GUIDELINES related to the investment strategy, philosophy, asset allocation and duties of the Foundation thereto are written, reviewed and amended from time to time by the Foundation Investment Committee, as overseen by the Trustees of the Foundation, in consultation with the Finance and Investment Committee of the Boy Scouts of America.

General

The policy of the Foundation is to effectively facilitate the opportunity for donors to make lifetime or testamentary gifts as may be considered most effective for each donor on a case by case basis. The Foundation’s preference is to only accept gifts it holds direct ownership over and that it has monetary control over and shall be further governed as follows:

1. The actions and decisions of all parties directly or indirectly associated with the management of any Foundation fund shall at all times be conducted without conflict of interest and in a prudent manner.

2. The Standard of Investment for the Foundation in making investments shall be to exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the investment.

3. The investment objectives, allocations and strategies of the BSA Finance and Investment Committee shall serve as a benchmark to consider for Foundation investments, but shall not be considered binding upon the Foundation’s own Investment Committee.

4. The Foundation intends to use the Boy Scouts of America Asset Management Company (BSAAM), as well as State Street Global Advisors, for its investment and management services, unless the nature of a particular fund or the express objectives and wishes of a donor who establishes a qualified, individually managed trust or fund, shall otherwise warrant (see below).

5. Assets invested in the BSA Commingled Endowment Fund, LP (the “LP”) managed by BSAAM shall be subject to the Policies and Procedures of the LP and exempt from the Policies and Procedures of the Foundation.
6. Limited gift restrictions will be considered, if such restrictions are deemed to be recommendations rather than requirements, and if, in the sole judgment of the Foundation Investment Committee, the restrictions are reasonable and in the best interest of the Foundation.

7. The Foundation will invest all gifts in one of the following options, as may be further defined elsewhere as needed:

   a. The Foundation’s standard asset allocation mix, used for the majority of its funds.

   b. An alternative investment option, pre-approved by the Foundation Investment Committee, such as those currently utilized by the BSA through State Street’s SSARIS program, or other similar options pre-approved by the Foundation Investment Committee.

   c. A specific investment advisor or investment fund recommended by the donor but not already used by the Foundation at the time of the gift, provided that;

      i. The gift is a minimum of $1,000,000, and

      ii. The Foundation Investment Committee approves the recommendation.

The Committee may use whatever resources are needed to consider and evaluate the recommendation and a written gift agreement with the donor will govern such investments. The final authority for all such investments and decisions remains with the Foundation.

   d. A trust, investment account or fund held by an unrelated third party to the Foundation. This option to use an “outside trust” is the only one available to donors who want personal control over investments and investment decisions, or who want to use investment options or advisors that were not approved by the Committee. Donors are encouraged to make irrevocable the BSA’s financial interests in all third-party funds or trusts, and to execute with the Foundation a Letter of Intent clarifying the Foundation’s expected interest in such funds or trusts.

**Investment Objectives**

The investment objectives to help accomplish the policies of the Foundation are to:

- Seek a steady stream of income from its investments;
Preserve the value of the principal, where possible;
- Generate investment returns with risk consistent with those of peer institutions and commonly accepted investment practices.

**Investment Philosophy and Strategy**

The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power or real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment objectives require a disciplined and consistent management philosophy that accommodates investment opportunities that are reasonable and profitable. In general, unless specifically and reasonably requested by a donor, Foundation assets are to be invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted.

**Investment Duties and Responsibilities**

The Board of Directors of the Foundation shall appoint an Investment Committee to set and implement strategies within existing approved investment guidelines, conduct or hire such parties to conduct oversight and evaluation of trustees, custodians, funds and fund managers and other aspects of investment responsibility as may be required from time to time.

**Asset Allocation**

The investment objective is to produce a steady stream of income while preserving the real value of principal. The Foundation seeks to keep risk to market levels and achieve a minimum 5% real rate of return over a full market cycle. To reduce risk and maximize return, modern portfolio theory suggests diversification of the fund into multiple asset classes. Historical returns and capital market theory suggests an asset class mix that meets a 5% real return objective with minimum risk is:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equities</td>
<td>30-40%</td>
</tr>
<tr>
<td>Non-US Equities</td>
<td>10-20%</td>
</tr>
<tr>
<td>Real Estate Equity</td>
<td>5-15%</td>
</tr>
<tr>
<td>Investment Grade Fixed Income</td>
<td>18-26%</td>
</tr>
<tr>
<td>High Yield Fixed Income</td>
<td>5-15%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>2-8%</td>
</tr>
</tbody>
</table>

The Foundation adopts these ranges as the policy asset allocation and allows for approximately plus or minus 3% allocation deviation from each asset class range. Cash will be utilized only for operational purposes unless it is clearly prudent to maintain a cash position in the portfolio.
Asset Class Structure

Implementation of the asset allocation will utilize low cost index funds to the degree possible in order to minimize asset management expenses.

Investment Guidelines

The composition of the securities within each asset class will be consistent with and replicating the characteristics of their respective indices.

Investment Performance Objectives

The standards against which performance of the total fund will be measured are the policy portfolio benchmarks, as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Weight</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equity</td>
<td>30%</td>
<td>Wilshire 5000 Index</td>
</tr>
<tr>
<td>Non-US Equity</td>
<td>21%</td>
<td>MSCI EAFE Index</td>
</tr>
<tr>
<td>Real Estate Equity</td>
<td>12%</td>
<td>Wilshire REIT Index</td>
</tr>
<tr>
<td>Investment Grade Fixed Income</td>
<td>25%</td>
<td>Lehman Aggregate Bond Index</td>
</tr>
<tr>
<td>High Yield Fixed Income</td>
<td>12%</td>
<td>CS First Boston High Yield Index</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>5%</td>
<td>HFRI FOF Conservative Index</td>
</tr>
</tbody>
</table>

Performance Reporting

Total fund and asset class investment performance will be provided by staff to the Foundation’s Investment Committee at each committee meeting, with the Committee reporting performance to the Board of Directors at least annually.

Charitable Remainder Trusts

Recognizing the wide range of payout profiles of these trusts, they shall be exempt from the asset allocation requirements listed above. The trustee shall be responsible for creating asset allocation targets specific to each situation, taking into account the unique requirements of each payout structure.

Hedge Funds

The purpose of this statement of Hedge Funds policy is to define the strategic role of the asset class within the general statement of investment policy and to set forth the policies and strategies of the investment of the asset class.
Assumptions and Goals
1. Provide diversification to the equity and fixed income asset classes.
2. Reduce overall risk (variability of returns/standard deviation) of portfolio.

Objectives and Policies
1. Achieve a net-of-fee return in excess of the return of the HFRI Fund of Funds Conservative Index with similar or lesser risk.
2. Invest only in “funds of funds” in order to limit exposure to single managers or strategies and to provide diversification.
3. Since Hedge Funds seek to provide diversification by investing in strategies that do not correlate directly with traditional equity and/or fixed-income investments, investment strategies may include, but are not limited to:
   - Statistical Arbitrage
   - Bayesian Modeling
   - Momentum Trading
   - Debt-Equity Financing
   - Equity Market Neutral
   - Convertible Arbitrage
   - Distressed Securities
   - Fixed Income and Merger Arbitrage
   - Equity Long/Short
   - Global Macro
   - Short Selling
   - Commodities and Futures
   - Structured Credit Products
   - Special Situations
4. The above referenced strategies may include, but are not limited to, investments (directly or indirectly) in the following: common and preferred stocks, options, warrants, convertible securities, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, mortgage-backed and mortgage-related securities, real estate, bonds (both investment grade and non-investment grade, including high yield debt, distressed or other securities) and other assets. Strategies may utilize short selling and leverage.

5. Hedge Funds are less transparent than traditional investments and liquidity in such investments is significantly limited. Liquidity constraints, including lock-up provisions and redemption or withdrawal fees, are recognized when making allocations to such investments.

Monitoring and Controls

The returns for the asset class and individual managers are reported to the Investment Committee on a quarterly basis.