

STATEMENT OF INVESTMENT POLICY
SIU PHYSICIANS & SURGEONS, INC.

I. STATEMENT OF OBJECTIVES

It is the policy of SIU Physicians & Surgeons, Inc. (SIU P&S) to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands.

A. Overall Risk Profile

The three basic investment objectives are:

1. Safety of invested funds;
2. Maintenance of sufficient liquidity to meet cash flow needs;
3. Attainment of the maximum investment returns possible consistent with the first two objectives.

The achievement of these objectives shall be accomplished in the manner described below:

1. Safety of Invested Funds

SIU P&S will insure the safety of its invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of the security issuer or backer to meet promised interest or principal payments on

required dates. Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates.

a. Credit risk will be mitigated by:

- i.) Limiting investments to those instrument of less than one (1) year maturity;
- ii.) Pre-qualifying the financial institutions with which we will do business.

b. Interest rate risk will be mitigated by:

- i.) Maintaining significant balances in cash equivalent and other short maturity investments as changing interest rates have limited impact on these securities' prices;
- ii.) Establishing an asset allocation policy that is consistent with the expected cash flows of SIU P&S.

2. Liquidity

SIU P&S's investment portfolio will be structured in such a manner that securities mature at the same time as cash is needed to meet anticipated demands, but since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

3. Investment Returns

Investment returns on SIU P&S's investment portfolio is a priority after the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the low risk being assumed.

B. Asset Allocation

SIU P&S's investment portfolio will be structured as follows:

Portfolio	Approximate Average Maturity Range	Percentage Allocation Range
Cash Equivalents	Less than 1 year	0% - 100%
Bonds	Less than 1 year maturity; no more than \$1 million over 6 months	0% - 75%

The Treasurer will manage the investments to fall within the asset allocation ranges. However, circumstances may occur that cause the allocation to temporarily fall outside the prescribed ranges.

C. Definition of Funds

Funds for the purpose of this policy are all SIU P&S funds which are available for investment at any one time. Funds include those in SIU P&S's general operation and academic development activities.

D. Prudence

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in management of their own affairs, not for speculation but for investment, considering the probable safety of their own capital as well as the probable income to be derived.

II. INVESTMENTS

This section of the Investment Policy identifies the types of instruments in which SIU P&S may invest its funds.

A. Eligible Securities

1. Securities of the U.S. Government or its Agencies;

2. Interest bearing savings accounts, certificates of deposit, interest bearing time deposits, other direct obligations;
3. Money market mutual funds provided they comply with the above restriction;

B. Confirmation

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodial information. These are minimum information requirements.

III. SELECTION OF FINANCIAL INSTITUTIONS

A. Qualification of Brokers, Dealers and Financial Institutions

SIU P&S will only transact business with banks, savings and loan associations, and broker dealers. United States Treasury issue transactions will be conducted only with banks and broker dealers who have established a longstanding business relationship with SIU P&S.

IV. INTERNAL CONTROL PROCEDURES

A. Purchase of Securities

The Board Treasurer will authorize no more than 4 employees to purchase investment securities. A list of these authorized employees will be provided to each investment broker/dealer. A confirmation of the purchase of authorized securities will be mailed to the Board Treasurer.

B. Sale of Securities

The Board Treasurer will designate no more than 4 authorized employees to initiate the sale of investment securities. A list of these authorized employees will be provided to the investment managers. The proceeds of all sales transaction will be deposited into SIU P&S related demand deposit account.

V. STRUCTURE AND RESPONSIBILITY

This section of the Policy defines the overall structure of the investment management program.

A. Responsibilities of the Treasurer

The Treasurer is appointed by the SIU P&S Board of Directors and is chief custodian of all funds held in the name of SIU P&S. The Treasurer is responsible for recommending, as necessary, financial policies and procedures to insure compliance with State and Federal laws, and Board Policies. Investment oversight and banking relations are also responsibilities of this office. The Treasurer will:

1. adopt a written investment policy;
2. adopt investment guidelines;
3. review monthly investment reports;
4. approve the selection and assess the performance of investment managers.

B. Investment Managers

The investment managers are accorded full discretion, within the limits set forth in this Statement of Investment Policy to 1) select individual securities, 2) adjust the maturity mix, where applicable, and 3) diversity their portfolios so as to the limit the impact of large losses in individual investments on the total portfolio.

The investment managers will provide the Board Treasurer with a monthly report of investment activity and investment performance.

C. Ethics and Conflicts of Interest

Officers, employees and agents, including, but not limited to, investment managers, involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program, or impairs their ability to make impartial investment decisions. They shall disclose any material financial interests that could be related to the

performance of the SIU P&S investment portfolio. They shall also comply with all applicable Federal and State laws governing ethics and conflict of interest.

VI. PUBLIC NOTICE

A. Investment Policy

This Statement of Investment Policy shall be made available to the public at SIU P&S's main administrative office. Further, a copy of the investment policy will be posted on the web site of SIU P&S.

B. Investment Performance

Pursuant to the Accountability for Investment of Public Funds Act 93-0499, SIU P&S will post monthly investment performance on their web site by the 15th day following the end of the month.

Implemented: February 1, 2007