

Investment Policy
for
Bell's Chapel Cemetery Association

Adopted: April 18, 2015

Statement of Purpose

This policy statement provides a framework for the management of the investable assets of Bell's Chapel Cemetery Association, Inc. a Texas Non-profit Corporation ("BCCA" and "Fund"). This policy will assist the Board of Directors in supervising and monitoring the investments of the Fund. A subcommittee of the Board of Directors or an Investment Committee may be established ("Committee") to implement and monitor the Fund in accordance with this policy statement. The guidelines allow for flexibility and a process to capture investment opportunities, while prudently and carefully setting forth reasonable risk control parameters for the investment program.

The statement of investment policy is intended to address asset deployment, liquidity and diversification requirements, which should not be violated over the planning horizon. Policy issues relate directly to the return requirements and risk parameters of the Fund and are to be considered the general principles governing the investment management of the Fund. The management of the Fund will follow basic fiduciary responsibilities. The investments of the Fund will be diversified and managed by third-party professional investment managers, such as Vanguard Funds and Fidelity Funds, to help minimize the overall risk in the portfolio, consistent with return expectations and goals.

This policy addresses the following issues:

- The goals and objectives of the Fund and the investment program; and
- The investment strategy including asset allocation, spending (or distribution) policy, rebalancing procedures and investment guidelines.

Goals and Objectives

Objective of the Fund

The primary investment objectives of the Fund are to:

- Preserve the real purchasing power of the principal; and
- Provide a stable source of perpetual financial support.

Performance Goals

On an annualized, net-of-fees basis, the total return of the portfolio will be expected to:

- Equal or exceed the spending rate plus inflation (CPI) over a rolling five-year period.

Additionally, the returns should show favorable, relative performance characteristics. These returns should:

- Equal or exceed the average return of appropriate capital market indices, net of management fees, weighted by the asset allocation target percentages over a rolling five-year period; and
- Equal or exceed the average return of a universe of similarly managed funds.

Performance goals are based upon a long-term investment horizon; therefore, interim variations should be expected.

Investment Philosophy

The BCCA has a long-term investment horizon and believes that asset allocation is the major determinant of investment performance. Consequently, a long-term asset allocation plan, consistent with the Fund’s investment objectives and performance goals will be developed.

The assets will be managed on a Total Return basis. Although the policy recognizes the importance of preserving capital, it also must reflect that varying degrees of investment risk are generally rewarded with increased returns that compensate for the additional risk. Additionally, risk greater than that of stable long-term low risk securities will be required to preserve the purchasing power of the Fund. It is appropriate to pursue riskier investment strategies if such strategies are in the beneficiaries’ best interest. Selection of investment strategies will be evaluated on a risk-adjusted basis as needed to meet the investment objectives of the Fund.

Risk management of the investment program is focused on understanding the Fund’s investment and operational risks. The investment program will seek to minimize operational risks and achieve appropriate compensation for the investment risks the fund undertakes.

Investment Program Policies and Procedures

Investment Program Policy

The investment program shall invest according to an asset allocation plan that is designed to meet the goals of the Fund. The plan will be based on a number of factors, including:

- The projected spending needs;
- The maintenance of sufficient liquidity to meet spending payments; and
- The return objectives and risk tolerances of the Fund.

This asset allocation plan provides for diversification among assets classes in an effort to optimize the investment return and manage the risk of the Fund consistent with market conditions. Due to the fluctuation of market values, allocations within a specified range constitute compliance with the Policy. An extended period of time may be required to fully implement the asset allocation plan, and periodic revisions will be required.

Investment Program Strategy

The Fund shall be allocated across a number of investment asset classes to provide diversification and achieve the Fund’s investment objectives. The following table defines the target asset allocation and range for each asset class:

Target Asset Allocation Table

Asset Class	Sub Asset Class	Allocation Range
Cash and Fixed Income		10% - 60%
	Cash & Equivalent	0% - 5%
	Fixed Income	10% - 50%
Equities		25% - 70%
	Domestic	25% - 60%

	International	0% - 30%
Alternative Investments		0% - 0%
	Real Estate (other than publicly traded REIT)	0% - 0%
	Hedge Fund	0% - 0%
	Other (other than publically traded MLP)	0% - 0%

The Committee will place assets with qualified third-party professional Investment Managers, including Vanguard Funds and Fidelity Funds, who show competence in each asset class. The external Investment Managers will have full discretion and authority for determining investment strategy, security selection and timing of purchases and sales of assets subject to the guidelines specific to their allocation. EXCEPTION: variable rate and short-dated ("money market" equivalent) instruments with a credit quality grade of at least AA or equivalent and U.S. Treasury obligations and equivalent may be bought and held in a brokerage account and managed directly by the Committee.

Spending Policy

It is BCCA's policy to distribute annually up to five percent (5%) of the twelve-quarter (three-year) moving average of Fund assets, provided that the rate of distribution for any year is consistent with Fund growth necessary for the intergenerational preservation of purchasing power.

It is understood that this Total Return basis for calculating spending is sanctioned by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted into law by the State of Texas setting guidelines under which BCCA is permitted to spend an amount in excess of the current yield (interest and dividends earned) to include realized or unrealized appreciation. Any change from this policy should be approved by a majority of the Directors.

Rebalancing

The purpose of rebalancing is to maintain the long-term policy asset allocation within the targeted ranges in order to control portfolio risk. The portfolio will be evaluated at least semi-annually by the members of the Committee charged with the oversight of the portfolio's investments and rebalanced at least annually. Tactical rebalancing of asset classes within their ranges is also permissible to take advantage of near-term market conditions so long as the changes or reallocations do not cause undue risk or expense to the portfolio. This deliberate pace of review and rebalancing is believed to be sufficiently responsive to market changes and will hold down portfolio expenses associated with more frequent rebalancing.

Roles and Responsibilities

The Committee, within the framework of policy set by the Board of Directors, shall have direct responsibility for the oversight and management of the Fund and for the establishment of investment policies and procedures. Upon recommendation of the Committee, the Board of Directors shall have the power to employ or discharge fiscal agents or advisors.

The Committee shall be responsible for maintaining detailed records on all investment funds and for carrying out the investment policies and procedures established by the Board of Directors. Reports on the Fund will be provided at least

quarterly to the Board of Directors.

Investment Management Policies, Guidelines and Restrictions

The investment policies, guidelines and restrictions in this policy statement are a framework to help the BCCA and its Investment Managers achieve the investment objectives at a level of risk deemed acceptable. The Fund will be diversified both among asset classes and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality, and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund. As a result, the risk level associated with the portfolio investment is reduced.

Equity Securities

The purpose of equity investments, both domestic and international, in the Fund is to provide current income, growth of income and capital appreciation. This asset class carries the assumption of greater market volatility and increased risk of loss, but also provides a traditional approach to meeting portfolio total return goals. This component includes domestic and international common stocks, American Depository Receipts (ADRs), and convertible stocks traded on the world's stock exchanges or over-the-counter markets. For the purposes of this Policy and the aforementioned Target Asset Allocation Table, non-convertible preferred stock is classified as Fixed Income.

Public equity securities shall generally be restricted to high quality, readily marketable securities of corporations that are traded on the major stock exchanges, including NASDAQ, and have the potential for meeting return targets. Equity holdings must generally represent companies meeting a minimum market capitalization requirement of respective asset class profiles with reasonable market liquidity where customary. Decisions as to individual security selection, number of industries and holdings, current income levels and turnover are left to broad manager discretion, subject to the standards of fiduciary prudence. However, no single major industry shall represent more than 20 percent of the Fund's total market value, and no single security shall represent more than five percent of the Fund's total market value, unless approved by the Committee.

Within the above guidelines and restrictions, the Investment Managers have complete discretion over the timing and selection or sale of equity securities.

Fixed Income Securities

Domestic and International fixed income investments provide diversification and a dependable source of current income. Diversification within fixed income investments will be flexibly allocated among maturities of different lengths according to interest rate prospects and the goals of the Fund. Fixed income instruments should reduce the overall volatility of the Fund's portfolios, and provide a deflation or inflation hedge, where appropriate.

Fixed income includes both the domestic fixed income market and the markets of the world's other developed economies. It includes, but is not limited to, U.S. Treasury and government agency bonds, non-U.S. dollar denominated securities, public and private corporate debt, mortgages and asset-backed securities, and non-investment grade debt. Fixed income may also include money market instruments, including,

but not limited to, commercial paper, certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, and U.S. Treasury and agency obligations, and may include non-convertible preferred stocks. The Investment Manager(s) must take into account credit quality, sector, duration and issuer concentrations in selecting an appropriate mix of Fixed Income securities. Investments in fixed income securities should be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums.

Within the above guidelines and restrictions, the Investment Managers have complete discretion over timing the sale, purchase, and selection of fixed income securities.

Cash and Equivalents

The Investment Managers may invest in the highest quality commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the Fund's principal value. No more than 5% of the Fund's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. Government and its agencies.

Uninvested cash reserves shall be kept to a minimum since short term, cash equivalent securities are usually not considered an appropriate investment vehicle for long-term investments. However, such vehicles are appropriate as a depository for income distributions from longer-term investments or as needed for temporary placement of funds directed for future investment to the longer-term capital markets or to manage down the effective duration of the fixed income portfolio. Also, such investments are the standard for contributions to the current fund or for current operating cash.

Within the above guidelines and restrictions, the Investment Managers have complete discretion over timing the purchase, sale, and selection of cash equivalent securities.

Alternative Investments

Equity Securities, Fixed Income Securities and Cash and equivalents each include instruments that are publicly traded and readily marketable. Those assets will be held in accounts or common funds that are professionally managed as described above. Other investment assets that are not publicly traded or readily marketable are called Alternative Investments. The Fund will not employ Alternative Investments due to these characteristics.

Restrictions

The Board of Directors may waive or modify any of the restrictions in these guidelines in appropriate circumstances. Any such waiver or modification will be made only after a thorough review of the Investment Manager and the investment strategy involved. An addendum supporting such waiver or modification will be maintained as a permanent record of the Committee.

Any investment that is made in mutual funds and/or common funds, including Exchange Traded Funds ("ETFs") will be reviewed and approved by the Committee on a case by case basis and if approved, may vary from this Policy. For mutual and other common funds, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of the fund investments. While the

Committee understands that such funds have their own stated guidelines, which cannot be changed for individual investors, in principle and spirit, those guidelines should be similar in nature to the guidelines stated above. To the extent that a fund allows any or all of the above stated restrictions, the Committee must be aware of their possible use and be confident that the Investment Manager thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of those securities.

Investment Managers Reporting and Evaluation

The Investment Managers responsible for the investment of the Fund's assets shall report annually on the performance of the portfolio, including comparative returns for the funds and their respective benchmarks. Included will be a complete accounting of all transactions involving the Fund during the year, and a statement of beginning market value, fees, capital appreciation, income and ending market value, for each account. This annual review will be supplemented by other meetings as necessary for proper oversight.

The Committee recognizes market conditions may greatly influence the ability of a manager to meet year-to-year investment goals and objectives. Further, the Committee realizes that significant cash flow may also affect the ability of a manager to meet a specific short-term objective. Accordingly, the Committee expects to monitor performance through absolute return objectives, relative performance against identified benchmarks, and comparatively against other Investment Manager(s) when possible.

Covered Call Options and Securities Lending Activities:

N/A

Conflict of Interest:

Members of the Board of Directors and Investment Committee of BCCA will strictly comply with the Conflict of Interest Policy of the BCCA and applicable statutes.