As of September 2011, the BV Foundation ("the foundation") had investment assets totaling approximately $47.6 million.

Objectives

1. Support annual expenditures of approximately $3,000,000, the Foundation's intended annual expenditure budget, which slightly exceeds the legally required minimum annual expenditures of 5% of the Foundation's 36 month average capital base.

2. Preserve inflation-adjusted value of the Foundation's investment assets over a time horizon of 5 years or longer. This implies a target return of approximately 7.5% to 8.0%, net of investment management fees.

3. Minimize risk of endowment declining more than 5% in any 12-month period, to the maximum extent possible consistent with Objectives 1 and 2 above.

4. Pursuit of principal growth, in real terms, is not a primary objective.

5. Generating accounting income per se is not an objective; the objective is total return realized through a combination of income and capital appreciation. Cash flow requirements will be funded 6 to 12 months ahead of the time they are expected to be needed, by liquidation of assets if necessary.

Guidelines

1. A minimum of 50% of the portfolio should be liquid at all times. For this purpose, an investment will be considered "liquid" if it can be converted to cash within 90 days.

2. With the exception of PIMCO Total Return Fund, no single investment manager may represent more than 25% of total assets. PIMCO Total Return Fund may represent up to 40% of the portfolio.

3. The purposes of the Fixed Income allocation are to (i) provide current income, (ii) be the principal source of liquidity for distributions for operating cash flow and taxes (if applicable), and (iii) create some measure of diversification. As a result,
both credit quality and preservation of principal are a core emphasis of this allocation.

4. The purpose of the allocation to Equities is to provide long-term capital appreciation. Equity managers will be selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns higher than the relevant broad market indices (i.e. the S&P 500, the Russell 1000, MSCI EAFE and MSCI World), net of fees, over full market cycles (5-10 years).

5. The Alternative Asset allocation may include both "absolute return strategies" and long/short "equity hedge" strategies. Absolute return strategies typically involve event-driven, stressed and distressed credit, and spread-based arbitrage investments. Absolute return strategies tend to be both flexible and opportunistic. They incorporate differentiated drivers of return compared to traditional investment strategies and, as a result, they are expected to produce returns which exhibit relatively low correlation to broad market indices over longer time horizons. Equity hedge managers typically make both long and short investments and produce returns that can be expected to correlate more closely with the performance of the equity markets than would the performance of the absolute return strategies, though with lower volatility than traditional "long only" equity managers. Investments in Alternative Assets are generally subject to an initial lock-up of 12-24 months or longer and thereafter investors can typically withdraw quarterly or annually with advance notice. Over time, Alternative Assets should generate returns comparable to long-term equity markets but with lower volatility than equity markets.

Fund of funds may be used in an attempt to provide appropriately diversified exposure to Alternative Assets.

6. Private Equity allocation: Private Equity investments encompass diverse strategies including: buyout, growth, venture capital, control-oriented distressed, and other non-marketable opportunistc strategies. These illiquid investments generally have 4-6 year investment periods and approximately 10-year fund lives. Given their illiquidity, private investments are expected to generate higher returns than public market strategies. In general terms, Private Equity should generate returns of at least 5% points above long-term equity markets. The performance of funds raised and managed by the same team following similar strategies can vary significantly from one period to the next. Thus, investment in this asset class requires diversification across not only manager, strategies and geographies but also "vintage years."
Fund of funds may be used in an attempt to provide appropriately diversified exposure to Private Equity.

7. Real Assets allocation: Real Assets investments include private real estate, energy, and commodities. Private real estate is comprised of commercial properties in various operating segments, primarily office, retail, industrial, and multi-family. Managers can execute a variety of strategies within these segments (e.g., Core/Core Plus, Value-Added, and Opportunity) that are characterized by varying degrees of development, repositioning and leverage. Global energy and commodity investments funds commit capital to investments which develop resource opportunities or to companies which provide services to the sector, such as gas processing or contracted drilling. Across the Real Assets sectors, managers generally seek some balance between income stability and risk, which can drive capital appreciation. In general terms, Real Assets allocations seek to deliver long-term results which are a premium to public equity market returns and also protect long-term purchasing power.

8. Proliferation of managers should be avoided.

9. Investments that have the potential to generate unrelated business taxable income ("UBTI") will be considered for the Foundation's account only if (a) the probability of generating UBTI is judged to be well below 50%, and/or (b) the contribution to the investment portfolio is expected to be sufficient to outweigh the negative tax and accounting implications.

**Target Allocation**

Target asset allocation for the Foundation is presented below.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>%</th>
<th>Range (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Fixed Income</td>
<td>20</td>
<td>15-25</td>
</tr>
<tr>
<td>Marketable Equities</td>
<td>40</td>
<td>30-50</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>20</td>
<td>10-30</td>
</tr>
<tr>
<td>Private Equity (including Hybrid strategies)</td>
<td>12.5</td>
<td>5-20</td>
</tr>
<tr>
<td>Real Assets</td>
<td>7.5</td>
<td>5-10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>