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STATEMENT OF INVESTMENT POLICIES AND GUIDELINES

I. STATEMENT OF PURPOSE

The members of the University of Tulsa Student Investment Fund hereby establish the following statement of investment policies and guidelines for the management of the Student Investment Fund ('Fund'). The purpose of this statement is to create a general framework within which the assets of the Fund can be invested with respect to efficient portfolio management.

This document is intended to identify the investment objectives, constraints, and policies of the Fund. These policies will be used in the implementation of an investment program utilizing equities, Standard and Poor's Depository Receipts (Spyders), Merrill Lynch S&P 500 Index Fund, and cash or cash equivalents. This policy will also provide a basis against which the performance of the Fund can be measured and monitored on an ongoing basis.

II. INVESTMENT OBJECTIVES

First Objective

The first investment objective for the overall Fund over a market cycle of three to five years is to minimize risk and to attain growth in the principal of the Fund greater than inflation as measured by the Consumer Price Index.

Second Objective

The second objective is to attain real growth over a market cycle consistent with the level of risk assumed by the Fund. Consistent with this minimum investment objective, an efficient portfolio determined by risk/return concepts of the Security Market Line must be maintained.

Third Objective

The third objective of the Fund is for the relative investment return over a market cycle of three to five years to exceed the rate of return that would have been achieved

by a statistically allocated and passively managed portfolio at the same risk in accordance with the long-term asset allocation policy set forth in this statement.

Asset Allocation

The allocation of assets shall be achieved through the prudent diversification of the asset classes listed under Section III, Paragraph A of this Investment Policy. The aim shall be to maintain liquidity while providing reasonable diversification consistent with the goals and objectives of the Fund.

1. **Long Term:** The risk/return profile shall be maintained by describing a long-term Target strategic asset allocation as determined by the members at the end of each semester.
2. **Short to Intermediate Term:** Temporary deviations from the Target allocation shall be at the discretion of the members to maximum added value to the Fund.

III. INVESTMENT PORTFOLIO

The Fund assets shall be structured in Portions described as asset classes and Sub-Portions described as managed accounts. This shall be done to maintain an efficient risk return profile and for the purpose of setting objectives and guidelines for different segments of the entire portfolio. The Portions shall be described as the Equity Portion, Index Fund Portion, and Cash Equivalent Portion.

A. Fund Portions

Each Portion of the Fund shall be under the supervision of the members.

- The Equity Portion shall consist of investments in common stocks
- The Index Fund Portion shall consist of investments in S&P Depository Receipts and the Merrill Lynch S&P 500 Index

Fund.

- The Cash Equivalent Portion shall consist of Cash in the Operating Budget and shares of the Merrill Lynch Money Market

Account.

B. Investment Income

All investment income dividends and interest earned for each Portion and Sub-Portion shall be made available to provide for approved operating expenses and any unused portion will be reinvested based on the Asset Allocation Model in place at that time.

C. Capital Gains

Capital Gains will be made available to provide for any approved operating expenses not satisfied through the use of investment income dividends and interest. Any unused portion will be reinvested based on the Asset Allocation Model in place at that time.

D. Principal

The Principal of the Fund will only be made available to cover expenses upon the approval of the Board of Advisors.

IV. AUTHORITY OF STUDENT MANAGERS

- A. Subject to the terms and conditions of this statement, the members shall have full discretionary power to direct the investment, exchange and liquidation of the assets of the Funds within the boundaries set forth by the Investment Policy.

- B. The members are directed to vote proxies and to vote them with vigor in the interests of the Fund.

V. INVESTMENT GUIDELINES FOR FUND

A. Statutory Requirements and Objectives

- 1. Investments shall be made solely in the interest of the Fund and for the exclusive purpose of providing long-term security and continuity to the Funds investment portfolio.

2. Investments shall be made with the care, skill, prudence, and diligence under the prevailing circumstances. This behavior shall resemble what a prudent person acting in a like capacity and familiar with these matters would use in the conduct of a Fund of like character and with like aims.

3. Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

4. Investments shall possess value substantiated by accepted techniques and standards of fundamental, economic, financial, and security analysis.

B. Equity Portion

On an average basis over a full market cycle, it is the objective of the equity portion of the Fund to achieve a minimum return over the long-term (3-5 years) investment horizon based on the Asset Allocation in place at that time. The equity portion of the Fund is expected to generate an absolute return in line with the level of risk assumed and on an annual basis to exceed the S&P 500 Index on a risk-adjusted basis.

To measure a return on a risk-adjusted basis, the Equity portion of the Fund should consistently rank above the security market line, anchored by the average return and volatility of both the 91-day Treasury Bill and the S&P 500 Index.

1. An initial investment in any one stock should not be more than 5% of the Fund principal without written approval of the Board.

2. Based upon investment experience (growth), an investment in any one stock held by the Fund should not represent more than 7% of the

common stock investment at market without written approval of the Board.

3. With respect to industry diversification, the Fund shall invest no more than 25% of its equity portion into a specific market industry.

4. No purchases of unregistered or restricted stock or private placements are to be made without the written approval of the Board. Additionally,

all securities purchased are to be fully negotiable and marketable using principle securities exchanges. Such exchanges are limited to the securities listed on the **NYSE, AMEX, or NASDAQ.**

5. There are to be no margin purchases or other uses of borrowed funds without the written approval of the Board.

6. Puts, Calls, Straddles, or Hedges are strictly prohibited without the written approval of the Board.

7. No Short Sales are to be made without the written approval of the Board.

8. Transactions in the Commodities Market of any type are strictly prohibited without the written approval of the Board.

C. Index Fund Portion

The investment objective of the Index Fund portion is to maintain dollar principal in relatively liquid form while generating a return equal to the S&P 500 Index.

The Index Fund portion will be invested in the Merrill Lynch S&P 500 Index Fund or S&P Depository Receipts. The proportion invested in each shall be at the discretion of the Portfolio Committee.

The Index Fund portion will be required to be a minimum of 40% of the overall Fund. This will help control the risk and return of the overall Fund consistent with commercial Mutual Fund investing.

D. Cash Equivalent Portion

The cash equivalent portion of the Fund for performance monitoring purposes will be compared against the returns of the 91-day Treasury Bill. This portion of the Fund shall be managed to achieve the objective of obtaining a rate of return equal to the Consumer Price Index. The cash portion will be invested in the Merrill Lynch Money Market Account. This will allow for liquidity and low transaction costs.

VI. SECURITIES RECORD-KEEPING

- A. The custodian will provide safekeeping of all securities in a segregate account, which will not be co-mingled with either the custodian's other assets or assets of other clients.

VII. PERFORMANCE MONITORING AND EVALUATION

A. Monitoring of all investments and results will be provided by the fund on a quarterly basis. In addition, an annual report will be available and presented at an annual meeting with the Board. These reports will include the following:

1. The change in market value of assets including income received and accrued
2. Current performance (absolute, relative, and risk adjusted)
3. Trends in performance
4. Components of total return
5. Portfolio composition and diversification
6. Portfolio style analysis and characteristics

Performance shall be calculated on a dollar-weighted and time-weighted basis and style and asset group shall show portfolio returns. Comparative analyses must be made within a universe of actively managed portfolios of similar characteristics.

VIII. ACCEPTANCE OF INVESTMENT POLICIES AND GUIDELINES

Students selected by the current Fund members to manage funds on a discretionary basis will warrant in writing that they have read, understand, and agree to abide by the Statement of Investment Policies and Guidelines established by the Fund.