



TEXAS VETERINARY MEDICAL FOUNDATION Appendix A

TEXAS VETERINARY MEDICAL FOUNDATION FUND

The investment guidelines for the fund are premised upon employing short term (0-1 year), medium (3 year) and long term (10 year) time horizons.

Short-term funds will continue to be those highly liquid, low volatility, lower return instruments for short-term cash needs. These investments will represent 10% of the original fund's assets. Interest can be used to contribute to the various grants and scholarships awarded by the Foundation as directed by the Board of Trustees. The Committee is not recommending any of the short-term funds be managed by an asset manager.

Medium term investments will be instruments that have low volatility but will have their returns averaged over a three-year period. It is understood that more risk is involved in this allocation of investments but over the three-year timeframe returns should optimize investment returns. These investments will represent 30% of the total portfolio. Unless directed by a vote of the Board, interest will be re-invested.

Long-term investments are intended to form the basis of an endowment so the time horizon for these investments is 10 years. Spreading the risk over this time horizon should allow more volatility but higher return than the medium-term investments. These investments will represent 60% of the total portfolio. Unless directed by a vote of the Board, interest will be re-invested.

The expected level of liquidity, or cash needs, from the portfolio will be determined by the Board of Trustees, but not expected to exceed annual distributions of 3-5% of the average market value of the fund over the trailing 12 quarters. The Committee expects that average or cumulative distributions over the trailing 12 quarters will be less than the average or cumulative real (inflation adjusted) rate of return over the same period.

The Committee is not specifying any of the investable funds be managed for short term cash needs.

The Committee will consider all existing funds and other income producing assets as designated by the Board of Trustees in establishing the asset allocation of investable funds guided by this policy statement.

All donations of equities or real property shall be sold as soon as feasible and the proceeds invested in the long-term account.

The Committee does not recognize any other unique circumstances or constraints than those stated in this Appendix A or B in establishing the asset allocation of the fund.