Statement of Investment Objectives, Policies and Guidelines for the Lutheran Legacy Foundation

TRADITIONAL FUND

(This Traditional Fund Statement is also used for Charitable Remainder Trusts)

Introduction & Backgrounds Information

This investment policy statement is intended to identify the long-term risk and return objectives and to provide guidelines, limitations, and directions for the investments of the Lutheran Legacy Foundation (LLF).

LLF is organized to provide financial assistance to churches and religious organizations. LLF will establish and manage endowments and other charitable giving instruments for churches, religious organizations and individuals. LLF will steward permanently and temporarily restricted funds in accordance with the client's charitable requests, and unrestricted funds will be administered to advance the causes of charitable entities.

The Board designates the Investment Committee (The Committee) as day-by-day Stewards for the Foundation. The Investment Committee shall be responsible for recommending the investment policy for approval by the Board and for observing the management of the investments of the Foundation in accordance with that policy. It is the Committee's intent to review this document on a regular basis as we realize changing circumstances could require modification.

It is the objective of the Committee to make sound and prudent decisions concerning the assets of the Foundation. In accordance with that objective the Board has employed the services of a professional manager. The Investment Manager for Foundation assets is appointed by the Committee and shall apply the guidelines listed in this investment policy. This document is intended to clearly establish the roles and responsibilities of the Committee, and its Investment Manager.

It is expected that the assets of the Foundation will be invested by the manager with the care, skill, prudence, and diligence under circumstances that a prudent person acting in a like capacity and familiar with such matters would use in the investment of assets of institutions of like character and with like aims.

The investment policy statement is divided into five sections:

Section I **The Investment Responsibilities** are the responsibilities of the Committee, and the Investment Manager, so that sound and prudent decision can be made.

Section II **The Investment Objectives** are the desired results and ones that cannot be guaranteed. We have focused on investment objectives relative to inflation where possible.

Section III **The Investment Policy** can be controlled and monitored. It is through policy selection that we hope to optimize the likelihood of meeting objectives. The principal component of policy, as we define it, is asset mix or the percentage of assets invested in various classes of securities.

Section IV **The Investment Guidelines and Restrictions** are the parameters within which we, as fiduciaries, and our Investment Manager will operate in executing the investment policy and monitoring of our program.

Section V **The Review Procedures** are policies that define the scope and depth of monitoring the Investment Manager against quantifiable objectives as defined in the Investment Policy and Investment Guidelines.

SECTION I-INVESTMENT RESPONSIBILITIES

Committee -Lutheran Legacy Investment Committee
Investment Manager – Marks Group Wealth Management

It is the common objective of the Committee and its Investment Manager to make sound and prudent decisions concerning the assets of the Foundation. To this end;

The Committee believes its responsibilities are to:

1. Develop reasonable and consistent investment guidelines and objectives for the investment of Foundation assets and to review this policy on an annual basis;

2. Monitor and evaluate investment results on an ongoing basis to assure that the policy guidelines are being adhered to and that the objectives are appropriate;

3. Select service providers (e.g., custodian, administrator, investment managers, analysts and/or consultants) to be used, as needed, to assist in carrying out the duties and responsibilities of the Committee and to monitor the fees and performance of service providers;

4. Discharge its duties solely in the interest of the Foundation and its clients

5. Document the decisions of the Committee.

The Investment Manager is expected to:

1. Help in the development and review of the appropriateness of objectives, policies, and guidelines.

2. Provide (or procure) custodial services for Foundation assets.

3. Provide the Board with portfolio reporting sufficient to complete and file all tax, legal, or other documents related to the portfolio.

4. Actively manage the allocation of the portfolio.

5. Provide risk and return measures.

6. Monitor and evaluate fund characteristics and replace investments when appropriate.

7. Provide quarterly trade rationale.

SECTION II-INVESTMENT OBJECTIVES

The Committee believes the achievement of investment returns should be viewed in a long-term context. It also recognizes that rates of return are volatile on a year-by-year basis and that achievement of the investment objectives will not progress uniformly over time.

The primary objective is growth relative to the Consumer Price Index (CPI). The Committee expects the Foundation to achieve the following objectives over a complete market cycle. Our investment objectives are as follows:

Return Type

Relative	The investments of the Foundation should produce a total return (net of expenses) meeting or exceeding the median return from a universe of investors with similar asset allocations.
Real	The Foundation's total net return should equal or exceed an average annual "real" rate of return of 4%. The "real" return is defined as a return above rate of inflation as measured by the CPI.
Benchmark	The total net return of the Foundation is expected to meet or exceed the performance of the composite benchmark on a three- to five-year annualized basis. The components of the benchmark are defined in Section III – Investment Policy. These components will be weighted according to the policy mix also outlined in Section Ill

SECTION III - INVESTMENT POLICY

The Traditional Fund is built around the well-known 60% equites, 40% fixed income strategy for portfolio construction. The assets of the Foundation are diversified to minimize the risk of large losses. Managers are expected to maintain diversified portfolios, and asset mix ensures exposure to the major asset classes.

The assets will be invested approximately as follows:

Asset Class	Target Asset Mix	Range
Equities	59%	45% - 65%
Fixed Income	39%	30% - 50%
Cash & Equivalents	2%	2% - 20%

Under normal circumstances, equities will consist of approximately 30% exposure to the S&P 500, 5% to the Russell 2000, 10% to the Russell Mid-cap index and 15% to the MSCI EAFE index. Fixed income will normally be indexed to the Barclay's 1-5 year Corporate Bond index, and Cash & Equivalents will normally be indexed to the Citi 90-day T-Bill.

The Investment Manager recognizes the volatility of the capital markets and monitors the portfolio and rebalances as appropriate without attempting to time the market.

SECTION IV -INVESTMENT GUIDELINES

Investment guidelines are the parameters within which the Committee should operate in executing policies and strategies relative to the Foundation. Review procedures represent the manner for controlling this process.

Risk Guidelines

For the Foundation as a whole, the portfolio risk level (as measured by standard deviation) should not be greater than 110% of the composite benchmark on a three- to five-year annualized basis.

These guidelines will be monitored by the Committee and the Manager.

Asset Restrictions

Because these accounts are subject to strict regulation under IRC Section 664© the following restrictions apply:

1. No assets may be purchased that will generate unrelated business taxable income (UBTI).

2. No investments may be purchased through the use of a margin account, nor may any investments be purchased which use margin accounts.

3. These accounts will not enter into any agreements which could be defined as self-dealing, such as extending credit to or from disqualified persons.

4. The LLF will not directly own real estate, limited partnerships, other illiquid assets, or any investments that generate a K-1. Any such assets contributed in kind to the LLF will only be accepted with written permission from the Board and under normal circumstances will be promptly sold and the resultant monies will be invested in appropriate investment categories as defined by the document.

5. The LLF will not purchase any options, futures, or future contracts. Nor will the LLF be involved in short sales in any manner.

SECTION V - REVIEW PROCEDURES

On a regular basis, the Committee will meet to discuss for the Foundation:

1. The appropriateness of the objectives, policies and guidelines set forth in this Statement.

2. The achievement of objectives and the adherence to policies and guidelines.

3. Amendments to the objectives, policies, and guidelines presented in this Statement.

4. The reasonableness of vendor fees associated with the Foundation.

Consistent with the objectives, policies, and guidelines as set forth, the Committee will review regularly various comparative information on the ETF & Mutual Fund Managers which may include but are not limited to the following:

1. Return v. Assigned Benchmark
2. Risk vs. Assigned Benchmark
3. Attribution of Return
4. Peer Group Universe Comparisons
5. Style Consistency
6. Significant changes in personnel or organizational structure

Any party may call more frequent meetings if significant concerns arise about any ETF and Mutual Fund Manager's performance, strategy, personnel, organizational structure or any other relevant factors relating to the welfare of the Fund.