger has discretion in regards to security selection and allocation within their respective portfolio. Unless otherwise noted below, under normal market conditions, each investment manager is expected to be invested consistent with their investment style as described in any relevant investment management agreement with the selected investment advisor(s). During an initial period of the relationship after being retained, the investment manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

To minimize the risk of large losses, each investment manager shall maintain adequate diversification as determined by the Investment Consultant's due diligence, in their portfolio. Subject to the constraints outlined in this investment policy, and in their investment management agreement with the Endowment, each investment manager shall have the discretion to determine their portfolio's individual security selections.

Derivatives and Structured Products

The Committee understands that derivatives and structured products can be used to efficiently reduce the risk of the portfolio and to expand the return opportunities. However, they can also increase risk of the portfolio. Before an investment manager uses any security other than standard securities (exchange trade common stock; coupon bearing bonds and cash equivalents), the security, derivative or structured product must be explained to and approved in writing by the Committee.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these investment vehicles carry special risks. The fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior

investment returns. The fund(s) may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn. Permitted alternative investments are: hedge funds, commodities, private equity and real estate. Investments in fund of fund vehicles that are diversified by investment style and typically utilize multiple investment managers within a fund should be emphasized. However, investment in single managers is allowed.

Cash and Equivalents

It is generally expected that the investment manager will remain fully invested in securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the custodian's money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Committee and the Investment Consultant by the investment manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

Exclusions

The Endowment's assets should not be invested in the following unless agreed to by the Committee. (Unless used by approved hedge funds or specifically approved in writing by the Committee):

- Purchases of letter stock, private placements, or direct payments;
- Private placement convertible issues, also known as "144A" convertible securities;
- Commodities transactions unless by managers approved for that strategy;
- Puts, calls, straddles, or other option strategies (unless used to hedge an open position in order to reduce risk, or close the hedge, or to generate income through covered call writing);
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments by the investment manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Committee);
- Investments in futures or investments in any derivatives not explicitly permitted in this policy statement (unless used to hedge an open position or close a hedge);
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Committee.

Investment Transactions

Each investment manager's primary responsibility shall be to seek to obtain best price and execution for the Endowment. Execution capability, price and overall effectiveness should be considered, along with commission rate.

VII. Asset Allocation Strategy

In line with the Endowment's return objectives and risk parameters, the mix of assets should be generally maintained as follows (percentages are of the market value of the Endowment's investments):

Asset Class	Minimum	Target Average	Maximum	Benchmark
Large Cap Equity	5.00%	22.5%	40.00%	Russell 1000
Small Cap Equity	0.00%	2.5%	5.00%	Russell 2000
Foreign Equity/EAFE	5.00%	12%	25.00%	MSCI EAFE Index
Emerging Markets	0.00%	3.00%	7.00%	MSCI Emerging Markets
Core Fixed Income	20.00%	28.50%	35%	L US Aggregate Bond Index
Cash Equivalents	0.00%	1.50%	10.00%	Citigroup 3-month T-Bill
Hedge Funds	0.00%	10.50%	15.00%	CSFB/Tremont Hedge Fund Index
Private Equity	0.00%	10.50%	15.00%	Dow Wilshire Micro Cap
Commodities	0.00%	6.00%	10.00%	Dow AIG Commodity Index
Real Estate/REIT's	0.00%	3.00%	7.00%	Dow Wilshire REIT (full-cap)

Asset Class Totals	Minimum	Target Average	Maximum
Total Equity	10%	40%	70%
Total Fixed Income	10%	28.5%	50%
Total Cash Equivalents	0%	1.5%	10%
Total Alternative Investments	0%	30%	40%

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Endowment's asset allocation, the aggregate asset allocation will be monitored; and the Committee may rebalance the Endowment to the target allocation on an annual or on an agreed frequency basis. To achieve the rebalancing of the Endowment, the Committee may re-direct contributions and disbursements from individual investment managers as appropriate, in addition to shifting assets from one investment manager to another and /or introducing a new asset class or investment manager.

VIII. Performance Evaluation

As noted above, the Committee and the Investment Consultant will monitor the Endowment's performance on a quarterly basis. The Committee will evaluate the Endowment's success in achieving the investment objectives outlined in this document over a three- to five-year time horizon that is usually attributed to a full market cycle.

The Endowment's (and investment manager's) performance should be reported in terms of rate of return and changes in dollar value. At the time of retention, the Committee and investment manager(s) will agree to appropriate benchmark(s). The returns should be compared to appropriate market indexes for the most recent quarter and for annual and cumulative prior time periods. The Endowment's asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after five quarters of performance history have accumulated. An attribution analysis should also be performed by the Investment Consultant, to evaluate how much of the Endowment's investment results are due to the investment managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "policy index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

IX. Meetings and Communication with the Investment Managers

- As a matter of course, each investment manager should keep the Committee and the Endowment's Investment Consultant apprised of any material changes in the investment manager's outlook, investment policy, and tactics.
- The investment managers should discuss with the Investment Consultant any significant changes in corporate or capital structure and brokerage affiliation or practices, which, if material, should be communicated by the Investment Consultant to the Committee.
- Each investment manager should be available on a reasonable basis for telephone communication when needed. Also each investment manager is asked to be available for a face-to-face meeting with the Committee annually to discuss their performance and other pertinent issues such as their compliance with our socially responsible investment guidelines.
- Any material event that affects the ownership of each Investment Management firm or the management of this account must be reported promptly to the Committee and the Endowment's Investment Consultant.

The Endowment's Investment Consultant will provide written performance reports to the Committee not less than quarterly for assets under advisement.

X. Guidelines for Corrective Action

The Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes and hence, can consider direction from the Investment Consultant. The Committee, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account. Failure on the part of the investment manager to notify the Committee or the Investment Consultant may be grounds for termination;
- Any material client servicing deficiencies, including a failure to communicate in a timely fashion significant changes as outlined in Section XI of this investment policy;
- Violation of terms of contract without prior written approval of the Committee constitutes grounds for termination;
- Diversification is an important part of the overall asset allocation strategy, therefore, it is important that investment managers remain consistent with the intended investment style at that time the manager was engaged;
- The Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, The Committee will allow a sufficient interval of time generally up to two years over which to evaluate performance. The Committee expects that the Investment Consultant will provide guidance to it to determine an appropriate length of time. The investment manager's performance will be viewed in light of the firm's particular investment style and approach, keeping in mind at all times the Endowment's diversification strategy as well as the overall quality of the relationship;
- The investment manager may be replaced at any time as part of an overall restructuring of the portfolio. The Committee reserves the right to terminate an investment manager for any other reason in accordance with any applicable investment management agreements.

XI. Short-Term Operating Account

The following applies for Security selection and diversification for the Short-Term Operating Account. The investment objective is capital preservation and risk profile is conservative.

Purpose:

The purpose of the Operating Account is to provide sufficient cash to meet the financial obligations of Morehouse School of Medicine in a timely manner.

Investment Objectives

The investment objectives are as follows:

- Preservation of Capital

- Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The portfolio should consist of securities with an active secondary or resale market.
- To optimize the investment returns consistent with the above:

Allowable Investments:

Domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. corporations, Yankee bonds and notes (bonds or notes issued by non-U.S. based corporations and governments but traded in the U.S.), securitized mortgages (e.g. GNMA's, FNMA's, FHLMC's), collateralized mortgage obligations, commercial mortgage backed securities, asset-backed securities, taxable municipal bonds..

Federally-Insured Certificates of Deposit, money market mutual funds, repurchase agreements backed by U.S. government securities

Commercial Paper rated A-1/P-1 by Standard & Poor's and Moody's

Banker's Acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

Mutual Funds: SEC registered mutual funds holding solely composed of the above types of investments.

Diversification:

No more than 5% of cost of the fund may be in securities of any one issuer with the exception of obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreement collateralized by obligations of the U.S. Government, its agencies and federally insured certificates of deposit.

Fixed income securities should be rated "BAA" (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency. The minimum dollar weighted average quality of the portfolio is "A".

Maturity:

The weighted average duration of this portfolio should be 3.5 years. With the exception of treasury securities, no issuer should constitute more than 5% of the portfolio.

Benchmark:

The policy index shall be the Merrill Lynch 1-3 year Corporate & Government Index and the accepted level of volatility will be consistent with this index.

Management will include both passive and active strategies. This portfolio may be used for time-to-time as collateral for loan for operational purposes.

Reporting:

The Committee and the Investment Consultant will monitor the short-Term Operating Account's performance on a quarterly basis.

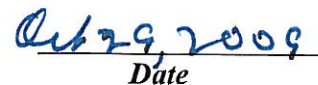
XII. Approval

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Committee and other parties interested in the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Committee when they determine that the aggregate deviation does not constitute a material departure from the spirit of this investment policy.

It is understood that this investment policy is to be reviewed periodically by the Endowment to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.


Chairman of the Finance & Investment Committee


Date