AMERICAN RESEARCH CENTER IN EGYPT and CHICAGO HOUSE
INVESTMENT POLICY STATEMENT
Updated as of March 20, 2007; October 15, 2011; September 28, 2013

I. Background and Purpose

The American Research Center in Egypt (“ARCE”) is a nonprofit consortium of individuals and North American research institutions dedicated to an understanding of all aspects of Egyptian history and culture up to the present. To these ends, ARCE promotes scholarly research and the dissemination of its results; encourages cultural and academic ties among its members and their Egyptian counterparts; and fosters broader knowledge and appreciation of Egypt and its culture among the general public. Chicago House, the Oriental Institute headquarters in Egypt, functions as a major center of Egyptological studies.

The American Research Center in Egypt and Chicago House Funds (“Funds”) were established by grant to provide perpetual financial support to ARCE and Chicago House (the “Institution”) for its programs and projects. The purpose of this Investment Policy Statement (“IPS”) is to establish guidelines and procedures for the Funds’ investment portfolios (the “Portfolios”) in the areas that most influence investment returns and risks. The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolios’ investment program and for evaluating the contributions of the manager(s) hired on behalf of the Funds and their beneficiaries.

II. Role of the Board and the Finance and Audit Committee

The guidelines and procedures of the IPS are reviewed annually and updated as required by the Finance and Audit Committee (“Committee”) and submitted to the Board of Governors (“Board”) for approval. Quarterly reports prepared by the Investment Manager to the Committee and annually to the Board will summarize the performance of the investments and managers, based on the guidelines contained in the IPS.

The Board, with the advice and guidance of the Finance and Audit Committee, is acting in a fiduciary capacity with respect to the Portfolios, and is responsible for overseeing the investment of all assets owned by, or held in trust for, the Portfolios.

A. This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Finance and Audit Committee and any other parties to whom the Board through the Finance and Audit Committee has delegated investment management responsibility for Portfolio assets.

B. The investment policies for the Funds contained herein have been formulated consistent with the Institution’s anticipated financial needs and in consideration of the Institution’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.

C. Policies contained in this statement are intended to provide boundaries, where necessary, for ensuring that the Portfolios’ investments are managed consistent with the short-term and long-term financial goals of the Funds. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Institution.
D. The Finance and Audit Committee will review this investment policy statement at least once per year. Changes to this investment policy statement can be made only by affirmation of a majority of the members of the Board, and written confirmation of the changes will be provided to all Board members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

III. Investment Objectives

ARCE has a three part investment objective:

- To maintain the purchasing power of the ARCE funds by keeping up with inflation as measured by the Consumer Price Index (CPI)
- To provide a return sufficient to fund annual operating expenses consistent with the resources of the ARCE funds
- To attempt to provide a reasonable level of growth beyond those two objectives when the investment environment permits such a strategy.

As a result of this three part investment objective, the following guidelines are set forth:

A. The Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Institution. Therefore, the investment portfolio shall be comprised of instruments with prudent levels of risk that, together with funds from other donors, are expected to generate income and capital gains in an annual amount sufficient for the needs of the projects and operations of the Beneficiary Organizations and for prudent financial reserves.

B. For the purpose of making distributions, the Fund shall make use of a total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.

C. The distribution of Fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the Fund’s real assets over time. The Finance and Audit Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Finance and Audit Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Funds’ spending policy, its target asset allocation, or both.

D. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the Asset Allocation policy at Section IV. A. herein.

E. The portfolio will not include investments of a highly speculative nature, nor will it include commodity or margin investments or derivative investments in which the Endowment could be at risk for an amount greater than the purchase price of the instrument involved, except as such instruments may be included as a small percentage of any mutual funds in which the portfolio is invested.
IV. Portfolio Investment Policies

   A. Asset Allocation Policy

   1. The Finance and Audit Committee recognizes that the strategic allocation of
   Portfolio assets across broadly-defined financial asset and sub-asset categories with
   varying degrees of risk, return, and return correlation will be the most significant
determinant of long-term investment returns and Portfolio asset value stability.

   2. The Finance and Audit Committee expects that actual returns and return volatility
may vary widely from expectations and return objectives across short periods of time.
While the Finance and Audit Committee wishes to retain flexibility with respect to
making periodic changes to the Portfolio’s asset allocation, it expects to do so only in
the event of material changes to the Funds, to the assumptions underlying the Funds’
spending policies, and/or to the capital markets and asset classes in which the
Portfolio invests.

   3. Fund assets will be managed as a balanced portfolio comprised of two major
components: an equity portion and a fixed income portion. The expected role of
Fund equity investments will be to maximize the long-term real growth of Portfolio
assets, while the role of fixed income investments will be to generate current income,
provide for more stable periodic returns, and provide some protection against a
prolonged decline in the market value of Portfolio equity investments.

   4. Cash investments will, under normal circumstances, only be considered as temporary
Portfolio holdings, and will be used for the Funds’ liquidity needs or to facilitate a
planned program of dollar cost averaging into investments in either or both of the
equity and fixed income asset classes.

   5. Outlined below are the long-term strategic asset allocation guidelines, determined by
the Committee to be the most appropriate, given the Funds’ long-term objectives
and short-term constraints, anticipated spending and risk-return tradeoffs as assessed
through economic modeling and with counsel of the investment manager. Portfolio
assets will, under normal circumstances, be allocated across broad asset and sub-asset
classes in accordance with the following guidelines:

ARCE Antiquities Fund

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Sub-Asset Class</th>
<th>Target Allocation</th>
<th>Rebalancing Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>U.S.</td>
<td>70%</td>
<td>65-75%</td>
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<tr>
<td></td>
<td>Non-U.S.</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Investment Grade</td>
<td>30%</td>
<td>25-35%</td>
</tr>
<tr>
<td></td>
<td>Below-Investment Grade</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>0%</td>
<td>0-5%</td>
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ARCE Operating Funds
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Chicago House Operating Fund

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Additionally, the investment manager is permitted to make tactical adjustments/shocks to reduce equity exposure in periods of above average equity market valuations. These adjustments are intended to be infrequent and may result in the reduction of equity exposure 5 to 10 percentage points from the long-term target allocation. During these periods, the rebalancing ranges would be +/- 5% around the tactical targets.

B. Diversification Policy

1. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

   a) With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.

   b) With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

   c) Investments in global offerings are allowable as long as the instruments are offered in the U.S. through a U.S. financial intermediary.

   d) With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's
BAA or higher). All of the funds in the portfolio are committed by their prospectus to maintain at least 80% of their assets in bonds that are rated as investment grade securities by an independent ratings agency.

C. Rebalancing Policy

It is expected that the Portfolio’s actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target normal asset allocation under the following circumstances:

1. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.
2. The portfolio will be reviewed quarterly by the investment manager to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
   a) If any asset class (equity or fixed income) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
   b) If any fund within the portfolio has increased or decreased by greater than 20% of its target weighting, the fund may be rebalanced.
3. The investment manager may provide a rebalancing recommendation at any time.
4. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges.

D. Other Investment Policies

Unless expressly authorized by the Board of Governors through the Committee, the investment manager of the Portfolio is prohibited from:

1. purchasing securities on margin, or executing short sales;
2. pledging or hypothecating securities, except for loans of securities that are fully collateralized;
3. purchasing or selling derivative securities for speculation or leverage;
4. engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their Portfolios;
5. making investment decisions with respect to the Portfolio that are inconsistent with applicable state or federal laws.

V. Monitoring Portfolio Investments and Performance

The Finance and Audit Committee will monitor the Portfolio’s investment performance against the Portfolio’s stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

A. At the portfolio level, the Portfolios’ composite investment performance (net of fees) will be judged against an absolute long-term real return objective and the appropriately weighted composite benchmark consisting of the following unmanaged market indices
weighted according to the expected target asset allocations stipulated by the Portfolio’s investment guidelines:

1. U.S. Equity: MSCI US Broad Market Index or similar broad domestic index
2. Non-U.S. Equity: MSCI All Country World ex-USA Investable Market Index
3. Investment Grade Fixed Income: Barclay’s Aggregate

B. At the portfolio component level, the performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:

1. A market-based index appropriately selected or tailored to the manager’s agreed-upon investment objective and the normal investment characteristics of the manager’s portfolio
2. The performance of other investment managers having similar investment objectives

C. In keeping with the Portfolio’s overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.

VI. Account Reviews

Investment reports shall be provided on a (calendar) quarterly basis. Quarterly reports will include portfolio allocations relative to strategic targets, performance relative to benchmarks, beginning and ending balances for the reporting period and additions or distributions from the fund. Each investment manager is expected to be available to meet with the Finance and Audit Committee at least once per year or more often if needed to review Portfolio structure, strategy, and investment performance.

These guidelines are approved by the Board and are provided to the investment manager. It is the intention of the Finance and Audit Committee to review these guidelines formally with the investment manager at least annually to confirm their continuing relevance or revise them as appropriate.

Either the Finance and Audit Committee or the investment manager may suggest revisions, subject to discussion and approval, at any time if it is felt to be in the best interests of the Portfolio. In addition, it shall be the responsibility of the investment manager to request a review by the Finance and Audit Committee if at any time these guidelines would restrict the ability to utilize the full resources of its organization or limit the application of the investment approach felt to be appropriate given the outlook for the economy or capital markets.

Approved this __28___ day of __September___, 2013