

Investment Policy

PURPOSE & INTRODUCTION

This document addresses the management of the Provident Charter Account. This document defines the investment policies, objectives and procedures applicable to the account. Developing appropriate investment strategies and executing prudent decisions requires a thorough understanding of the Account's investment objectives. Therefore, it is critical for the Board of Directors to document these investment preferences. Only through this exercise can the Board Members adequately interpret investment activity and results.

The purpose of this document is threefold. First, it will constitute the strategy for investing the assets. Second, it will serve as a communication tool between Sample Client and its investment manager. Third, these guidelines will provide a framework to measure the ongoing progress of the assets.

Within the constraints imposed by this document, the investment manager will have total discretion to manage both Accounts' assets according to its professional judgment and fiduciary obligations.

A. INVESTMENT DISCRETION

The Board of Directors of the Sample Client intends to monitor such matters as the long-term asset mix and the performance of the professional money manager.

However, detailed investment strategies and the ultimate purchases and sales of securities are deemed to be within the discretion of the professional investment manager.

INVESTMENT GOALS

The long-term goals of the Account are to:

1. Position the portfolio with a long-term total return orientation, thereby providing both a mix of capital appreciation and income generation
2. Increase principal value by taking advantage of the higher expected returns associated with a long-term, non-constrained portfolio.
3. Preserve capital to maintain necessary liquidity for required spending.

II. INVESTMENT CONSTRAINTS

A. TIME HORIZON

Given the general nature of this investment, the time horizon appears to be long-term (more than 10 years)

B. SPENDING/LIQUIDITY

The spending requirements of the account are minimal. The account is purposed for growth to support Sample Client projects and emergency purposes. These assets will not be used for annual operating purposes.

C. TAXES ISSUES

Given the favorable tax status of this organization, tax issues will not have an impact on investment decisions.

D. GIFTS

Gifts will be invested immediately. Gifts of “in-kind” securities will be liquidated and reinvested according to the Investment Policy Statement.

III. INVESTMENT OBJECTIVES

A. RISK TOLERANCE

Given the general long-term nature of the Account assets and the relative moderate, short to intermediate liquidity needs, the Account appears to have an average to slightly above average ability to take risk.

B. RETURN OBJECTIVES

Based on the investment goals and risk tolerances stated in this document, a Total Return approach to investing offering the opportunity for capital appreciation and income generation is appropriate. Historical performance results and future expectations suggest that common

stocks will provide higher total investment returns than fixed-income securities over a long-term investment horizon. Given an overall above average risk tolerance attached to the

Accounts an annual return that exceeds the benchmarks established for each component of the Accounts as outlined in section V. The returns of the portfolios will be evaluated relative to the weighted benchmark information provided in the “Performance Review and Monitoring” section of this document.

IV. ASSET ALLOCATION

A. BROAD ASSET ALLOCATION: BALANCED

The following broad asset allocation strategy is appropriate given the above investment objective and constraints. Investments should not exceed the minimum and/or maximum range levels (at market value) without written or verbal permission from the Board Members, with the latter to be confirmed in writing.

Asset Class Target Range

Equity 60% 50-70%

Fixed Income 38% 30-50%

Cash 2% 0-20%

B. ASSET CLASS ALLOCATION & INVESTMENT GUIDELINES

1. EQUITY

The primary objective of the equity portion of the account is to provide capital appreciation with moderate income generation.

The equity component should be represented by high-quality common stocks or equivalents. Specific constraints include the avoidance of restricted issues, which have limited marketability. For diversification purposes, the investment manager may expose the portfolio to international, small-to-mid capitalization markets, and alternative asset classes. The management of these asset classes is by outside managers, such as mutual funds or exchange-traded funds (ETFs) selected by the investment manager.

Sector Target Range as a % of Equity

Domestic Large Cap 60% 40-100%

Domestic Mid & Small Cap 15% 0-25%

International Equity 25% 0-40%

Alternative Assets 0% 0-15%

The investment manager should diversify the equity section in an attempt to minimize the impact of substantial loss in any specific industry or issue. Therefore, no more than 5% of the domestic large cap equity section may be invested in any one company, valued at cost, and no individual equity security may represent more than 10% of the overall market value of the total portfolio at any time.

2. FIXED INCOME

The objective of the fixed-income portion of the assets is to provide both a secure above-average stream of income and to provide a relative stable market value.

The fixed income component of the portfolio will be allocated using a strategic mix of individual fixed income securities such as mutual funds or ETFs. Fixed income securities may be in obligations of the U.S. government, Federal agencies, corporate debt securities, and preferred stocks. Allocations to either of these segments must adhere to the guidelines listed below.

Sector Range as a % of Fixed Income

Domestic Fixed Income 80-100%

International Fixed Income 0-20%

Individual domestic fixed income securities, with exception of U.S. Treasury and Agency obligations, may not represent more than 10% of the fixed income component, valued at cost, of a given domestic issuer, regardless of the number of differing issues. At least, 80% of the fixed income portfolio should be invested in issues rated ("Baa3/BBB-") or better by one of the major Nationally Recognized Statistical Rating Organizations (i.e. Moody's and Standard & Poor's.). The fixed income portfolio maturity, as measured by portfolio duration, should not exceed 140% nor should it be less than 60% of the duration of the Barclays Capital Intermediate Aggregate Bond Index.

3. CASH

The cash component must consist of relative stable value, highly liquid, high quality assets. Cash investments may be represented by the appropriate money market fund.

V. PERFORMANCE REVIEW & MONITORING

A. PERFORMANCE MEASUREMENT

Progress toward stated goals will be measured at least annually; however, the Board Members recognize that the investment manager may require a market cycle (ten years) for which performance is to be measured.

B. BENCHMARK INFORMATION

Given the above asset allocation for the portfolio the following weighted benchmarks would be appropriate for comparison purposes when reviewing the return information for the individual components and overall portfolio over the above mentioned market cycle pending any extraordinary events.

1. EQUITY COMPONENT

Expectations will be to exceed the return of a benchmark consisting of a blended

benchmark of domestic, international and sub asset class equity components.

2. FIXED INCOME COMPONENT

Expectations will be to exceed the return of the Barclays Capital Intermediate Aggregate Bond Index

3. OVERALL PORTFOLIO

Expectations will be to exceed the return of a blended benchmark as agreed by the Board.

C. MONITORING & STATEMENT REPORTS

The investment manager of the Account is expected to provide at least quarterly statements of portfolio performance, transactions and invested positions, by cost and market, to the Board. A review of this document should also take place to examine whether circumstances have changed, and if so how the document should be adjusted.

D. INVESTMENT MANAGER AND CUSTODIAN

LOYD JOHNSON

CHIEF INVESTMENT OFFICER

FIRST COMMONWEALTH ADVISORS

PHONE: 412-208-7687

ADOPTED THIS _____ DAY OF _____ YEAR _____

BY: _____

BOARD MEMBERS