American College of Preventive Medicine
physicians dedicated to prevention

Investment Policy

Introduction

This investment policy will establish the guidelines, parameters, philosophy and performance necessary for the prudent management of the assets of the American College of Preventive Medicine (ACPM or "College"). This document includes:

- Finance Committee's authority and responsibility
- Responsibility of the investment managers, custodian, and all related parties
- General Investment Principles
- Investment Objectives and long-term expectations Asset Allocation Policies
- Appropriate risk level for ACPM's Reserve Fund
- Criteria for evaluating performance of portfolio

I. Purpose

The Purpose of this policy statement is to establish guidelines for the American College of Preventive Medicine's Reserve Fund. The term "Reserve Fund" is used herein to include the long-term reserve (LTR) fund, the Katherine Boucot Sturgis (KBS) Restricted Endowment Fund, the Jacob and Heather Adams Resident Scholarship Endowment Fund, and any funds that may be created henceforth, unless such funds are created with investment requirements that differ from this policy. This policy defines and establishes:

- Responsibilities among the various groups accountable for guiding the investment process and supervising outside investment professionals
- An appropriate risk level for the Reserve Fund
- Investment objectives
- Allocation ranges for asset classes and investment styles deemed suitable for the Reserve Fund
- Prudent criteria for diversification of assets, and performance objectives and regular review process
- Investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets.
- Criteria for evaluating the performance of the investment managers and of the Reserve Fund as a whole.

Investment Objective

A. The primary long-term management objective is to provide a level of support (as determined by the Reserve Fund Spending Policy summarized below) and to preserve the real (i.e., inflation

adjusted) purchasing power of the Reserve Fund, This objective should be achieved over rolling five-year periods.

B. The primary investment objective of the Reserve Fund is to earn an average annual total return of at least 5% above the Consumer Price Index (CPI), net of management fees, over a rolling five-year period.
C. Over the next five to ten years, the investment objective is to augment the purchasing power of the Reserve Fund through: (1) the addition of operating surpluses and campaign gifts to the Reserve Fund, and (2) the continued reinvestment of realized capital gains and earned income to the extent the earned income is not required for operating purposes.
D. The Reserve Fund's investment policies should be based on the assumption that annual spending will average no more than 5% of trailing twelve-quarter average market value (realized and unrealized) of the Reserve Fund. At this level, the Reserve Fund's spending is expected to be no more than *the* long-term real rate of investment return; therefore, the purchasing power of the Reserve Fund is expected to be maintained over the long term. It is acknowledged that withdrawal restrictions exist in certain specific funds of the Reserve Fund and that these restrictions are adhered to while measuring spending at the aggregate level of the Reserve Fund.

ACPM also maintains an Operating Fund. The investment objective of the Operating Fund is 100% liquidity, with funds placed in FDIC-insured or equivalent accounts with maturity of no longer than 90 days, and with the goal of achieving a rate of return greater than the 30-day Treasury Bill.

II. Statement of Responsibilities

The Board of Regents of the American College of Preventive Medicine is a fiduciary and is responsible for directing and monitoring the management of the College's investments. The Regents have delegated operating and supervisory responsibility for the Reserve Fund to the Finance Committee.

A. Finance Committee

The specific responsibilities of this Committee are to:

- Oversee the investment professionals and staff activities related to investment management.
- Propose recommendations to the Regents concerning any changes to the Investment Policy.
- Determine that the Reserve Fund assets are prudently and effectively managed.
- Monitor and evaluate the performance of all service providers, particularly the custodian bank and the investment managers, by regular review of reports provided to the Committee by the Vice President, Membership and Operations or the Chief Executive Officer.

- Retain or dismiss outside professionals such as custodians and investment managers. The Committee may choose to require that the Regents approve these actions before they become effective.
- Report twice a year to the Regents and/or Executive Committee of the Board of Regents on Reserve Fund assets, performance and issues.
- Receive and review reports from Staff, and investment managers regarding the status of the Reserve Fund.
- Evaluate the extent to which the Investment Policy, investment activities, risk management controls and process continue to be consistent with the Reserve Fund's goals and objectives.
- Avoid prohibited transactions and conflict of interest.

B. Staff

- Oversee the day-to-day operational investment activities of the Reserve Fund subject to policies established by the Regents and the Finance Committee.
- Receive, review and distribute reports from outside professionals regarding the status of the Reserve Fund.
- Work with investment managers and other outside professionals to meet the overall objectives of the Reserve Fund.
- Provide quarterly status reports to the Finance Committee regarding the performance of the Reserve Fund

C. Investment Management Structure

In executing these responsibilities, the Finance Committee may authorize to delegate certain responsibilities to experts in various fields, including, but not limited to, the following:

Investment Managers

Fiduciary Responsibilities

- Investment Managers are to manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective prospectus or service agreement.
- Exercise full investment discretion with regards to buying and selling, managing assets held in the portfolio.
- Vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the portfolios as described in this IPS. Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.
- Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experience investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with the Uniform Prudent Investment Act and all applicable laws, rules, and regulations.

Security Selection/Asset Allocation

- Except as noted below, each investment manager shall have the discretion to determine their portfolio's individual security selections;
- The Reserve Fund is expected to operate within an overall asset allocation strategy defining the Reserve Fund's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of the Reserve Fund's market value that is to be invested in any one-asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.
- The asset allocation strategy for each investment manager's portfolio can deviate from the overall Reserve Fund's asset allocation, however, the Finance Committee is responsible for monitoring the aggregate asset allocation, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided.

III. Asset Allocation Strategy

This is the core of the investment policy. The asset allocation strategy describes the permitted asset classes in the Reserve Fund including ranges within which the market values may vary.

In line with the Reserve Fund's return objectives and risk parameters, the mix of assets for the Reserve Fund should generally be maintained as follows (percentages are of the market value of the Reserve Fund):

A. For the purpose of the investment policy, the Reserve Fund assets shall be divided into two parts: a **"growth fund**" and a **"fixed income fund**". It should be noted that the division of the Reserve Fund by asset class need not necessarily be related to the division of assets among outside investment advisors. The purpose of dividing the funds in this manner is to ensure that the overall asset allocation between these two major asset classes remains under the regular scrutiny of the Finance Committee and is not allowed to become the residual of separate manager decisions.

    1. The "**growth fund**" (including domestic stocks, foreign stocks, real estate, other marketable and non-marketable alternative equity investments and fixed income reserves held by equity managers) is intended to provide long-term capital appreciation that more than offsets inflation, and a growing stream of income. It is recognized that the "growth fund" by itself will likely result in the assumption of greater price variability than the "fixed income fund."

2. The "growth fund" should normally represent approximately 54% of total Reserve Fund assets at market value. Although the actual percentage of equities will vary with market conditions, levels in excess of 70% or less than 40% will be closely monitored by the investment managers and the Vice President, Membership and Operations and the Chief Executive Officer. Recommendations for rebalancing will be reviewed with the Finance Committee.

3. Capitalization size for equity classifications are defined as follows:

Large Cap: Companies with a market capitalization of $10 Billion or above.

Mid Cap: Companies with a market capitalization between $2 Billion and $10 Billion.

Small Cap: Companies with a market capitalization between $500 Million and $2 Billion.

B. The purpose of the "**fixed income fund**" is to increase current yields relative to an all-equity pool, to provide a hedge against deflation, and to help diversify the total Reserve Fund.

Fixed income securities include*:* domestic fixed income and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. corporations, Yankee bonds and notes (bonds or notes issued by non-U.S. based corporations but traded in the U.S.), securitized mortgages, asset-backed securities and preferred stock.

C. The "fixed income fund" should normally represent approximately 46% of total Reserve Fund assets at market value. Levels less than 35% or more than 60% will be closely monitored by the Finance Committee.

The Finance Committee, with approval from the Executive Committee or the Board of Regents, may change the ratios of the "growth fund" and the "fixed income fund", but it is anticipated that such changes will be infrequent. Asset allocation policy ranges and the current targets are listed below:

Total Portfolio Construction

75% Growth
20% Fixed Income
5% Cash / short term alternatives/FDIC insured holdings

Growth Allocation Detail:

90% US Exposure 10% International Exposure

50% Large Cap Growth and Large Cap Value
25% Small and Mid Cap Growth
25% Small and Mid Cap Value

Fixed Income Allocation Detail:

100% US Exposure

70% US Government or Government Agency Bond Funds
20% US Corporate Bond Funds Rated AA or better
10% US Corporate Bond Funds Rated BB+ or better

Growth:

- To provide for diversification in each investment manager's portfolio, investments in any one individual equity security should not exceed approximately 10% of the market value of the equity portion of the investment manager's portfolio.
- The investment in any one industry should not exceed 20% of the market value of the equity portion of the investment manager's portfolio.
- Holdings of any single issue in each investment manager's portfolio should not exceed more than 5% of the total outstanding market capitalization of any one company.

Fixed Income:

- Fixed income securities should be rated A or better, by both rating agencies, Standards and Poor and Moody's. The dollar weighted average quality of the fixed income portfolio should be at least "A" (or equivalent).
- There is no constraint on the maturity or durations of any single fixed income security or the portfolio as a whole.
- Fixed income securities of a single issuer or issue, with the exception of the U.S. Government and Agency securities, are limited to no more than 10% of the market value of the fixed income portion of the investment manager's portfolio. No more than 20% of the market value of the fixed income portion of the investment manager's portfolio may be invested in a single sector of the corporate fixed income market, (e.g. Industrials, Financials, and Utilities).

Derivative Fixed Income Securities:

Conservative principals consistent with an investment philosophy that emphasize consistent income production and timely return of principal shall guide investment in derivative fixed income securities. To the extent strategies utilizing derivative fixed income securities may be used to enhance income production, the investment manager should submit a written request to the Investment Consultant for permission to utilize these instruments. **The Finance Committee must approve any use of derivatives.**

IV. Performance Standards

The Trustees will monitor the Reserve Fund's performance twice a year and will evaluate progress toward meeting investment objectives.

Performance Expectations:

a. The manager selection process will include past performance, stability and purity of style, experience, and stability of organization. Part of the performance review process is reviewing all of these factors.

b. The Reserve Fund should have a total minimum annualized return of 2% above the CPI based on a three-year average.

c. It is desired that each investment manager produce a level of return higher than the "market", as represented by the policy index standards shown in the table below. Each investment manager is expected to exceed the average return of the benchmark on a risk-adjusted basis over rolling three-year time periods. In addition, the investment managers are expected to exceed the policy index benchmark measured on a compound annual return basis and annualized over rolling three-year holding periods.

d. Managers must meet or exceed their benchmark index on an annualized basis averaged over five years.

e. Managers should rank in the top quintile of their management universe over a rolling three-year time period.

f. A manager may be placed on a Watch list and a thorough review and analysis of the investment manager may be conducted when:

1. A manager performs below median of their peer group over a 1, 3, and or 5-year cumulative period.
2. A manager's 3-year risk adjusted return falls below the peer group median risk adjusted return.
3. There is a change in the professional managing the portfolio.
4. There is a significant decrease in the product's assets.
5. There is an indication the manager is deviating from his/hers stated style and or strategy.
6. An extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

Investment Objective/ Investment Style	**Policy Index Standard**
Large Capitalization Growth	Russell 1000 Growth
Large Capitalization Value	Russell 1000 Value
Mid Capitalization	Russell 2500
Small Capitalization	Russell 2000
International	MSCI EAFE
Corporate Investment Grade Bonds	Merrill Lynch U.S. Broad Market

US Government Securities	Merrill Lynch Domestic Broad Index

V. Risk Tolerance

Although preservation of principal/capital is the prime importance, the ACPM recognizes the need to assign to certain classes of investments a high priority on liquidity and safety, and to others a greater emphasis on the rate of return. The degree of risk is to be appropriately measured against each of the generally recognized and agreed upon indexes of each asset class.

The long-term time horizon of the Reserve Fund permits a moderate risk tolerance. The Trustees are comfortable with a risk level, as measured by volatility (standard deviation) that is similar to the volatility of their respective policy indexes.

ACPM recognizes that higher returns involve some volatility and has indicated a willingness to tolerate declines in the value of this portfolio of between 0% and 5% in a given year. The Investor would accept losses as often as two out of ten times to achieve higher returns.

VI. Rebalancing

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation guidelines established by this Investment Policy Statement, every quarter the Advisor shall review the portfolio and each asset class in which the Portfolio is invested. If the actual weighting differs from the target weighting by 5% or more from the recommended weighting (e.g., from a recommended 10% to less than 5% or more than 15% of total assets) the Advisor shall rebalance the portfolio back to the recommended weighting.

VII. Exclusions

The ACPM Ethics Committee, Finance Committee and Board of Regents recognize that the investment team's first duty is its fiduciary responsibility to the College and its financial security and sustainability. The College also wants its investments to align with its values as best as possible, while balancing the primary responsibility of making sound investments with positive and sustainable returns.

The investment team should strive to target investment opportunities that promote health and well-being, and/or failing that, are at least net-neutral to health and well-being, and specifically that do not actively harm health and well-being in a significant way. Particular value priorities of the College, as distilled and articulated by the Board, include: a recognition of, and movement toward more conscientious environmental, social, and corporate governance practices; workplace health, safety, and well-being; and a desire to minimize the adverse impacts of social determinants of health, with a goal of greater health equity. Further, investment in the tobacco industry is prohibited.

The investment team should present options that include standard investments versus such "value-congruent" investment strategies to the College with descriptions of the anticipated returns and risks involved with each.

Recognizing investing rarely ever exists in silos, there are likely many investments that will contain a mix of positive and negative impacts to health and well-being, and there are few, if any, investment options that exclusively promote health and well-being, without some component that has either a real or perceived negative impact on health by some members. To seek such "pure" investments, to the total exclusion of others which may be perceived as "hybrid" but still acceptable, could place an unacceptable or inordinate burden on the Board's fiduciary duty to maximize the likelihood of adequate financial returns. The investment team should strive to balance its fiduciary strategy with the College's desire to have its investments align with its values.

For mutual and other commingled funds, the prospectus or Trust documents of the fund(s) will govern the investment policies of the fund investments. Investment managers, however, shall be guided by the general principles and constraints outlined in this investment policy. The Reserve Fund's assets in separately managed accounts may not be used for the following purposes:

- Short sales
- Purchases of letter stock, private placements, or direct payments
- Leveraged transactions
- Purchases of securities not readily marketable
- Commodities transactions
- Put, calls, straddles, or other option strategies
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts
- Investments in limited partnerships
- Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in this policy statement
- Investments by the investment managers in their own securities, their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Committee)

Further, investment in the tobacco industry is prohibited.

Any other security transaction not specifically authorized in this policy statement, unless approved in writing by the Committee, are prohibited. Requests by investment managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

VIII. Meetings and Communications

The Finance Committee should meet at least twice a year to review the goals and concerns of the Reserve Fund investments. The meetings can be done via telephone or in person. Monthly reports are provided to the Vice President, Membership and Operations or the Chief Executive Officer and the investment managers will provide quarterly performance measurement reports to the Finance

Committee.

IX. Monitoring of Objectives and Results

A. All objectives and policies are in effect until modified by the Finance Committee, who will review them at least annually for their continued appropriateness.
B. If at any time any manager believes that any policy guideline inhibits his or her investment performance, it is his or her responsibility to communicate this view to the Investment Consultant.
C. The total Reserve Fund will be monitored on a continual basis for consistency of investment philosophy; return relative to objectives; and investment risk as measured by asset concentration, exposure to extreme economic condition, and market volatility. The Finance Committee twice per year will review the Reserve Fund, but results will be evaluated over five-year periods. The Finance Committee will regularly review the managers in order to confirm that the factors underlying the performance expectations remain in place.
D. Investment managers will report the following information to the Finance Committee quarterly: total return (on a time-weighted basis) net of all commissions and fees quarterly, annually, on a three-year basis, and since inception; additions and withdrawals from the accounts; current holdings (full asset listing) at cost and market; and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, managers are required to inform the Finance Committee of any change in firm ownership or fundamental investment philosophy and of any significant change in organizational structure or professional personnel.
E. The Finance Committee will periodically review all related services provided to the Reserve Fund, e.g., custody services and performance evaluation.
F. In the event the asset allocation variance extends beyond the allowable 5%, the committee reserves the right to meet and address any short term and long-term changes to the current investment policy if so needed.

X. Approval

Committee

It is understood that this investment policy is to be reviewed periodically by the Finance Committee to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.

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