CARLSON SCHOOL FIXED INCOME FUND
INVESTMENT POLICY

As of June 6, 2019

The Carlson Fixed Income Fund (‘the Fund’) is a Minnesota Limited Liability Company. This investment policy statement specifies the objective of the fund and the broad parameters the fund shall use to make investment decisions. Definitions of terms used in the document are provided in the attached glossary.

1) Fund Objective
   a) The objective of the fund is to obtain a total rate of return, before administrative fees and expenses and taxes, in excess of the annual return of the chosen benchmark with the primary goal of preserving capital for the benefit of future classes.
   b) Because of the volatility of the security markets, these comparisons will be given greatest weight over full market cycles, generally periods of four to six years.
   c) In addition, the objective is to provide an experiential learning environment for the analysts.

2) Benchmark
   a) The benchmark will be the Bloomberg Barclays Intermediate U.S. Government/Credit Index (ticker on Bloomberg LF97TRUU).

3) Approved Securities
   a) The fund will normally invest in public securities that fall into the following categories:
   b) • U.S. Treasuries
       • U.S. Agencies
       • Investment Grade Credit
       • Bond-Based Exchange-Traded Funds
       • Money Market Funds
   c) There is a maximum of 5% of total portfolio assets allowed in securities that do not qualify according to the list above including:
      • Non-investment Grade Corporates
      • Municipal Securities
d) An approved list of corporate issuers, ETFs, and Certification of Deposit Issuers will be proposed to the mentors for approval semi-annually. Securities of those issuers including commercial paper, certificates of deposit, notes and bonds on the approved list can be traded at any time. Any issuer not on the approved list may be proposed to the mentors for approval. Issuers will be removed from the approved list if downgraded to below investment grade, if there are significant changes to the operations or corporate entity, or if a period of 2 years has passed without review.

4) Risk Measure

a) Credit Risk
   95% of the portfolio must be Investment Grade at all times.

b) Currency Risk
   i) No currency risk will be assumed. All securities will be U.S. dollar denominated.

c) Interest Rate Risk
   i) The primary objective of the Fund is not to time interest rates. The duration of the portfolio generally should not vary from the duration of the benchmark index by more than 10%. For this purpose, duration will be measured as the effective or option-adjusted duration.

d) Concentration Risk
   i) Issuer: For all issuers other than U.S. Treasury and U.S. Agencies, the portion of the dollar value of the portfolio in the securities of any one issuer should not exceed the following maximums:

<table>
<thead>
<tr>
<th>Moody’s Rating</th>
<th>% Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>5%</td>
</tr>
<tr>
<td>AA</td>
<td>5%</td>
</tr>
<tr>
<td>A</td>
<td>3%</td>
</tr>
<tr>
<td>BAA</td>
<td>2%</td>
</tr>
<tr>
<td>BA or below</td>
<td>1%</td>
</tr>
</tbody>
</table>

   ii) Sector weightings: It is generally expected that the weighting of each sector within the portfolio should be within twenty percentage points (+/- 20%) of such sector’s weighting in the Fund’s benchmark, e.g. if a sector weighting in the index is 50%, the CFIF sector weighting must be between 30% and 70%.

   iii) In the event of a ratings downgrade which puts the position size out of compliance, the position will be reviewed and recommendation made about disposition. Immediate sale will not be required, but the fund should develop a plan for returning to compliance.
5) **Derivative Instruments**  
   a) The Fund may not use Derivative instruments.

6) **Other Guidelines**  
   a) The fund will not involve the use of financial leverage, e.g., repurchase agreements, short sales, etc. The fund will not borrow money.

7) **Communication and Reporting Requirements**  
   a) Fund managers will provide participants with written quarterly reports reviewing the progress and actions of the fund.
Glossary

Bloomberg Barclays Intermediate U.S. Government / Credit Bond Index (breakdown as of May 2019)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
<th>Quality</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury</td>
<td>60.3%</td>
<td>AAA</td>
<td>64.0%</td>
</tr>
<tr>
<td>U.S. Corporate</td>
<td>31.5%</td>
<td>AA</td>
<td>5.4%</td>
</tr>
<tr>
<td>Government Related</td>
<td>8.2%</td>
<td>A</td>
<td>13.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>BBB</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

Bloomberg Composite Rating
The Bloomberg Composite is a blend of a security’s Moody’s, S&P, Fitch, and DBRS ratings. The rating agencies are evenly weighted when calculating the composite. The Composite is the average of existing ratings, rounded down to the lower rating in case the composite is between two ratings. No composite is generated if the bond is rated by only one of the four rating agencies. Refer to {LPHP RATD:0:1 2201068 <GO>} on Bloomberg for full description.

Bond-Based Exchange-Traded Funds
Funds traded on an exchange must be approved by the mentor committee.

Government Related
Government related issuers are those entities with full or partial government ownership or control, a special charter, or a public policy mandate from the national, regional or local government.

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Percentage of Index (Bloomberg Barclays Int. U.S. Gov’t/Credit Bond Index)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
<td>4.1%</td>
</tr>
<tr>
<td>Supranationals</td>
<td>2.6%</td>
</tr>
<tr>
<td>Sovereigns</td>
<td>1.0%</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>0.6%</td>
</tr>
<tr>
<td>Total</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Investment Grade Corporates
Securities issued by corporations with a Bloomberg Composite credit rating of BBB- or higher are considered Investment Grade.

Money Market Funds
Funds that are registered with the SEC and invest in various money market instruments.
**Mortgage-Backed Securities**

**Municipal Securities**
Debt obligations of a U.S. state or local government entity.

**Non-Investment Grade Corporates**
Securities issued by corporations rated BB+ or below using the Bloomberg Composite Rating.

**U.S. Agency**
Also known as agency debt, an agency bond is a bond issued by a government agency.

**U.S. Treasuries**
Negotiable debt obligations of the U.S. government secured by its full faith and credit.