St. Ambrose
Financial Services, Inc.

Investment Policy

INVESTMENT POLICY

INTRODUCTION

This investment policy has been approved by the Board of Directors of St. Ambrose Financial Services, Inc. (the "Company") and is for the use and guidance of its President and/or other designated persons with investment authority.

The Board of Directors may at any time propose a change to this investment policy when significant changes occur in any of the following:

1. Local, state, or national economy
2. Money or capital market conditions
3. Financial condition or investment portfolio mix of the Company
4. Annual budget of the Company.

All suggested changes shall be submitted to the President of the Board of Directors in writing.

This investment policy shall be reviewed at least annually, normally at the beginning of each fiscal year by the Board of Directors.

The investment policy statement is divided into nine sections:

1. SECTION I -STATEMENT OF PURPOSE
2. SECTION II -INVESTMENT GOALS
3. SECTION III -INVESTMENT RESPONSIBILITY
4. SECTION IV - STATEMENT OF MORAL, ETHICAL AND SOCIAL PRINCIPLES
5. SECTION V -INVESTMENT POLICY
6. SECTION VI - ACCEPTABLE INVESTMENTS
7. SECTION VII - PROHIBITED INVESTMENTS
8. SECTION VIII -DIVESTITURE OF UNSUITABLE ASSETS
9. SECTION IX -TRADING

INVESTMENT POLICY

I. STATEMENT OF PURPOSE

The purpose of this investment policy is to assist the Board of Directors, Investment Consultant, and Investment Managers in effectively managing and supervising the investable assets of the Company. It is to establish guidelines for investments which are broad enough to allow the Board of Directors to function properly within the parameters of responsibility and authority. It is also intended to be specific enough to clearly state that certain investment situations should be encouraged if they fall within the investment philosophy and policy set forth. Further, it should clearly outline all investments that are both desirable and undesirable for inclusion in portfolios.

II. INVESTMENT GOALS

The goals of this investment policy are to manage the investment portfolios for maximum return for both long and short-term needs in a manner that is consistent with solid investment practices and relative safety of principal. Specifically, this investment policy shall offer the necessary guidelines to attain the following goals and objectives:

- A. Safety of funds invested
- B. Adequate liquidity through marketability and appropriate schedules of maturing investments
- C. Maximum total return on all funds invested, subject to meeting the requirements stated in points A and B above
- D. Full employment of all available funds in earning assets
- E. Compliance with investment principles stated herein.

III. INVESTMENT RESPONSIBILITY

- A. The responsibilities of the Board of Directors, or committee appointed by the Board, are:
  1. Establish, maintain, and review the Investment Policy Statement, which should be a broad investment strategy with constraints, but with flexibility to provide guidelines for the Investment Consultant, and Investment Managers to meet established policy goals and objectives.
  2. If the Board of Directors chooses, hire an investment consultant to provide investment education, information, and guidance.
  3. Monitor and evaluate investment results on an ongoing basis to assure that policy guidelines are being adhered to and that objectives are appropriate.
  4. Identify and select Investment Managers to assist in meeting and maintaining the investment objectives.
  5. Review of economic data (provided by the SAFS Investment Committee, Investment Consultant and/or Investment Managers) on current economic conditions and outlook for financial markets and interest rates.
- B. The responsibilities of the President and/or other designated persons are:
  1. Communicate changes in the financial status of the Company, including the Company, or other changes that could impact the investment portfolios to:
     - Board of Directors
     - Investment Consultant for master investment program
     - Investment Manager of cash management program
  2. Direct the transfer of funds to and from the master investment program, cash management program, and respective bank accounts
  3. Review the Deposit and Loan Fund withdrawal forecasts for parishes
  4. Handle approved borrowing to meet short-term cash requirements

C. Investment Consultant is expected to:
   1. Assist in the review and revision of the Investment Policy Statement at least annually
   2. Assist in determining the appropriate asset allocation policy
   3. Assist in the selection and ongoing due diligence of the investment managers
   4. Conduct periodic reviews that evaluate the continued consistency and appropriateness of asset allocation targets and ranges of each investment manager
   5. Keep the Board of Directors apprised of significant developments relative to the investment managers
   6. Provide investment performance reports for each investment pool and each manager compared with relevant market benchmarks and peer groups
   7. Provide periodic market reviews and economic outlook
   8. Provide guidance to assist in the decision-making process. The Investment Consultant will play an active role in support of the Board of Directors.

D. Investment Managers are expected to:
   - Manage their portion of the assets in a prudent manner
   - Exercise complete investment discretion within stated guidelines including the selection of securities and the implementation of the purchase and sale of those securities
   - Provide information on the investment portfolio on a timely basis to the Investment Consultant
   - Perform in line with the appropriate market benchmark net of investment advisory fees on a rolling three-year basis
   - Maintain a return volatility that is less than the return volatility of the appropriate market benchmark over a five-year period

IV. STATEMENT OF MORAL, ETHICAL AND SOCIAL PRINCIPLES

St. Ambrose Financial Services, Inc. has the responsibility to be a proper steward of the investment funds entrusted to it. While the attainment of an adequate return is a moral and legal fiduciary responsibility of St. Ambrose Financial Services, Inc., and while the conditions/restrictions of funds available for investment must be considered, these responsibilities must be coupled with the deliberate consideration of the social, ethical and moral standards of those companies in which St. Ambrose Financial Services, Inc. invests.

In implementing the investment policy set forth below, therefore, emphasis must be on the responsibility of the Company to provide true moral leadership in using these resources to promote the Church's teachings concerning moral, ethical and social principles. To implement this statement of moral, ethical, and social principles, investment managers will comply with the following guidelines and directives:

A. Investments are to be avoided in companies associated with the manufacture or marketing of contraceptives or abortifacients.
B. Investments are to be avoided in companies that derive over 10% of their sales (as reported in the company's previous fiscal year) from war materials designed for use in actual military engagements as opposed to material used by the military in support (e.g., fuel, uniforms).
C. The Company will actively promote and support shareholder resolutions which encourage corporations to act to preserve the planet 's ecological heritage, addressing the rampant poverty in the poorest nations, redirecting development in terms of quality rather than quantity in the industrial world, and creating environmentally sensitive technologies.

D. In addition, investment managers should seek out companies that have contributed substantially to the communities in which they operate; have a positive record on employment relations; have made substantial progress in the promotion of women and minorities or in the implementation of benefit policies that support working parents.

E. Investment managers shall monitor the activities identified above to determine whether they are significant to a company's business. Significance may be determined on the basis of the percentage of revenue generated by, or the size of the operations attributable to, such activities. Investment managers may rely upon information provided by advisory firms that provide social research on U.S. corporations, such as the Interfaith Center for Corporate Responsibility.

F. The securities of companies not in accord with the above guidelines are to be sold from the portfolios as promptly as market conditions permit.

G. The Board of Directors recognize that these moral principles cannot be applied specifically to mutual funds or certain investment categories, i.e., small cap and international equities. 100% of the fixed income assets and most separately managed equity portfolios will comply with these moral principles. When mutual funds, commingled funds, and certain separate account managers are selected, the Investment Managers when or where possible shall endeavor to comply with the moral, ethical, and social principles always considering the seriousness of these principles to the image of the Company.

H. It is the responsibility of the Investment Managers to comply with these guidelines. The Investment Consultant or the Investment Managers shall confirm portfolio compliance with these principles to the Board of Directors as part of each investment review.

V. INVESTMENT POLICY

Over the long term, asset allocation policy will be the key determinant of the returns generated by each fund and the key determinant of the associated volatility of returns. Therefore, the Board of Directors has developed an asset allocation policy based on the objectives, risk tolerance and characteristics of each fund type. While this policy is long-term oriented and consistent with the risk posture for each fund type, the Board of Directors will continue to evaluate the appropriateness of the asset allocation policy as part of its review process.

A. Asset Allocation
The general guidelines for asset allocation are as follows:

1. Fixed Income/Equity Allocation Guidelines
The following asset allocation ranges and targets apply.

Range		Target	
Fixed Income	**Equities**	**Fixed Income**	**Equities**
0% to 100%	0% to 60%	40%	60%

Note: Currently the trustees of each endowment trust determine the fixed income/equity allocation, with a maximum allowed equity exposure of 60%. The allocation can be changed at the end of any calendar quarter by notifying BMO Harris Bank, N.A. in writing.

2. Fixed Income Pools Allocation Guidelines
Generally, the fixed income pool will be 100% invested in investment grade benchmark duration fixed income securities but may hold up to 10% cash equivalents at the discretion of the fixed income manager.

3. Equity Pools Allocation Guidelines
   Generally, the Equity Pool will be fully invested, although up to 10% cash equivalents may be held at discretion of the manager.

Asset Class	Minimum	Maximum	Target Allocation
Large Cap Stocks	50%	70%	60%
Mid Cap Stocks	5%	20%	15%
Small Cap Stocks	5%	20%	10%
International Stocks	5%	30%	15%
Cash Equivalents	0	10%	0

   Changes to the minimum and maximum allocations and targets are subject to the approval of the Board of Directors.

B. Benchmarks
1. Indices
   The relative return of each component of the portfolios, net of investment advisory fees, is expected to be in line with the following general benchmarks by asset class:
   - Large cap stocks S&P 500 Index
   - Mid cap stocks - Russell Midcap Index
   - Small cap stocks - Russell 2000 Index
   - International stocks - MSCI ACWI EX USA Index
   - Bonds-Barclays Intermediate Govt/Credit Index
   - Cash & Equivalents - 90-day Treasury Bills

   Additional indices may be selected to measure the performance of individual managers as determined by the Board upon the suggestion of the Investment Consultant.
2. Peer Group Universes
   The comparative return of each component of the portfolios is expected to be in line with similar professionally managed portfolios as measured by peer universes as determined by the Board upon the suggestion of the Investment Consultant.

VI. ACCEPTABLE INVESTMENTS

A. Money Market and Fixed Income Investments:
1. Securities of the U.S. Government or agencies thereof.
2. Taxable fixed income securities with a minimum rating of Baa/BBB at time of purchase by Moody's or Standard & Poor's.
3. Commercial paper and variable rate demand notes of domestic corporations meeting the SEC Rule 2a-7 definition of top tier or if unrated, deemed equivalent to top tier by the investment advisor.
4. Bankers acceptances and certificates of deposit of major domestic banks and domestic subsidiaries of foreign banks meeting the quality criteria in item 3 above and meeting additional criteria established by investment counsel.
5. Repurchase agreements 102% collateralized with respect to market value plus accrued interest in U.S. Government and Government Agency securities.

6. Money market funds adhering to the quality guidelines described in items 1- 5 above.
7. Shares of open-end investment companies (mutual funds) which meet the above stated guidelines and are consistent with the overall objective.
8. Fixed income securities of any one issuer (excluding obligations of the U.S. Government or to any issues guaranteed as to both principal and interest by the U.S. Government) may not exceed 10% of the market value of the fixed income portfolio at the time of purchase.
9. Individual fixed income securities will typically have maturities of thirty (30) years or less. For purposes of this Policy Statement, maturity is defined as final payment for conventional debt securities or average life for securities which have periodic principal paydowns throughout the life of the security.
10. The duration of the fixed income portfolio shall be within ±20% of the duration of the fixed income benchmark.

B. Domestic Equity Investments:
   1. Securities of U.S. companies: common stocks, convertible preferred stocks, convertible fixed income securities, real estate investment trusts, Standard & Poor's Depository Receipts, and cash reserves.
   2. The domestic equity portion of the portfolio shall represent a blend of core, growth and value investment management styles and should be diversified across large, mid and small capitalization equity securities.
   3. Domestic equity investments shall be well diversified among economic sectors, industry groups and individual securities.
   4. No more than 5% of the portfolio's assets, at the time of purchase, shall be invested in the equity of a single corporation.
   5. Shares of open-end investment companies (mutual funds) which are consistent with the guidelines stated above are allowed.

C. International Equity Investments:
   1. The international equity investments may be invested in American Depository Receipts (ADRs), common stock of non-U.S. corporations, World Equity Benchmark Shares (WEBS), closed-end country funds and cash reserves.
   2. The international equity portion of the portfolio shall be diversified across developed countries as represented by the MSCI ACWI EX USA Index. Investments in emerging markets may not exceed 30% of the total international equity portion of the portfolio.
   3. International equity investments shall be well diversified among economic sectors, industry groups, individual securities, countries, and currencies.
   4. No more than 5% of the portfolio's assets, at the time of purchase, shall be invested in the equity of a single corporation.
   5. Shares of open-end investment companies (mutual funds) which are consistent with the guidelines stated above are allowed.

VII. PROHIBITED INVESTMENTS

Investment managers are prohibited from investing in private placements, commodities, letter stock, warrants, or options, and from engaging in short sales and margin transactions.

VIII. DIVESTITURE OF UNSUITABLE ASSETS

It is the policy of the Board of Directors to sell unrestricted assets that come under the Company's control by gift or otherwise if they do not meet the criteria for investments outlined in section VI. Acceptable Investments above. Any retention of such assets must be approved by the Board of Directors not less than annually. The sale of an unsuitable asset must be made within a reasonable time after the sale decision has been made. A determination of a reasonable time may depend upon a variety of factors, including the following:

A. The nature of the property
B. The risk involved in its retention
C. The amount which will be received on an immediate sale as compared to the full value of the property
D. General state of the market
E. The available opportunities for reinvestment.

IX. TRADING

A. Purchases and sales of investments shall be handled through broker/dealers selected by the investment managers.
B. Investment Managers will trade on a best-execution basis.