



American Heart Association Donor Advised Fund Program

Renaissance Charitable Foundation Inc. Investment Policy Statement **Revised November 2017**

The American Heart Association Donor Advised Fund is a donor advised fund program sponsored and managed by Renaissance Charitable Foundation (RCF), an independent public charity dedicated to helping individuals effectively reach their philanthropic goals.

I. Statement of Purpose

The intent of this Investment Policy Statement is to establish guidelines that will govern the investment activities of Renaissance Charitable Foundation Inc. (“RCF”) and any Registered Investment Advisor or NASD Registered Representative (“Investment Manager”) retained by RCF to manage RCF’s assets and/or to provide investment advice regarding assets owned by RCF including segregated accounts within RCF. The policies and guidelines set forth herein are intended to be sufficiently specific to be meaningful, but flexible to permit the Investment Committee to exercise informed discretion necessary to achieve RCF’s investment objectives and satisfy the unique requirements of RCF’s charitable programs.

II. Delegation of Responsibilities

The Board of Directors of RCF (“Board”) has overall authority for RCF’s investment policy and hereby delegates to the Investment Committee the responsibility for administration of the policy. The Board will maintain oversight authority for the overall investment management process. The Investment Committee members will be the current President, Treasurer and Secretary of RCF as appointed by the Board from time to time.

III. Duties of the Investment Committee

The Investment Committee of RCF shall have responsibility for: (i) formulating investment strategies, (ii) authorizing the acquisition and/or disposition of investments, (iii) appointing Investment Managers for segregated accounts held by RCF to manage assets and/or provide investment advice regarding such assets, (iv) monitoring the portfolio for compliance with the approved policies and guidelines, (v) recommending changes and revisions to the policies and guidelines, and (vi) reporting to the Board on all material matters relating to the portfolio.

The Board recognizes that no policy can anticipate all situations, conditions and opportunities that may arise. Therefore, the Investment Committee may prudently deviate from this policy with such actions reported at the next regular meeting of the Board.

IV. Investment Manager(s)

An Investment Manager may not deviate from this policy without prior written approval from the Investment Committee. The Investment Committee may approve prudent deviations from this policy with such actions reported at the next regular meeting of the Board. An Investment Manager shall be characterized either as an “Advisory Manager” (hired to provide investment advice) or as a “Discretionary Manager” (hired to manage assets on a discretionary basis).

A. Advisory Manager: Each Investment Manager hired only to provide investment advice shall be referred to as an Advisory Manager. Each Advisory Manager must acknowledge, in writing, its acceptance of responsibility as described in this Article IV. Such written acknowledgment may be made using the form provided in Schedule A. Specific responsibilities of an Advisory Manager include:

1. Prompt execution of trades in accordance with instructions by RCF.
2. Prompt liquidation of assets in accordance with instructions by RCF.
3. Investment advice regarding changes to the portfolio based on this Investment Policy Statement and the goals of the investment account.
4. Reporting investment performance results of the investment account to RCF, on at least a quarterly basis. Such report shall include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the account.



5. Providing monthly valuation of the investment portfolio based on the previous month's closing prices. Communicating any major changes in the economic outlook, investment strategy, or any other factor that may affect implementation of the investment program, or affect the achievement of the investment objectives established by RCF.
6. Informing RCF of any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

B. Discretionary Manager: Each Investment Manager hired to provide discretionary management of assets shall be referred to as a Discretionary Manager. Each Discretionary Manager must acknowledge, in writing, its acceptance of responsibility as a fiduciary and as further described in this Article IV. Such written acknowledgment may be made using the form provided in Schedule A. Each Discretionary Manager shall have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Statement. Other specific responsibilities of a Discretionary Manager include:

1. Discretionary investment management, including decisions to buy or sell individual securities and to alter asset allocation within the guidelines and investment objectives established by the Investment Committee.
2. Monitoring the cash position and, when necessary, liquidating investments in a timely manner to satisfy grant requests, fees and other authorized disbursements.
3. Reporting investment performance results of the investment account to RCF, on at least a quarterly basis. Such report shall include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the account.
4. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.
5. Communicating any major changes in the economic outlook, investment strategy, or any other factors that may affect implementation of the investment program, or affect the achievement of the investment objectives established by RCF.
6. Informing RCF of any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
7. Voting proxies on behalf of RCF and communicating such voting records on a timely basis.

V. General Investment Principles

- A. Investments shall be made solely in the best interest of RCF and consistent with the guidelines and objectives established by the Investment Committee.
- B. The segregated accounts within RCF and the total portfolio shall be invested with care, skill, prudence, and diligence under the prevailing circumstances that a prudent person in a like position would exercise under similar circumstances and in a manner the Investment Committee reasonably believes to be in the best interest of RCF.
- C. Investment of RCF assets shall generally be so diversified as to minimize the risk of large losses.
- D. RCF may employ one or more investment managers of varying styles and philosophies to attain the overall investment objectives.
- E. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.

VI. Investment Objectives

The primary investment objective for segregated accounts within RCF and for the total portfolio shall be to achieve a rate of return over any three year period, adjusted for grants and expenses, that is greater than the increase in the Consumer Price Index and at least equal to the risk-adjusted return of standard market indices deemed appropriate by the Investment Committee. In addition, RCF's assets shall be managed in such a manner that assures funds are available to meet those immediate and future grant requests.



VII. Volatility of Returns

RCF recognizes that in order to achieve its objectives for RCF assets, the investments will experience volatility of returns and fluctuations in market value. RCF will tolerate some volatility as measured against the risk/return analysis of standard market indices deemed appropriate by the Investment Committee. An Investment Manager may propose an appropriate benchmark to gauge its investment performance. The benchmark, which may include one or more indices, will be used as a measure of the Investment Manager's performance as well as to measure the allowable risk.

VIII. Marketability of Assets

RCF generally requires that the majority of its assets be invested in liquid, publicly traded securities, subject to the exception process described in this Investment Policy Statement. Exceptions must be approved in writing by the Investment Committee, in advance of the investment, if the Investment Manager presents an acceptable investment plan. Liquid securities are those that can be transacted quickly and efficiently for RCF absent significant liquidation penalties or fees and with minimal impact on market price.

IX. Investment Guidelines

It is RCF's intention not to employ market-timing techniques and not to experience high portfolio turnover rates. An Investment Manager may petition the Investment Committee for its approval of investments or investment strategies, including those prohibited by Paragraph 2 of this Article IX. If an Investment Manager desires to invest in a manner that requires approval by the Investment Committee, the Investment Manager agrees to submit a written investment plan to the Investment Committee. The Investment Committee will review all investment plans proposed by an Investment Manager. Any exception to this Investment Policy must be approved in writing by the Investment Committee, *before the investment is made*.

The following pre-set boundaries apply to the investment of RCF's assets:

1. Specifically allowable investments
 - a. Cash equivalents
 - Treasury bills
 - Money market funds
 - Commercial paper
 - Repurchase agreements
 - Certificates of Deposit so long as RCF's exposure does not exceed the insurance limits available through the FDIC, NCUA and/or similar agencies
 - Interest-bearing checking and savings accounts
 - b. Publicly traded fixed income securities
 - U.S. government and agency securities
 - Corporate notes and bonds
 - Mortgage-backed bonds
 - Preferred stock
 - Securities of foreign (non-U.S.) entities denominated in U.S. Dollars
 - c. Publicly traded equity securities
 - Common stocks
 - Convertible notes and bonds
 - Convertible preferred stocks
 - American Depository Receipts of non-U.S. companies
 - Securities of foreign (non-U.S.) entities denominated in U.S. Dollars



- d. Mutual funds
- Mutual funds which invest in Real Estate, REITs and/or Commodities
 - Mutual funds which invest in securities that are allowed in this Statement*
- di. Subject to prior written approval by the Investment Committee, fixed annuities and variable annuities, which invest in investments that are allowed in this Statement. All annuities must be issued by a commercial insurance company with high financial ratings. The issuing company must be rated in the top two rating levels by any two of the following insurance company rating services: AM Best rating of A+ (2nd highest rating level of 15 categories) or higher; Standard and Poors rating of AA+ (2nd highest rating level of 20 categories) or higher; Fitch Financial Strength rating of AA (2nd highest rating level of 24 categories) or higher; Moody's Investors Service "Long-Term Insurance Financial Strength" rating of Aa (2nd highest rating level of 9 categories) or higher.
- dii. Subject to prior written approval by the Investment Committee, life insurance contracts including variable life insurance contracts, which invest in investments that are allowed in this Statement. All life insurance contracts must be issued by a commercial insurance company with high financial ratings. The issuing company must be rated in the top two rating levels by any two of the following insurance company rating services: AM Best rating of A+ (2nd highest rating level of 15 categories) or higher; Standard and Poors rating of AA+ (2nd highest rating level of 20 categories) or higher; Fitch Financial Strength rating of AA (2nd highest rating level of 24 categories) or higher; Moody's Investors Service "Long-Term Insurance Financial Strength" rating of Aa (2nd highest rating level of 9 categories) or higher.
- diii. Specifically unallowable investments or investment practices (without prior, written approval from the Investment Committee):
- Debt financed investments, including margin purchases
 - Short-selling
 - Derivative securities, including options and futures contracts, except inside mutual funds, annuities or life insurance
 - Restricted stock
 - Closely-held companies
 - Real estate
 - Real Estate Investment Trusts (REITs)
 - Partnerships
 - Debt instruments issued by foreign governments
 - Loans to individuals or businesses (except specifically allowed fixed income securities as previously defined)
 - Artwork
 - Other non-marketable, hard-to-value assets

Each Investment Manager shall advise the Investment Committee of any restriction within this Statement that prevents the investment plan from obtaining the objectives and goals set forth herein.

* Some mutual funds invest in derivative securities, including options and futures, to achieve certain portfolio objectives. The use of options and futures as hedges is not prohibited and will not disqualify the mutual fund investment. However, the use of options and futures by mutual funds must be analyzed to ensure that these securities are not used to speculate, to create leverage and/or result in unacceptable risk.



X. Safekeeping and Custody

All investment securities purchased by each Investment Manager or held as collateral on deposit or investment shall be held in third-party safekeeping at an insured depository. All securities in segregated accounts shall be held in the name of Renaissance Charitable Foundation Inc. and shall be free and clear of any liens. Further, all investment transactions shall be transacted on a cash, regular (next day) or skip-day settlement basis. The depository shall issue a safekeeping receipt to RCF listing the specific securities and other pertinent information. The depository will also provide reports that list all securities held for RCF as required by the Investment Committee. The appropriate officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the RCF assets shall be bonded in such a fashion as to protect RCF from losses from malfeasance and misfeasance.

XI. Performance Review and Evaluation

Investment performance shall be measured based on total return; that is, the aggregate return from capital appreciation, dividend and interest income. Performance reports generated by each Investment Manager shall be compiled at least quarterly and submitted to RCF for review. The investment return on the segregated accounts and the total portfolio will be measured against commonly accepted performance benchmarks and standard market indices. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines set forth in this Statement.

RCF intends to evaluate the segregated accounts and the total portfolio over at least a three year period, but reserves the right to terminate an Investment Manager for any reason including the following:

- A. Investment performance which is significantly less than the established benchmark given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- B. Failure to adhere to any aspect of this Investment Policy Statement, including communication and reporting requirements.
- C. Significant qualitative changes to the investment management organization.

The Investment Committee shall review the performance of each Investment Manager at least annually. A written summary of the annual investment review shall be conveyed to RCF's Board at a regularly scheduled board meeting.

XII. Investment Policy Review

To ensure continued relevance to the guidelines, objectives, financial status and capital market expectations as established in this Statement, the Board intends to review this Investment Policy Statement at least annually.



Schedule A

■ **ACKNOWLEDGEMENT BY INVESTMENT MANAGER**

The undersigned acknowledges receipt of and accepts the terms and conditions of the Investment Policy Statement of Renaissance Charitable Foundation Inc.

The undersigned further elects to provide services to Renaissance Charitable Foundation Inc. for the

_____ account as a(n):

- Advisory Manager
- Discretionary Manager

By:	
Printed:	
Date:	

Return completed form to:

**American Heart Association
Donor Advised Fund Program**
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Indianapolis, IN 46268

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Email: heart@reninc.com

or visit our website at:
www.heart.org/donoradvisedfund