

TSC Alliance Endowment Fund Investment Policy

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Policy Statement:

This statement of investment policy is set forth by the TSC Alliance Endowment Fund Board "TSCEFB" to:

- Define and assign the responsibilities of all involved parties;
- Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets;
- Offer guidance and limitations to all involved parties regarding the investment of Fund assets;
- Establish a basis for evaluating investment results;
- Manage Fund assets according to prudent standards as established in common trust law; and,
- Establish the relevant investment horizon for which the Fund assets will be managed.

Policy Overview:

Definitions

- "Fund" shall mean the TSC Alliance Endowment Fund.
- The TSC Alliance Endowment Fund Board "TSCEFB" is a Board of elected members authorized to oversee the Fund.
- The Endowment Fund Investment Committee "EFIC" shall refer to the appointed individuals established to administer the Fund as specified by Investment Policy.
- "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.
- "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets. This would also include mutual and collective fund portfolio managers. An "Investment Manager" hired by the Fund must be registered with the Securities and Exchange Commission under the Investment Act of 1940 or in the case of a banking organization with the Office of the Comptroller of the Currency.
- "Investment Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
- "Securities" shall refer to the marketable investment securities, which are defined as acceptable in this statement.

Delegation of Authority

The EFIC is responsible for directing and monitoring the investment management of Fund

assets. As such, the EFIC is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- *Investment Consultant.* The consultant will assist EFIC in: 1) establishing investment policy; 2) designing objectives and guidelines; 3) selecting investment managers; 4) reviewing such managers over time; 5) measuring and evaluating investment performance; and, 6) other tasks as deemed appropriate. It is expected that the Investment Management Consultant will serve as a co-fiduciary on all investment related decisions and will have the proper insurance to cover exposure.
- *Investment Manager.* The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives. This includes mutual fund or any collective fund portfolio managers.
- *Custodian.* Any custodian will maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. Any custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts. Any custodian will provide at a minimum monthly reporting of assets and transactions to EFIC and provide EFIC with any additional data requests.
- Additional specialists may be employed by EFIC to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

EFIC will not reserve any control over individual investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives outlined in their specific guidelines. While it is not believed that the limitations will hamper investment manager decisions, each manager should request in writing any modifications that they deem appropriate.

Any deemed fiduciaries must acknowledge such in writing. All expenses for such experts must be customary and reasonable and will be borne by the Fund as deemed appropriate and necessary.

Assignment of Responsibility

Responsibility of the Endowment Fund Investment Committee

The EFIC is empowered by the Board to make certain decisions and take appropriate action regarding investment of the Endowment Fund assets. The responsibilities of the EFIC include:

- Developing sound and consistent investment policy guidelines;
- Establishing reasonable investment objectives;
- Selecting qualified investment managers;
- Communicating the investment policy guidelines and objectives to the investment managers;
- Monitoring and evaluating performance results to assure that the policy guidelines are being met;
- Selecting and appointing custodian(s);
- Discharging investment managers and engaging replacements after consultation with the TSCEFB; and,
- Taking any other appropriate actions.

Responsibility of the Investment Consultant(s)

The Investment Consultant's role is that of a non-discretionary advisor to the EFIC and TSCEFB. As a signed fiduciary, investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant. The advice will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

- Assisting in the development and on-going review of investment policy, asset allocation strategy and performance of the investment managers;
- Supporting portfolio optimization and other investment techniques to maximize return/risk characteristics of the Fund;
- Conducting investment manager searches when requested by the EFIC;
- Monitoring the performance of the Investment Manager(s) to provide both the EFIC and the TSCEFB with the ability to determine the progress toward the investment objectives;
- Monitoring and reporting of composite portfolio return and risk metrics to the EFIC and TSCEFB;
- Communicating matters of policy, manager research, and manager performance to the EFIC and TSCEFB;
- Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement with any newly appointed members of the TSCEFB.

Responsibility of the Investment Manager(s)

As a signed fiduciary, each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and in their specific manager guidelines and/or prospectus.

General Investment Principles

- Investments shall be made solely in the interest of and for the benefit of the Fund;
- The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent expert acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims;
- Investment of the Fund shall be diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so;
- The TSCEFB will employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives;
- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return; and,
- The Investment Manager(s) should, at all times, be guided by the principles of "best price and execution" and that the Endowment Fund's best interests are the primary consideration.

Investment Objectives and Spending Policy

The primary investment objective of the Fund is to provide financial support for the mission of TSC Alliance in finding a cure for TSC while improving the lives of those

affected. While short-term investment results will be monitored, adherence to sound long-term investment policy, which balances distributions with preservation of the real value of the assets, is crucial to the long-term success of the Fund.

The Fund is to be invested with a goal of preservation of capital with an emphasis of long-term growth without undue exposure to risk. Attainment of this objective will enable the Fund to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy.

The Fund's spending policy is designed to meet several objectives, namely to: (a) provide a current source of funding for the TSC Alliance, (b) provide year-to-year budget stability and (c) meet future needs by maintaining the future purchasing power of the fund against the impact of inflation.

The spending policy formula is calculated as follows: 5% of a trailing twenty-quarter average of the market values, provided that the resulting value falls between 4.0% (the floor) and 7.0% (the cap) of the respective fund value as of the most recent fiscal year-end. If the value is higher than the cap, the annual spending distribution from the Fund during the year will be limited to 7.0% of the most recent fiscal year-end fund value. If it is lower than the floor, the annual spending distribution from the Fund will be raised to 4.0% of the most recent fiscal year-end fund value.

The TSCEFB will review the rolling-average annually and reserve the right to increase or decrease the budget distribution percent within the approved range stated above depending on market conditions to maintain corpus and remain in compliance with UPMIFA. General economic conditions should be considered in combination with long-term objectives in setting the spendable income rate. The combination of spendable income rate, anticipated expenses and allowance for inflation should not exceed expected returns.

The TSCEFB Board will coordinate the exact contribution with the TSC Alliance Finance Committee. Any undistributed amounts will be considered as unrestricted excess funds held for investment by the TSC Alliance and will be invested alongside the general fund.

Investment Guidelines

The EFIC recognizes that the strategic allocation of Fund assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and correlations will be the most significant determinant of long-term investment returns. The Investment Consultant will provide recommendations and supporting data to inform the EFIC's approval of the Fund's asset allocation. The Fund's strategic asset allocation can be found in Appendix A of this policy statement.

Diversification across and within asset classes is the primary means by which the EFIC expects the portfolio to avoid undue risk of large losses over the long time periods. To protect the Fund against unfavorable outcomes, the EFIC permits the list of allowable assets below. These assets are meant to encompass the whole of available marketable securities that provide sufficient liquidity for the portfolio.

Allowable Assets:

Cash Equivalents:	Treasury bills; money market funds; STIF funds; commercial paper; banker's acceptances; repurchase agreements; certificates of deposit.
Fixed Income:	<p>US government and agency securities; corporate notes and bonds; mortgage backed bonds; preferred stocks; fixed income securities of foreign governments and corporations; planned amortization class collateralized mortgage obligations; or other "early tranche" CMO's; asset backed securities.</p> <p>Guidelines for Fixed Income Investments and Cash Equivalents</p> <ul style="list-style-type: none"> • Fund assets are to be invested only in investment grade bonds rated BBB (or equivalent) or better. • Fund assets may be invested only in commercial paper rated A1 (or equivalent) or better. • • Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's. • In the event of a downgrade of securities, the Investment Manager may hold those securities rated BBB-/Baa3 or higher. In the event of a split rated downgrade, below BBB-/Baa3, the higher rating of Standard & Poor's, Moody's Investors Service or Fitch will govern. Securities that are not split rated and downgraded below BBB-/Baa3 may be held in the portfolio provided the investment manager verbally explains to the Board, as soon as practical of the downgrade, their reason(s) for holding the security.
Equities:	Common stocks; convertible notes and bonds; convertible preferred stocks; American depository receipts (ADR's); stocks of non-us companies (ordinary shares).
Mutual or Collective Funds:	Mutual Funds registered with the Securities and Exchange Commission under the Investment Act of 1940 that invests in the allowable assets above
Venture Capital/Private Investments:	Partnerships and/or investments directly related to advancing the TSC Alliance mission of finding a cure for TSC while improving the lives of those affected. These investments can include research, early stage company formation, licensing opportunities, etc.

Potential assets listed below require further discussion by the Board and final approval by the EFIC is needed to invest. These investments may include any pooled investment vehicles, like mutual funds or exchange-traded funds (ETFs), that invest primarily in the assets below.

High Yield Bonds/Bank Loans

The TSCEFB may approve the investment in fixed income securities rated below investment grade by the major credit agencies or unrated debt securities. This approval would be based on recommendation from Investment Consultant due to market opportunities or need in the in portfolio.

Futures and Options

The TSCEFB may approve of the use of financial index futures and options in order to adjust the overall effective asset allocation of the entire portfolio and for use as hedges. For example, covered call options may be used to mitigate an expected decline in securities prices. However, futures and options positions are not to be used for speculation, and the TSCEFB must specifically approve the program for each type of use.

Alternative Investments

Alternative investments may include, but are not limited to hedge funds, managed futures products, commodities, commodity contracts, or venture capital/private investments. These investments may have liquidity constraints.

Rebalancing of Fund Assets

Understanding that different asset classes will perform at different rates, the EFIC and the Investment Consultant will monitor the asset allocation shifts caused by performance. The approved strategic asset allocation found in Appendix A outlines ranges around each asset class. The Investment Consultant can execute trades within these ranges and with existing Investment Managers. The Investment Consultant will report any re-balancing activity to the EFIC in the quarterly review.

Investment Performance Review and Evaluation

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the TSCEFB and EFIC for review. The investment performance of the total Fund, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The TSCEFB and EFIC intend to evaluate the portfolio(s) over at least a three-year period but reserves the right to terminate a manager for any reason.

Each manager shall maintain a portfolio consistent with characteristics similar to those of the composite utilized for their retention. Investment performance will be measured on a total return basis, which is defined as dividend and interest income plus realized and unrealized capital gains. Each manager will be evaluated in part by regular comparison to a peer group of other managers employing statistically similar investment style characteristics. It is expected that each manager will perform above the peer group median and the appropriate index over rolling three-year periods with respect to both return and risk.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The Fund's composite investment performance (net of fees) will be evaluated against the following objectives:

1. The Fund's absolute long-term objective.
2. A composite benchmark of broad market indexes weighted according to the approved strategic asset allocation.

These benchmarks are found in Appendix B of this document.

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this statement of investment policy, the TSCEFB and EFIC will review the policy annually.

APPENDIX A

Approved by the EFIC on (insert date)

The Investment Consultant recommends and will manage to the Fund's strategic asset allocation shown below. The Fund's strategic asset allocation is formally approved by the EFIC and is reviewed at least annually. The Investment Consultant also provides ranges around each asset class to aid in re-balancing transactions and to help ensure the portfolio remains appropriately diversified.

Asset Class	Target (%)	Range
U.S. Equity		
Large-Cap	40%	32% - 50%
Small/Mid-Cap	12%	12% - 19%
International Developed	14%	12% - 19%
Emerging Markets	4%	3% - 7%
Real Estate (Public)	5%	3% - 7%
Fixed Income	20%	16% - 24%
Venture Capital/Private Investments*	5%	0% - 10%

- Due to the illiquidity of and the longer funding periods for venture capital/private investments, the Committee recognizes that an extended period of time may be required to fully implement a target allocation.

APPENDIX B

Approved by the EFIC on (insert date)

The Investment Consultant designs and recommends the overall portfolio benchmark. These benchmarks provide means for the EFIC to evaluate and monitor the Fund's aggregate performance over various market cycles.

1. Primary objective benchmark: Spend rate+ Inflation + Investment-related costs

Target spending rate: 5%

Inflation: CPI-U

Investment-related costs: Investment Consultant fees (0.30%) + Investment Manager fees (~0.30%)

2. Broad market benchmark: Based on strategic asset allocation

50% Russell 1000 Index

10% Russell 2000 Index

20% MSCI ACWI ex USA Index (net)

20% Barclays US Aggregate Bond Index

APPENDIX C

This document will track ongoing changes to the Investment Policy Statement as amended and approved by TSCEFB. Summary of revisions and dates will be noted in this appendix.