



The Citadel Foundation
*INVESTMENT AND DISTRIBUTION POLICY**

Adopted April 22, 1995
Amended April 26, 2008

*This policy consists of a revision of the 1987 Investment Policy and includes the incorporation of the Foundation's distribution policy describing how TCF grants to The Citadel are determined.

INTRODUCTION

The general purpose of The Citadel Foundation Investment Plan is to provide a framework for the management of assets consistent with the principal goal of the Foundation to provide funding for academic enrichment at The Citadel.

Professional investment management of Foundation assets began in 1981 when the sale of The Daniel Building in Greenville, South Carolina, generated a considerable amount of cash. The Board of Directors decided then to transfer formal asset management to several investment management firms on a contractual basis.

The Investment Plan is arranged as follows:

- Background: Traces the evolution of the Foundation's asset management process from the inception of TCF (formerly The Citadel Development Foundation).
- Definitions: Definitions of commonly used abbreviations, terms, and phrases.
- Goals: Defines the goals of the Plan which, together with the expected capital market environment and other considerations, determines investment policy.
- Assignment of Responsibilities: Describes the responsibilities of the individuals and groups appointed by the Board to assist the Board in carrying out its investment responsibilities.
- Distribution Policy: Describes the method of determining the amount of annual grants to The Citadel.
- Fund Structure: Provides a statement of investment policy, including guidelines pertaining to asset mix.
- Guidelines: Specifies guidelines for investment managers and for the selection, evaluation, and dismissal of investment managers.

The parameters and guidelines contained in this Investment Plan are intended to be sufficiently flexible to accommodate a broad range of events in the capital market environment, as well as new developments in investment practices and technology. The Investment Plan is subject to change and as new information becomes available, the Plan will be periodically reviewed and revised as prevailing conditions warrant.

BACKGROUND

Although The Citadel Development Foundation (currently The Citadel Foundation) was chartered in 1961, it was not until 1964 that the acquisition of funds was sufficient to justify the retention of a trustee for the safekeeping and management of these funds. The C & S Trust Department was retained for this purpose. Between April 1964 and January 1966, an Investment Committee evolved and was given discretionary power over the Foundation's investments in consultation with the trustee. In September 1966, the treasurer reported capital of \$88,676.

Three years later, the Investment Committee was requested by the Board of Directors to formulate an investment philosophy which, for the next several years, was to be primarily concerned with the preservation of capital and modest growth. In keeping with these objectives, CDF investments during the 1970s were slowly shifted to fixed income instruments. In 1977, the Board formally adopted the following Investment Principles and Objectives:

1. Preservation of principal
2. Production of reasonable income
3. Production of sufficient appreciation to offset inflation

In 1981, the sale of The Daniel Building in Greenville, South Carolina, created a large cash surplus, and consequently, in April the Board authorized the use of professional investment counselors for the management of the Foundation's assets.

In June of that year, \$14,624,726 was placed with two independent investment managers. Concurrently investment guidelines, objectives and restrictions were implemented allowing for investment in marketable equity and fixed income securities.

In the years following, the Board of Directors approved a number of changes in the investment management firms and the investment guidelines, objectives, and restrictions.

During 2001, the Foundation's Board of Directors, in conjunction with The Citadel's Board of Visitors, agreed to consolidate all fundraising at the college under the umbrella of a newly named organization--The Citadel Foundation.

DEFINITIONS

1. **CDF** - The Citadel Development Foundation.
2. **TCF** - The Citadel Foundation. (The Foundation)
3. **Fund** - Assets of The Citadel Foundation.
4. **Board of Directors** - The governing board of The Citadel Foundation.
5. **Investment Committee** - A committee of the Board of Directors with responsibility for oversight of the investment process.
6. **Investment Manager** - Any individual, or group of individuals, employed to manage the investment of all or part of the Fund assets.
7. **Mutual Fund** - As defined and regulated under the Investment Company Act of 1940.
8. **Investment Management Consultant** - Any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
9. **Securities** - The marketable investment securities, which are defined as acceptable in this statement.
10. **Investment Horizon** - The time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this fund is 20 years.
11. **Total Return** - The sum of interest, dividends, and capital gains, both realized and unrealized, less commissions and fees.
12. **Real Return** - - The sum of interest, dividends, and capital gains, both realized and unrealized, less commissions, fees and inflation.

GOALS AND OBJECTIVES

The goal of the Investment and Distribution Plan is to support, at the discretion of the Board of Directors, educational programs and activities that are of significant value to The Citadel and for which state appropriated funds are not available.

Consistent with the expectation that The Citadel and TCF will exist in perpetuity, grants to be made to The Citadel in the future are as important as grants made today.

Annual contributions to TCF are considered to be additions to the Fund and are not a part of the Net Total Return from which grants and TCF expenses are funded.

In order to best serve The Citadel now and in the future, the goal of TCF investment and spending practices is to maintain and increase the purchasing power of annual grants and at the same time dampen their volatility.

It is the Foundation's objective to optimize the total return of funds invested consistent with prudent risk taking, recognizing that The Citadel Foundation will live in perpetuity and that a time frame of twenty years is appropriate to meet the Foundation's objectives.

The investment objective of The Citadel Foundation is to earn an average annual total return of at least 10% per year over the long term and a 5% average annual real rate of return. Attainment of this objective will enable the Foundation to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy.

A secondary investment objective of the Fund is to outperform over the long term (defined as rolling five-year periods) a blended custom benchmark based on a current asset allocation policy of: 25% Russell 3000; 20% T-Bills X 2; 15% Venture Economics (50% Buyout & 50% Venture); 20% MSCI-World Ex-US Index; 5% Lehman Aggregate; 5% NCREIF Real Estate Index; and 10% CPI + 6%.

A third investment objective is to rank in the top quartile of the NACUBO universe of college and university endowment returns over the long term.

ASSIGNMENT OF RESPONSIBILITIES

The Board of Directors of The Citadel Foundation is responsible for the investment of Fund assets. The Board delegates certain responsibilities to professional experts in various fields.

The roles of the Foundation's Investment Committee and the external investment managers, custodian, and consultant are intended to be mutually complementary, with the Committee being responsible for implementing Board policy, and the Investment Managers responsible for the direct investment of the assets allocated to them. The Board, at its discretion may utilize, single or multiple entities to execute the following functions:

- **Investment Managers:** The investment managers have the authority consistent with these guidelines to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
- **Investment Management Consultant:** The consultant assists the Board of Directors in the establishment of investment policy, objectives, and guidelines; selecting investment managers and mutual funds; reviewing such managers and mutual funds over time; measuring and evaluating investment performance; and other appropriate tasks.
- **Custodian:** The duties of the financial asset custodian will include, but not be limited to, the following:
 - Holding publicly traded securities in street name at the Depository Trust Company, The Federal Reserve or other approved and appropriate depositories.
 - Collecting, in a timely fashion, all dividends, interest, returns of capital, and any other distributions of or from the Foundation's assets.
 - Settling and reporting all transactions or changes occurring with respect to Foundation assets.
 - Providing timely statements that include the following:
 - Asset valuation
 - Cash flow analysis
 - Dividend & interest income received
 - Deposits and withdrawals
- **Investment Committee:** The Investment Committee is the standing committee of the Board of Directors given responsibility for the general oversight of the investment process. **This Committee makes recommendations to the Board but only acts with Board approval.**

DISTRIBUTION POLICY

The annual distribution from the Fund (including grants to The Citadel and all expenses incurred in operating TCF) is to be a percentage of assets as described in Addendum "B" of this plan. The Board of Directors may need to adjust this percentage from time to time in order to maintain the long-term growth of the Fund as investment returns fluctuate.

In order to reduce the fluctuation in the amount of the distribution to The Citadel, the amount of annual spending is calculated using a five-year moving average of the value of the Foundation's corpus determined at December 31 of each year.

In order to assist the Board in monitoring the real growth in value of the Fund, the Investment Committee will annually submit the report shown in Addendum "C". Note that contributions to the Fund by alumni and others are considered to be additions to the Fund's corpus, and not income to the Fund.

FUND STRUCTURE

Asset Deployment

The asset allocation decision is considered to be the most critical decision in fund management since it has the greatest potential impact on the future returns of the Foundation's managed assets.

The portfolio may be diversified among cash equivalents, fixed-income securities, equities, alternative investments, real assets, and real estate. The allocation among these asset categories will be reviewed at least annually, and will be approved by the Investment Committee and Board of Directors as an addendum to this policy statement. (see Addendum "E") This asset allocation addendum as approved by the Board of Directors sets forth allocation ranges among which the Investment Committee will have the authority, with the approval of the Board of Directors, to set, reset or delegate the actual amounts to be invested, reinvested, or not invested in each asset class. This authority will also include the use of investment approaches that combine asset classes (*e.g.*, equities and bonds in an asset allocation approach; or a multiple equity fund or pool combining large cap, small cap, international, etc.; and other such combinations which may meet the objectives of TCF).

Commingled Funds and Limited Partnerships

In recognition of the benefits of commingled funds and limited partnerships as investment vehicles (*i.e.*, the ability to diversify more extensively than in a small, direct investment account), the Foundation may elect to invest in such funds from time to time. The Committee recognizes that they cannot give specific policy directives to a commingled fund, or limited partnership with pre-established policies, including, without limitation, choice of asset class or length of time commitment; therefore, the Committee will assess and monitor the investment policies of any funds selected by the Committee to ascertain whether they are appropriate for investment by The Citadel Foundation.

GUIDELINES

INVESTMENT MANAGERS AND INVESTMENT MANAGEMENT CONSULTANT

Purpose

This statement is for the use and guidance of investment managers responsible for the assets of The Citadel Foundation.

General

The managed assets of The Citadel Foundation are held for the purpose of generating net total return sufficient to make grants annually to The Citadel for the enhancement of its academic programs and to bear the ongoing operating expenses of the Foundation.

The purpose for which these funds are allocated are: annual grants to the college; endowed professorships; special funding authorizations that are not considered a part of the request submitted each year by the college; and the Foundation's operating expenses.

Foundation Responsibilities

The Foundation's assets are to be administered in accordance with the South Carolina Uniform Management of Institutional Funds Act §34-6-60, which states:

“In the administration of the powers to appropriate net appreciation, to make and retain investments, and to delegate investment management of institutional funds, members of a governing board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. In so doing they shall consider long and short term needs of the institution in carrying out its educational, religious, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investment, price level trends, and general economic conditions.”

Investment accounts of the portfolio are to be diversified "so as to minimize the risk of large losses, unless under circumstances it is clearly prudent not to do so."

In order to ensure appropriate asset balance, the Foundation may direct funds to or from investment managers.

In carrying out its fiduciary responsibilities, the Foundation will carefully select, evaluate, and retain professional investment managers and monitor manager activities and performance, preferably over a three to five year cycle. The Foundation recognizes that, in certain instances, it may be necessary to commit to minimum time commitments in order to access certain investment opportunities, and the Foundation may make such commitments when the benefit of the opportunity makes such a commitment advisable.

Investment Manager Responsibilities

With respect to Foundation assets entrusted to it, the investment manager has complete investment discretion for all investment decisions, including without limitation retaining other investment managers for portions of the assets being managed, unless otherwise specified.

The investment manager has the responsibility of voting all proxies in the best interest of the Foundation.

Investment Managers will report, on a timely basis, quarterly investment performance results.

Investment Managers will communicate any major changes to economic outlook, investment strategy, or any other factors that affect the implementation of each manager's investment process.

Investment Managers will inform the Board of Directors regarding any qualitative change in investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, *etc.*

Investment Manager Investment Policy

Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

Risk Management - Understanding that risk is present in all types of securities and investment styles, the Board of Directors recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are expected to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with their given investment style and objective.

Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Asset Allocation Policy

The single most important investment decision is the allocation of endowment funds to various asset classes. The primary objective of The Citadel Foundation's asset allocation policy is to provide a strategic mix of asset classes that produces the highest expected investment return within a prudent risk framework.

Each asset class should not be considered alone, but by the role it plays in a diversified portfolio. Diversification among asset classes has historically increased returns and reduced overall portfolio risk. How asset classes relate to each other is the key to making asset allocation decisions within the context of overall endowment risk and return.

As stated earlier, a core fundamental investment belief of The Citadel Foundation is to maintain a bias toward equity investments, which produce higher long-term returns. In addition, the endowment's long time horizon is well suited to exploiting illiquid, less efficient markets that offer higher potential returns.

With these basic tenets in mind:

- equity bias – increases returns
- diversification – reduces risk
- long time horizon,

The Citadel Foundation has decided to allow investment in the following asset classes:

Domestic Equity: Publicly traded U.S. stocks are a core asset of institutional portfolios with long-term investment horizons and modest liquidity constraints. The objective of the Domestic Equity portfolio is to generate high returns and high liquidity through consistent exposure to common stock investments. The domestic equity portfolio will contain both a passive core and an active investment strategy. The passive core is meant to provide low-cost exposure to the U.S. equity market. The passive core or Beta exposure will primarily be achieved through the use of swaps on the S&P 500 Index. The portfolio seeks to generate incremental returns through its active investment strategy. The active investment strategies will include both long/short and long only managers. The primary benchmarks for the Domestic Equity portfolio are the Russell 3000 and the S&P 500.

International Equity: Publicly traded common stock of predominantly established international markets. It is thought that these markets will potentially generate higher returns than the U.S. market as foreign economies are expected to grow more rapidly in the future and the markets are less efficient. In addition, international equities' moderate correlation to the U.S. markets enables them to serve as a diversifier.

The objective of the International Equity portfolio is to generate high returns with moderate liquidity and to provide a diversification benefit. The international equity portfolio takes an active investment approach due to the less efficient nature of the markets which should generate higher returns than a passive core. From time to time investment managers will seek to gain exposure to international markets through the use of swaps on the MSCI EAFE Index. The primary benchmark for the International Equity portfolio will be the MSCI-World ex-U.S. index.

Opportunistic: Illiquid investments in both private and public companies both domestically and internationally. These investments include venture capital, buyouts, oil and gas, high yield, and subordinated debt. The opportunistic portfolio's objective is to earn higher returns than the public equity markets over the long term. This portfolio invests in highly illiquid positions and should generate higher returns as compensation for that illiquidity. A secondary objective of the opportunistic investments is to provide diversification. The portfolio's strategy is to invest in a select number of funds managed by the highest quality management teams, usually organized as limited partnerships.

Managers are sought who have proprietary deal flow and whose experience enables them to bring strategic, operational, or technical expertise to a transaction in addition to financial acumen and capital. The portfolio is diversified across categories and investment stage. The opportunistic portfolio's primary benchmark is the Venture Economics Private Equity venture capital and buyout benchmarks, weighted 50% each.

Absolute Return Strategies: Managers specializing in event-driven strategies such as merger arbitrage and distressed securities, convertible arbitrage, and global macro strategies that have low correlations to any other asset class. The objective of this asset class is to generate high, equity-like returns without assuming significant exposure to the domestic and international equity markets. The portfolio's liquidity will be moderate, less than that of the traditional public equity portfolios, but more liquid than the opportunistic portfolio. This portfolio will focus on areas and strategies where value added by active management can contribute a substantial portion of the return. Diversification among strategies will be wide in order to dampen the portfolio's overall volatility. The primary benchmark for this asset class will be 2 X Treasury Bills.

Real Assets: Real Assets represent claims on future streams of inflation-sensitive income, supplying protection against unanticipated inflation and playing an important diversifying role in the portfolio. Real assets are comprised of investments in oil and gas, commodities, timber, and inflation-linked bonds. The primary benchmark will be CPI + 6%.

Real Estate: The long-term objective of the Real Estate portfolio is to provide equity-like returns while providing a partial hedge against inflation. In addition, real estate is an extraordinary diversifier within the overall endowment due to its low correlation with other asset classes. The portfolio is directed largely to illiquid investments with a long time horizon. The primary benchmark will be the NCREIF Property Index, a broad index of institutional quality private real estate.

Fixed Assets: High quality intermediate to long-term publicly traded bonds. The primary objective of the fixed income asset class is to provide protection to the Fund during deflationary periods. A secondary objective is to guarantee liquidity should the need arise, as fixed income generates stable flows of income. The price paid to guarantee this liquidity is low expected returns. Fixed income assets will serve as a deflation hedge and should be invested in long duration assets. The primary benchmarks will be the Lehman Aggregate and Lehman Long Bond indices.

Cash: Cash is a very risky investment for an institution with a long time horizon due to its low return and the diminution of purchasing power this return entails. It is considered prudent to minimize the use of cash in the overall endowment. Cash will exist from time to time for transaction and/or rebalancing needs only.

While it is recognized that at various times a degree of overweighting is appropriate, the managers will avoid excessive concentration of investments. "Excessive concentration" is defined as having more than 5% of any pool, mutual fund, portfolio or other managers grouping of equities in any single common stock. With regard to fixed income securities, the manager shall have no more than 10% of the total portfolio in securities of one specific issuer with the exception of securities of the U. S. Government, its agencies, and high quality money market funds.

Fees

All investment fees to include custodian, manager, transaction costs and consultant fees are described as a percentage of assets and will be reported quarterly in the Foundation Portfolio Analysis.

Investment Management Consultant Responsibilities

From time to time, the Foundation may use the services of an Investment Management Consultant. The Investment Management Consultant's role is that of an advisor of the Investment Committee. The Investment Committee may choose not to retain an Investment Management Consultant. When the Investment Committee does retain an Investment Management Consultant, investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines, and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

- Assisting in the development and periodic review of investment policy.
- Conducting investment manager searches when requested by the Investment Committee.
- Providing "due diligence" or research, on the Investment Manager(s).
- Monitoring the performance of the Investment Manager(s) to provide the Investment Committee with the ability to determine the progress toward the investment objectives.
- Communicating matters of policy, manager research, and manager performance to the Investment Committee.
- Reviewing Fund investment history, historical capital market performance, and the contents of this investment policy to any newly appointed member(s) of the Board of Directors and Investment Committee.

Amendments

The Board of Directors, or the Executive Committee (when such authority has been delegated by the Board) of The Citadel Foundation may amend these guidelines by majority vote of a quorum of the body making the amendment.

MANAGER EVALUATION

Performance

Managers performance will be reviewed relative to one another; relative to the market and relative to other managers having comparable objectives. Comparisons should include one, three, five and ten year average annual rates of return. Since an investment manager is expected to exceed performance benchmarks, the manager should agree to the following benchmarks, as appropriate:

Asset Class	Benchmark
Short Term Obligations	90 Day U.S. Treasury Bill Rate
Fixed Income	Lehman Bros. Aggregate Lehman Bros. Long Bond Index
Domestic Equities	Russell 3000 Index S & P 500 Index
Foreign Equities	MSCI-World Ex-US Index
Real Assets	CPI+6%
Opportunistic	Venture Economics index – (50% Buyout, 50% Venture)
Absolute Return	2X Treasury Bills
Real Estate	NCREIF Real Estate Index EAFE

In addition, each manager's performance should be reviewed in terms of contribution to the total portfolio.

Review Meetings

Semiannual review meetings with investment managers are designed to focus on:

Organization	Philosophy
Decision Process	Investment Control/Review Process
Investment Strategy & Guidelines	Personnel

Performance

Reasonableness of Fees

MANAGER SELECTION

Selection Process

1. Review existing managers to be certain that the capability of current satisfactory managers is evaluated and considered before adding a new manager or managers.
2. Review files of investment managers recommended by the Investment Management Consultant.
3. Determine criteria with respect to manager style, age and size of firm, performance, etc.
4. Conduct initial screening based on the above criteria.
5. Research, in detail, all aspects of the individual capabilities of finalists.
6. Conduct interviews with the chosen candidates.
7. Additional due diligence criteria for Fiduciary Services Managers.

- Qualitative
 - Personnel
 - Investment pProcess
 - Quality of research
 - Implementation of process
 - Business evaluation
- Reliability of Composite Returns
 - Quality of composite
 - Dispersion
- Distinguishing Features of Firms
- Strengths of Firm/Discipline
- Points to Consider
- Current Issues
- Quantitative
 - Rolling three-year annualized returns
 - Standard derivation
 - Beta
 - Sharpe ratio
 - Alpha
 - Up and down capture ratios

Considerations

- If transfer of investment is involved, careful planning to minimize disruption of overall Foundation objectives should precede actual transfer.
- Consideration should be given to the potential investment manager's organization, philosophy, decision process, research, investment control and review process, investment strategy, personnel, performance, fees, and profitability of firm.
- Upon completion of this process, the Foundation's Investment Committee will recommend to the Board of Directors, in order of preference, the investment manager or managers qualified to perform fund management services for the Foundation. The Board will then make the selection based upon the Committee's recommendations.

MANAGER DISMISSAL

Dismissal Process

- A review of the capability and performance of existing managers should be made at least annually; and their achieved results should be compared against one another as well as against the Foundation's stated investment objectives.
- Conduct detailed discussions and evaluations with an unsatisfactory manager over a period of time to be certain that objectives have been understood and that agreed upon goals have not been made.
- Once the decision to terminate a manager has been made, decide on timing and method of termination.
- Watch list issues. The due diligence process provided by the consultant should highlight problems through the qualitative and quantitative work. When scores are unsatisfactory, managers are expected to be placed on a watch list and terminated when appropriate.

Standards

- Dismissal decisions should be consistent with the investment manager agreements.
- Prior to the final decision, a review of the manager should be made to be certain that the relationship cannot be salvaged in the best interests of the Foundation.
- Dismissal and the ultimate transfer of assets entail costs to the Foundation that would otherwise not have been incurred. Care must be taken to ensure that the move is beneficial to the Foundation.
- Careful planning to minimize portfolio liquidation cost should precede actual termination of a manager.

Although difficult and possibly costly, dismissal is essential action to take when the weight of evidence shows a manager to be performing poorly with respect to the clearly stated investment objectives and guidelines, or in comparison to other managers having similar objectives. Once the decision is made, assets should be removed and termination of the manager should be concluded as quickly as possible.

ADOPTED: April 29, 2006
EFFECTIVE: April 29, 2006

ADDENDUM "A" TO THE INVESTMENT AND DISTRIBUTION POLICY
STATEMENT

The Citadel Foundation
ASSET ALLOCATION RANGES

Asset Management Style	Long-Term Range	Target
Fixed Income	15-30%	20%
Equities		
Domestic Value-Large Cap	16-29%	20%
Domestic Growth-Large Cap	9-21%	14%
Small and Mid-Cap Domestic	4-14%	9%
International	15-27%	22%
Domestic Core – All Cap	3-14%	11%
Blend – Large Cap	2-11%	4%

Note 1: At such times as the target allocation percentage for each management style is above or below the specified long-term range by 15% (plus or minus), the Investment Committee will direct that such action be taken as is appropriate.

Note 2: This addendum has been superseded by Addendum "E".

ADOPTED: November 18, 1995

ADDENDUM "B" TO THE INVESTMENT AND DISTRIBUTION PLAN

**The Citadel Foundation
ANNUAL GRANTS TO THE CITADEL**

Beginning with the Effective Date above, and until further notice, the sum of the total of Foundation expenses along with the grants to The Citadel is to equal 5% of a five-year moving average of the fair market value of the Foundation's corpus determined at December 31.

ADDENDUM "C" TO THE INVESTMENT AND DISTRIBUTION PLAN

This page prepared by Investment Manager(s) or may be replaced by supporting documentation

Ten Year Rolling Average of Real Growth

ADOPTED: April 26, 2003
EFFECTIVE: April 26, 2003

ADDENDUM "D" TO THE INVESTMENT AND DISTRIBUTION PLAN

**The Citadel Foundation
SALE OF COVERED CALL OPTIONS**

Call options may be sold on stocks owned by The Citadel Foundation and held in the portfolio of an investment manager as long as the strategy is an established practice of the investment managers normal sell discipline.

Note: This addendum has been superceded by Addendum "E" and changes to permissible investments as outlined in the asset allocation policy.

ADOPTED: April 26, 2008
EFFECTIVE: April 26, 2008

ADDENDUM "E" TO THE INVESTMENT AND DISTRIBUTION POLICY
STATEMENT

The Citadel Foundation
ASSET ALLOCATION RANGES

<u>Asset Class</u>	<u>Long Term Objective</u>
EQUITY	
Domestic_Equity	25%
Absolute_Return	20%
Opportunistic	15%
International_Equity	25%
REAL ASSETS	9%
REAL ESTATE	3%
FIXED INCOME	3%
CASH	0%