



Association of Clinical Research Professionals Finance Committee Policy 4.3

Long-Term Investment

The following document represents the investment objectives, policies, guidelines, and review procedures for those assets designated as Long-Term Reserves. These funds should be invested with a long-term view in asset classes offering growth of principal, income, and diversification of risk.

This Statement of Investment Policy serves the following purposes:

- Provides a written document of the expectations of ACRP for the Long-Term Reserves.
- Establishes objectives and guidelines for the investment of the Long-Term Reserves which are consistent with ACRP's financial goals.
- Outlines criteria and procedures for the ongoing evaluation of the Long-Term Reserves investment program.
- Provides a communication vehicle for the investment manager(s).

This statement is intended to be dynamic in nature and will be updated and revised as appropriate to reflect ACRP's current investment program goals. It is the intent of the Finance Committee to review this document on a regular basis, at least annually, as we realize future circumstances could require modifications. The descriptions below outline the content of the following five sections:

Section I - Delegation of Responsibilities - The section will list the primary responsibilities of various parties related to the Long-Term Reserves.

Section II - Investment Objectives - The Committee expects to receive results from the investment manager(s) that are consistent with the policies included herein. This section outlines the specific objectives established for each asset category and for the total fund. These objectives will provide a basis for evaluation the effectiveness of the investment program over time.

Section III - Investment Policy - Policies can be controlled and monitored. It is through policy selection that we hope to optimize the likelihood of meeting our objectives. The principal component of policy is asset mix or the percentage of assets invested in various classes of securities.

Section IV - Investment Guidelines - These are the specific parameters within which we and our investment manager(s) should operate in executing the investment policy and making specific security decisions.

Section V - Review Procedures - Review procedures are the general definitions of the review process relative to investment policy, investment performance, and investment management.

I. Delegation of Responsibilities



The Finance Committee is responsible for ensuring that the Long-Term Reserves are managed effectively, and prudently. This section will list the primary responsibilities of various parties related to the Long Term Reserves.

Responsibilities of the Finance Committee

- Keeping informed regarding the conduct of the investment manager(s), mutual funds and others connected with the investment of the Long-Term Reserves and making changes which are perceived necessary.
- Recommending the selection and removal of outside professionals, including mutual funds, responsible for the management of Long-Term Reserves.
- Recommending the retention and removal of other professionals who assist in administering the Long-Term Reserves program.
- Recommending the approval of appropriate investment policies and objectives related to the investment of Long-Term Reserves.
- Monitoring investment performance.
- Communicating policies and objectives relating to the investment of Long-Term Reserves to the investment manager(s).
- In the absence of retained professional investment management, investing the Long-Term Reserves prudently.
- Providing for appropriate custodianship for the Long-Term Reserves.
- Voting proxies, as appropriate, or delegating this authority to the investment manager(s).

Responsibilities of the Investment Consultant

- Measuring the investment performance results and evaluating the Long-Term Reserves investment program on an ongoing basis and advising the Finance Committee as to the performance and continuing appropriateness of each manager, mutual fund and exchange traded fund.
- Recommending modifications in the investment policies, objectives, guidelines or management structure as appropriate to the Finance Committee.
- Keeping the Finance Committee informed on current investment trends and issues.
- Making recommendations to the Finance Committee regarding the appropriate asset allocation mix for the Long Term Reserves.

Responsibilities of the Investment Managers

- Managing the portion of the Long-Term Reserves under their control in accordance with the policy, objectives and guidelines included herein.
- Exercising full investment discretion within the policies and standards included herein as to buy, hold and sell decisions for all assets under management.
- Within 45 days of occurrence, inform the Finance Committee of significant matters pertaining to the investment of the Long-Term Reserves. This includes, at a minimum, the following:
 - Substantive changes in investment strategy and portfolio structure.



- Significant changes in ownership, organization structure, financial condition or professional staffing.
- Quarterly portfolio asset and transaction statements.
- Voting proxies, if so assigned by the Finance Committee.
- Providing input, as appropriate, regarding progress toward the specific objectives developed herein, as well as suggestions on possible modifications of the investment guidelines.

II. Investment Objectives

The investment objectives for the Long-Term Reserves represent our desired results and are long-term in nature. It is our objective to maintain a balance between capital appreciation, preservation of capital, and current income. Given our assumptions about current and projected Long-Term Reserves and capital market conditions, we have defined objectives in terms of absolute total returns for the Long Term Reserves. These objectives may be modified based on changes in Long Term Reserves provisions or the nature of the capital markets. We realize that no individual manager may have control over the achievement of the objectives stated for the Long-Term Reserves.

It is recommended that the Long-Term Reserves earn over time an average target rate of return of 4-6%.

These objectives will be monitored annually and reviewed over a complete market cycle, which is generally 3 – 8 years in length.

III. Investment Policy

We define a policy as something which can be controlled and measured. For our Long-Term Reserves, the major component of policy is asset mix.

The asset mix, which follows, is a target mix with a maximum standard for the commitment to each asset category. We are not necessarily at the target mix currently, nor do we feel a mandate to reach the target levels and remain there at all times. There may be times when we and/or our investment consultant and/or our manager(s) feel that a variance from the target percentages may be warranted based on anticipated market conditions or may result due to market movements. Maximum commitments to the various asset classes have been defined to limit the overall risk to the Long-Term investment portfolio.

Asset Class	Minimum Standard (At Market Value)	Maximum Standard (At Market Value)
Equities	20%	80%
Marketable Bonds	20%	80%
Cash Equivalents	0%	100%



Asset Allocation

Asset Class	Minimum, %	Target, %	Maximum, %
Equities	20	55	80
Fixed Income & Cash	20	30	100
Alternatives	0	15	20

The performance benchmark shall be a weighted blend of the following indices:

- 55% MSCI All Country World Index (Equities)
- 30% Barclays Global Aggregate Bond Index (Fixed Income)
- 15% HFRI Fund of Funds Composite Index (Alternatives)

The target mix shown is for the portfolio as a whole. To the extent multiple managers are employed, individual manager targets will be established by agreement between the manager and the Committee. Periodically the Committee may reallocate funds between managers in order to maintain a portfolio balance deemed appropriate by the Committee. These targets may be adjusted at the discretion of the Committee to meet the desired objectives and risk tolerances of the Finance Committee and Board of Trustees.

Diversification

Long Term Reserves are to be broadly diversified in order to minimize the risk of large losses in individual investment. We believe diversification is, in part, accomplished through our selection of asset mix and investment management.

IV. Investment Guidelines

Investment guidelines and rules are specific parameters by which the Committee and investment managers should operate in executing policies and strategies. All investment managers will comply fully with these guidelines and rules in addition to any other investment management agreement.

Equities

- Investment managers must invest in equity securities listed on the principal U.S.
- Exchanges, traded on the NASDAQ Exchange or OTC. Foreign Securities and ADR (American Depositary Receipts) are permissible provided they are traded on reputable exchanges. Mutual funds are permissible investments.
- As a guideline, investment managers should assure themselves of the appropriateness of any individual investment.
- As a guideline, adequate diversification across industry and individual holdings should be maintained. Concentration in any one industry should be limited to no more than 30% of the total portfolio. Notwithstanding the foregoing, these industry limitations shall take into account the differences inherent in the broader market which includes small capitalization stocks. Any one individual stock should be limited to no more than 5% of the portfolio based on market



value at the time of purchase nor should it exceed 10% of the portfolio. Foreign equity securities may comprise no more than 40% of the aggregate portfolio and are subject to the individual issue and aggregate limitations.

- Each manager or mutual fund is expected to earn returns at or above the appropriate market index as determined by the Finance Committee and in the top 50% of such manager universe using similar objectives. This expectation should be achieved over a trailing five-year period.
- Cash equivalents may be held in the equity portfolio at the investment manager's discretion, subject to these guidelines.

Should market fluctuations result in non-compliance with any of the above guidelines and rules, the investment manager will promptly notify the Finance Committee or their designated representative.

Bonds

- Investments must be in the form of marketable debt issues, which may include individual bonds, mutual funds and exchange traded products.
- Individual issues of corporations must have an average quality rating of "A" as designated by a recognized rating service or the equivalent; and no more than 15% of the entire portfolio may have a quality rating below BBB.
- Adequate diversification by issuer and sector must be maintained. The individual securities of any issuer should not exceed 8% of the portfolio based on market value at the time of purchase. (Government and government agency securities are excluded from this limitation.)
- Cash equivalents may be held in the bond portfolio at the investment manager's discretion.
- Each manager or mutual fund is expected to equal or exceed this benchmark over a trailing five-year period.

Should market fluctuations result in non-compliance with any of the above guidelines and rules, the investment manager will promptly notify the Finance Committee or their designated representatives.

Alternative Investments

Alternative Investments shall be limited to mutual funds and Exchange Traded Funds (ETFs) that have daily liquidity, such as:

- Real Estate Investment Trusts (REITs)
- Master Limited Partnerships (MLPs)
- Long/Short funds and other similar strategies
- Commodity based funds

Cash Equivalents

As a guideline, cash equivalents investment should be of high quality involving minimal risk of principal. A diversified money market fund is appropriate as are U.S. Treasury Bills.



Should market fluctuations result in non-compliance with any of the above guidelines and rules, the investment manager will promptly notify the Finance Committee or their designated representative.

Guidelines for Other Asset Classes

As a guideline, the appropriateness and use of the asset types is subject to the approval of the ACRP Finance Committee.

Excluded Investments

No assets shall be invested in:

- Commodity Trading – Commodity trading shall not represent investments in publicly traded investments funds such as mutual funds and exchange traded products. Investment in these types of products should be limited to 8 % of the portfolio.
- Futures Transactions in individual securities
- Short Selling of specific individual securities
- Use of Margin for investment purposes
- Hedge Funds
- Option contracts, unless approved by the Finance Committee

V. Review Procedures

All investment policies, objectives and guidelines will be reviewed by the Finance Committee annually, or more frequently, whenever circumstances warrant. Any proposed revisions shall be submitted to the Board of Trustees for approval.

Review of Performance

Each quarter the Finance Committee, with the assistance of the Investment Consultant, shall:

- Review the need to re-balance the portfolio.
- Review the manager's portfolio for compliance with these investment guidelines.
- Review the asset valuation basis used by the manager(s) for all classes of assets, particularly those with limited marketability.
- Review the overall portfolio's rate of return.
- Compare each investment manager's results with appropriate indices or benchmarks as determined by the Finance Committee for such investment manager.

Tenure

The Finance Committee reserves the right to remove assets, in part, from any manager. In addition, the Finance Committee reserves the right to terminate their relationship with any investment managers or consultant at any time.

MONITORING AND REVIEW SCHEDULE

All investment policies, objectives, and guidelines will be reviewed by the Finance Committee annually, or more frequently, whenever circumstances warrant.

DATE REVIEWED BY COMMITTEE

May 25, 2016
August 25, 2017 – no modifications
November 6, 2018
July 16, 2019

DATE APPROVED BY COMMITTEE

May 25, 2016
August 25, 2017- no modifications
November 6, 2018
July 16, 2019

DATES REVIEWED BY ABOT

July 2010
June 24, 2016
September 13, 2017
November 17, 2018
November 16, 2019

DATES MODIFIED BY ABOT

July 30, 2010

DATE APPROVED BY ABOT

May 15, 2002
July 30, 2010
June 24, 2016
September 13, 2017
November 17, 2018
November 16, 2019