

**Statement of Investment Policy, Objectives, and Guidelines
for the Louisiana Hospital Association and Subsidiaries and the Louisiana
Hospital Association Research and Education Foundation
Adopted December 10, 1998**

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Association.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Association's Board of Trustees in order to:

1. Define and assign the responsibilities of all parties.
2. Establish a clear understanding for all parties of the investment goals and objectives of the Association's assets.
3. Articulate the Board of Trustees' objectives for structuring an investment program suitable to the long term needs and risk tolerances of the Association.
4. Formulate policies for selecting appropriate investment managers, commingled and/or mutual funds or other suitable investments within the framework of the stated objectives.
5. Offer guidance and limitations to all investment managers regarding the investment of the assets.
6. Establish a basis for evaluating investment results.
7. Manage the Association's assets according to prudent standards.
8. Establish the relevant investment horizon for which the Association's assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment Management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DEFINITIONS

1. "Association" shall mean the Louisiana Hospital Association and Subsidiaries and the Louisiana Hospital Association Research and Education Foundation.
2. "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 Association's assets.
3. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Association's assets.
4. "Investment Management 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.
5. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
6. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for the Association is 3 to 5 years.

DELEGATION OF AUTHORITY

The Board of Trustees is a fiduciary, and is responsible to the Association for directing and monitoring the Investment Management of the Association's assets. As such, the Board of Trustees is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. *Investment Management Consultant.* The consultant may assist the Board of Trustees in: establishing an investment policy, objectives, and guidelines; selecting Investment Managers; reviewing such managers in regular intervals; measuring and evaluating investment performance; and other tasks as may be deemed appropriate.
2. *Investment Manager.* The investment manager(s) have discretion to purchase, sell, or hold, and vote the proxies of the specific securities that will be used to meet the Association's investment objectives.
3. *Custodian/Master Trustee.* The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Association, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Association's accounts.
4. *Co-Trustee.* The Board of Trustees may appoint an outside individual or entity, such as a bank trust department to be co-trustee. The Co-trustee will assume fiduciary responsibility for the administration of the Association's assets.
5. Additional specialists such as attorneys, auditors, actuaries, and others may be employed by the Board of Trustees to assist in meeting its responsibilities and obligations to administer the Association's assets prudently.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Board of Trustees

The Board of Trustees is charged with the responsibility for the management of the assets of the Association. The Board of Trustees shall discharge its duties solely in the interest of the Association with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent man, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific approval responsibilities of the Board of Trustees relating to the investment management of Association's assets include:

1. Projecting the Association's financial needs, and communicating such needs to the Investment Manager(s) on a timely basis.
2. Determining the Association's risk tolerance and investment horizon, and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Association's assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objective progress.
6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines.

The President of the LHA and his/her designee has the authority to make financial decisions on behalf of the LHA and its subsidiaries, and the LHA Research & Education Foundation, within the guidelines established by this document, with periodic review by the LHA Board of Trustees.

Responsibility of the Investment Consultant(s)

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

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager searches when requested by the Board of Trustees.
3. Providing "due diligence", or research, on the Investment Manager(s).
4. Monitoring the performance of the Investment Manager(s) to provide the Board of Trustees with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Board of Trustees.
6. Reviewing the Association's investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Board of Trustees.

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a 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. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process, or the investment objective progress of the Association's investment management.
4. Informing the Board of Trustees regarding any qualitative change to the Investment Management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies on behalf of the Association, and communicating such voting records to the Board of Trustees on a timely basis.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the Association.
2. Investment of the Association's assets shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
3. The Board of Trustees may employ one or more Investment Managers of varying styles and philosophies to attain the Association's objectives.
4. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Board of Trustees recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Association's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline - Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Association is to maintain relative liquidity and optimize returns consistent with the conservative character of the fund.

SPECIFIC INVESTMENT GOALS

The investment goals below are the objectives of the aggregate Association, and are not meant to be imposed on each investment account (if more than one account is used). The goals of each Investment Manager, over the investment horizon (3-5 years), shall be to:

1. Meet or exceed, after expenses, the market index, or blended market index, selected and agreed upon by the Board of Trustees that most closely corresponds to the style of investment management. In addition, each manager is expected to out-perform the median performance of other equity and balanced managers or funds that use the same or substantially similar style.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining the specific goals and constraints as they differ from the objectives of the Association.

MARKETABILITY OF ASSETS

The Board of Trustees requires that all of the Association's assets, with the exception of alternative investments be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Commercial Paper
 - Banker's Acceptances
 - Repurchase Agreements
 - Certificates of Deposit
1. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Collateralized Mortgage Obligations
 - Fixed Income Securities of Foreign Governments and Corporations Denominated in U.S. Dollars
 - GIC's
 - Certificates of Deposit
2. Mutual Funds
 - Mutual Funds which invest in securities as allowed in this statement.

3. Equity Securities
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Preferred Stock
 - Options (Covered Calls)
4. Alternative Investments
 - Hedge Funds
 - Private Equity
 - Managed Futures

Prohibited Assets

Prohibited investments include, but are not limited to the following:

- Direct Real Estate Investments
- Venture-Capital Investments
- Securities whose primary business function is to promote "bad health"

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Margin Transactions
2. Direct investments in non-diversified unmanaged commodity futures
3. Direct investments in single, non-diversified hedge funds

Asset Allocation Guidelines

Investment management of the assets of the Association shall be in accordance with the following asset allocation guidelines:

1. Aggregate Asset Allocation Guidelines (at market value)

<u>Asset Class</u>	<u>Maximum</u>	<u>Preferred</u>	<u>Minimum</u>
Equities	50%	40%	30%
Fixed Income	40%	30%	20%
Alternative Instruments	35%	25%	15%
Cash & Equivalents	10%	5%	0%

2. The Board of Trustees may employ Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Association, such disciplines must fit within the overall asset allocation guidelines established in this statement.
3. During the course of the year, aggregate allocations will likely fluctuate from the maximum allocations. These guidelines will be monitored quarterly and re-balanced annually.

Diversification for Investment Managers

The Board of Trustees does not believe it is necessary or desirable that securities held in the Association represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, each portfolio manager should not exceed 5% of the money they manage in any one company, and no more than 20% should be invested in any one industry at cost.

Guidelines for Fixed Income Investments and Cash Equivalents

The fixed income portfolio should be broadly diversified by issue type, asset pool, quality, maturity and manager.

1. Association assets may be invested so the average quality of all fixed income assets is A or better.
2. High yield fixed income securities, rated or unrated, are limited to no more than 10% of the market value of the fixed income portfolio.
3. International fixed income securities, are limited to no more than 30% of the market value of the fixed income portfolio.
4. 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.

SELECTION OF INVESTMENT MANAGERS

The Board of Trustees selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Board of Trustees requires that each Investment Manager provide, in writing, acknowledgment of fiduciary responsibility to the Association.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

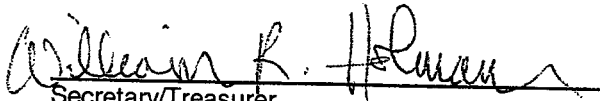
Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration 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 Board of Trustees intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a manager for any reason.

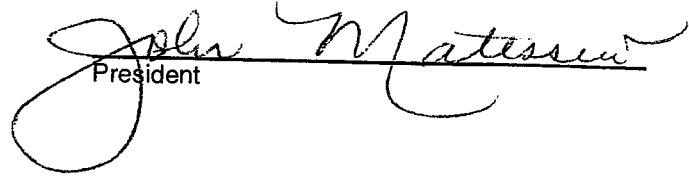
Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Trustees plans to review investment policy at least periodically.

This revised statement of investment policy was adopted on the 21st day of July, 2008 by the Board of Trustees. The Secretary/Treasurer and LHA President attest to the adoption.


Secretary/Treasurer


President