DONOR-ADVISED FUND

Investment Policy Statement

AMERICAN ENDOWMENT FOUNDATION

Effective Date: November 17, 2023

2024

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1.0 Overview

1.1 OBJECTIVE

American Endowment Foundation ("AEF") is a 501(c)(3) non-profit corporation which seeks to expand philanthropy in the United States. The purpose of this Investment Policy Statement (this "Policy") is to establish guidelines that will govern the investment activities of AEF and any Registered Investment Advisor or Financial Industry Regulatory Authority Registered Representative ("Financial Advisor") recommended by donors and approved by AEF's Investment Committee ("Investment Committee") to manage the donor-advised fund for which a donor retains advisory privileges ("DAF") and/or to provide investment advice regarding a DAF. 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 AEF's investment objectives.

1.2 SCOPE

This Policy applies to the investment of all assets owned by AEF and held in DAFs (the "Assets").

1.3 EFFECTIVE DATE

This Policy was approved and effective on November 17, 2023.

2.0 Governance

2.1 ROLE OF THE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors of AEF (the "Board") has overall authority for this Policy and hereby delegates to the Investment Committee the responsibility for administration of this Policy. The Board will maintain oversight authority for the overall investment management process. The Investment Committee members will be those individuals appointed by the Board from time to time.

With regard to this Policy, the Investment Committee has responsibility for (a) formulating investment strategies, (b) investment authority retained by AEF and authorizing the acquisition and/or disposition of investments, and (c) delegating to the Office of Business Oversight (the "Office of Business Oversight") certain responsibilities for enforcing this Policy.

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.

2.2 ROLE OF THE OFFICE OF BUSINESS OVERSIGHT

The Investment Committee has delegated certain responsibilities to the Office of Business Oversight, which, as it relates to this Policy, will be responsible for (a) reviewing and monitoring this Policy and AEF's internal policies and procedures related to this Policy; (b) approving, terminating, overseeing, and monitoring all Financial Advisors; (c) reviewing and monitoring all DAF portfolios for performance and compliance with the approved policies and guidelines; (d) approving for DAF portfolios alternative private investments, certain investments and transactions as outlined under Sections 5.7(b) and Section 5.8, and exceptions to this Policy; (e) reporting to the Board on all material matters relating to the DAF portfolios; and (f) such other responsibilities as are outlined in this Policy or delegated by the Investment Committee from time to time.

2.3 STANDARD OF OVERSIGHT

AEF is not a registered investment advisor. AEF is a donor-advised fund sponsoring organization, as defined in Section 4966 of Internal Revenue Code of 1986, as amended (the "Code"), that exercises prudent institutional oversight of gifted funds. The Investment Committee and the Office of Business Oversight will exercise prudent and appropriate care in accordance with all applicable rules and regulations, including but not limited to the Uniform Prudent Management of Institutional Funds Act as adopted in Ohio. In overseeing the Assets, each member of the Investment Committee and the Office of Business Oversight will act in good faith, in a manner that such member believes to be in AEF's best interests and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

2.4 FIDUCIARY RESPONSIBILITY

As representatives of AEF, the Board, the Investment Committee, and the Office of Business Oversight intend to follow the general "safe harbor" guidelines listed below in managing their fiduciary responsibilities:

- Act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances;
- Utilize the services of qualified, professional consultants, Financial Advisors, and custodians;
- Demonstrate that all of the aforementioned professionals were selected by following an appropriate due diligence process;

- Have each professional retained by AEF or approved by the Office of Business Oversight, where appropriate, acknowledge their fiduciary status; and
- Monitor the activities of all parties to ensure that they are performing their agreed upon tasks.

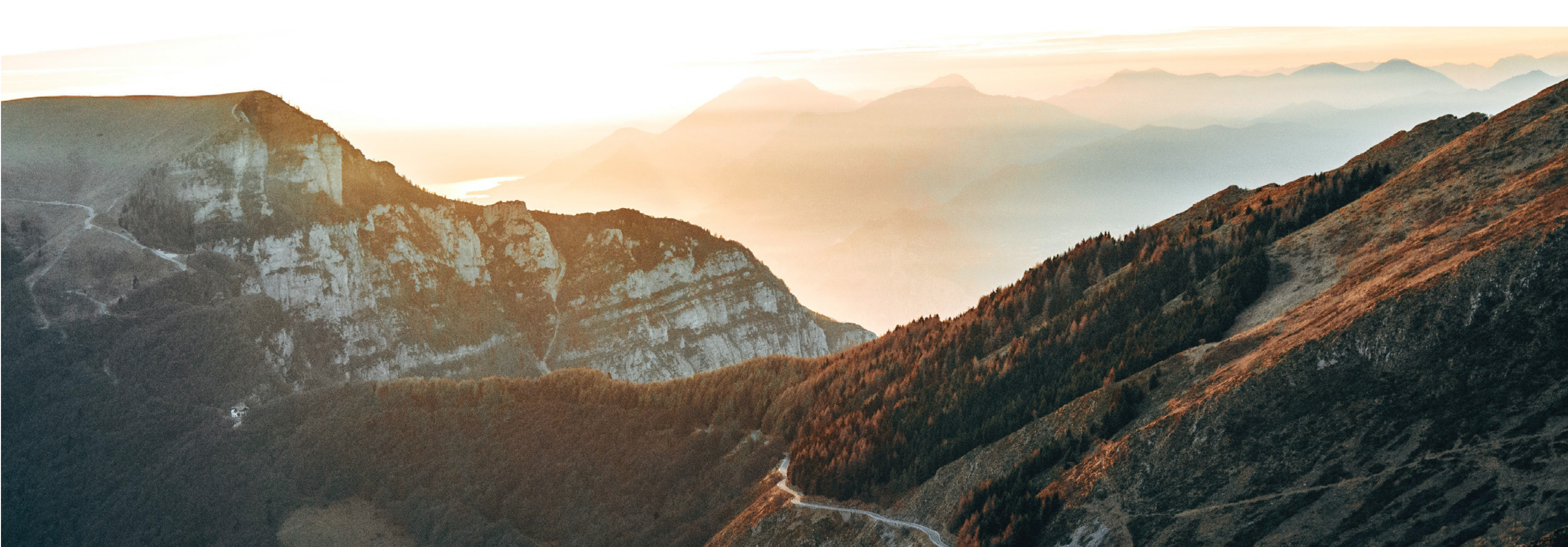
2.5 ROLE OF THE DONOR

Each DAF is composed of contributions made by individual donors. Once a donor makes a contribution, AEF has legal control over such contributed assets. However, the donor or the donor's representative retains advisory privileges with respect to the distribution of the funds and the investments in the DAF. While the Board, to the extent not properly delegated, exercises ultimate control over all of AEF's investments, the donor's objectives and advice are key considerations in each DAF's investment allocation.

3.0 AEF's Overall Investment Objectives and Philosophy

3.1 INVESTMENT OBJECTIVES AND PHILOSOPHY

Generally, AEF's investment objectives are to provide for long-term growth of principal without undue risk exposure to ensure that donors are able to recommend grants on a continuing and reasonably consistent basis. Notwithstanding the foregoing, AEF acknowledges that Financial Advisors will work with donors to establish the recommended investment objectives and strategy for the managed DAF, considering the donor's plans for recommending grants, target returns, risk tolerance and other unique considerations which may alter AEF's general investment objectives. The Assets should be invested in a manner that will meet the investment objectives contained in this Section.



3.2 GENERAL INVESTMENT PRINCIPLES

The Investment Committee or its designee will adhere to the following investment principles with regard to the Assets:

- Investments will be made in AEF's best interest and consistent with the guidelines and objectives established by the Investment Committee;
- The Assets will 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 that the Investment Committee reasonably believes to be in AEF's best interest; and
- The Assets will be invested utilizing a diversification of asset styles managed by financial advisors of varying styles and philosophies to attain the overall investment objectives.

3.3 VOLATILITY OF RETURNS

AEF recognizes that in order to achieve its objectives for the Assets, the investments will experience volatility of returns and fluctuations in market value. AEF will tolerate some volatility as measured against the risk/return analysis of standard market indices.

3.4 MARKETABILITY OF ASSETS

The Investment Committee generally requires that the majority of the Assets be invested in liquid publicly-traded securities, subject to the exception process described in this Policy. Liquid securities are those that can be transacted quickly and efficiently for AEF absent significant liquidation penalties or fees and with minimal impact on market price.

4.0 Professionally Managed DAFs

4.1 GENERALLY

The investment objectives of a professionally managed DAF portfolio will be consistent with AEF's investment objectives as established and overseen by the Investment Committee and as set forth in this Policy.

A donor must recommend to AEF a specific Financial Advisor to manage the DAF for which the donor has advisory privileges. All Financial Advisors are responsible for managing assets held in DAFs under the Board's or its designee's supervision in accordance with the applicable portions of this Policy, including, if applicable, any appendices, as well as their respective service agreements, prospectuses, or trust agreements. The Financial Advisor will work with the donor to establish the recommended investment objectives and strategy for the managed DAF, considering the donor's plans for recommending grants, target returns, risk tolerance, and other unique considerations, consistent with this Policy.

4.2 CRITERIA FOR FINANCIAL ADVISORS

The Office of Business Oversight must approve a donor's recommended Financial Advisor before the Financial Advisor can be appointed to a DAF. The relationship between a Financial Advisor and AEF will be evidenced by an investment advisory agreement (the "Investment Advisory Agreement"). In evaluating a Financial Advisor, the Office of Business Oversight will consider, among other factors, the Financial Advisor's (or investment management firm's) investment experience and history, educational credentials, registrations with applicable regulatory agencies, nature of investments to be made, fees, and financial information and assets under management.

The Office of Business Oversight will approve a Financial Advisor to manage a DAF on a discretionary or non-discretionary basis. If the Office of Business Oversight approves a non-discretionary role for a Financial Advisor, such Financial Advisor will make arrangements to execute all trades approved by the Office of Business Oversight.

All Financial Advisors, whether managing assets on a discretionary or non-discretionary basis, must adhere to the investment guidelines provided for in Section 5 of this Policy in addition to any specific guidelines provided for in the Investment Advisory Agreement.

AEF delegates prudently and in good faith authority to Financial Advisors, approved by the Office of Business Oversight, to manage and invest assets held in DAFs. The Office of Business Oversight and AEF require that all financial advisors cause their respective firms to provide statement on a least an annual basis that evidences the DAF's investment performance results. The Office of Business Oversight will periodically review and monitor (a) the Financial Advisor's performance to ensure compliance with this Policy; and (b) any adverse changes to the Financial Advisor's qualifications.

4.3 **PROXY VOTING AND OTHER LEGAL AND CORPORATE ACTIONS**

If provided for in the Investment Advisory Agreement, a Financial Advisor may vote proxies and respond to legal and corporate actions (such as tender offers, rights offerings, notices of bankruptcies, and class action lawsuits) consistent with its policies, including any policies it has adopted under Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended, and in a manner that is in AEF's best interest and in accordance with AEF's investment objectives as described in this Policy. Each Financial Advisor must keep detailed records of the voting of proxies and related actions and must comply with all applicable regulatory obligations. A Financial Advisor may disclaim this responsibility in writing to AEF. If disclaimed, AEF will not notify the Financial Advisor as to whether or how the proxies were voted.

5.0 Investment Guidelines for Advisory and Discretionary Financial Advisors

5.1 **MANAGEMENT OF DAF INVESTMENTS**

Financial Advisors must manage a DAF's investments in compliance with Section 4.1 of this Policy and this Section 5, and in a manner which provides sufficient liquidity to support the donor's recommended grants and to cover AEF's administrative fees and expenses. Each Financial Advisor must advise the Office of Business Oversight of any restriction within this Policy that prevents the investment plan developed by the Financial Advisor from complying with the objectives, goals, and guidelines set forth herein.

5.2 **SPECIFIC RESPONSIBILITIES**

a. Each Financial Advisor approved only to provide investment advice ("Non-Discretionary Advisors") must acknowledge, in writing, its acceptance of responsibility described in this Section 5. Such acknowledgment may be made in the Investment Advisory Agreement. Specific responsibilities of a Non-Discretionary Advisor include:

   - Promptly executing trades to buy or sell individual securities in accordance with the Office of Business Oversight's instructions;

   - Promptly liquidating investments to satisfy grant requests, fees and other disbursements in accordance with the Office of Business Oversight's instructions;

- Providing to the Office of Business Oversight investment advice regarding changes to the DAF based on this Policy and the donor's goals;
- Reporting to the Office of Business Oversight the DAF's investment performance results, on at least an annual basis, which report will include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the DAF;
- Providing to the Office of Business Oversight statements on at least a quarterly basis;
- Communicating to the Office of Business Oversight any major changes in the investment strategy, or any other factor that may affect implementation of the investment program or affect the achievement of the investment objectives;
- Informing the Office of Business Oversight of any qualitative change in the investment management organization (examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.);
- Voting proxies on behalf of AEF;
- Disclosing in a clear and understandable format all direct and indirect expenses incurred by AEF attributable to services rendered by the Non-Discretionary Advisor and/or their respective firm; and
- Using the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities for like accounts with like aims in accordance and compliance with all applicable laws, rules, and regulations.

b. Each Financial Advisor approved to provide discretionary management of assets held in DAFs ("Discretionary Advisor") must acknowledge, in writing, its acceptance of responsibility as a fiduciary and as further described in this Section 5. Such acknowledgment may be made in the Investment Advisory Agreement. Each Discretionary Advisor will have full discretion to make all investment decisions for the assets held in DAFs placed under its jurisdiction, while observing and operating

within all policies, guidelines, constraints, and philosophies as outlined in this Policy. Other specific responsibilities of a Discretionary Advisor include:

- Practicing discretionary investment management, including making decisions to buy or sell individual securities and to alter asset allocations;
- Monitoring the cash position and, when necessary, liquidating investments in a timely manner to satisfy grant requests, fees, and other disbursements authorized by the Office of Business Oversight;
- Reporting to the Office of Business Oversight the DAF's investment performance results, on at least an annual basis, which report will include an overall summary of the market during the reporting period including the performance of any relevant benchmark for the DAF;
- Providing to the Office of Business Oversight statements on at least a quarterly basis;
- Communicating to the Office of Business Oversight any major changes in the outlook, investment strategy, or any other factors that may affect implementation of the investment program, or affect the achievement of the investment objectives;
- Informing the Office of Business Oversight of any qualitative change in the investment management organization (examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.);
- Voting proxies on behalf of AEF;
- Disclosing to the Office of Business Oversight in a clear and understandable format all direct and indirect expenses incurred by AEF attributable to services rendered by the Discretionary Advisor and/or their respective firm; and
- Using the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in like activities for like accounts with like aims in accordance and compliance with all applicable laws, rules, and regulations.

5.3 ASSET ALLOCATION PRINCIPLES

The Investment Committee recognizes that asset allocation is a key determinant of investment return over the long term. A globally diversified DAF portfolio with less correlated returns from various assets should help reduce volatility of returns over long periods of time. In determining the appropriate asset allocation for a DAF, a Financial Advisor should decide to include or exclude an asset class based on the impact to the overall managed DAF portfolio, rather than judging the asset class on a stand-alone basis. General investment guidelines mandate that a Financial Advisor prudently diversify the overall managed DAF portfolio, even within asset classes, to avoid undue exposure of the DAF to any single economic sector, industry group, or individual security.

The Office of Business Oversight delegates to Discretionary Advisors that are utilizing customized target allocations responsibility for determining asset allocation ranges in accordance with the foregoing principles. A Discretionary Advisor should assume an investment horizon of at least five years for managed DAFs, unless instructed otherwise and consented to by the donor and approved by the Office of Business Oversight. In determining a customized asset allocation, a Discretionary Advisor should take into account the donor's time horizon and planned granting strategy.

To remain in compliance with this Policy, Financial Advisors must ensure that managed DAF's adhere to a target allocation to which the donor agrees.

5.4 REBALANCING

Each Financial Advisor for a DAF will monitor and review on a regular basis the DAF's investment performance results. A Financial Advisor should consider rebalancing a managed DAF on a quarterly basis, based on a consideration of market conditions.

5.5 LIQUIDITY

Sufficient liquidity in a DAF is necessary to support a donor's grantmaking recommendations to pay AEF's administrative fees and expenses. In managing a DAF, a Financial Advisor must balance investment objectives with the liquidity needs of the DAF. A Financial Advisor must invest assets with due consideration of the cash flow and liquidity needs of the DAF. The Financial Advisor must construct portfolios that permit immediate liquidity. Each DAF must have cash or cash equivalents to allow for anticipated grantmaking and the payment of AEF's administrative fees and expenses as of the beginning of each calendar year. AEF, in its sole discretion, reserves the right to require a larger allocation of cash to be maintained in the DAF and the Office of Business Oversight will notify the Financial Advisor of such. Cash raised at the beginning of the year for grantmaking and AEF's administrative fees and expenses will be maintained by the Office of Business Oversight rather than the Financial Advisor.

A Financial Advisor of a DAF should notify the Office of Business Oversight immediately of any exceptions to this Section with a recommended plan of action. Other reports or information may be requested by the Office of Business Oversight.

5.6 PERMITTED INVESTMENTS AND TRANSACTIONS

a. The following investments and transactions are permitted and, thus, do not require prior written approval from the Office of Business Oversight:

- Cash and cash equivalents;
  - Treasury bills
  - Money market funds
  - Commercial paper
  - Repurchase agreements
  - Certificates of deposit so long as AEF's exposure for the investment account does not exceed the insurance limits available through the Federal Deposit Insurance Company, National Credit Union Administration, and/or similar agencies
  - Interest-bearing checking and savings accounts

- Publicly traded fixed-income securities, exclusive of flow-through entities;
  - 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
- Publicly traded equity securities, exclusive of flow-through entities; and
  - Common stocks
  - Convertible notes and bonds
  - Convertible preferred stocks
  - American Depository Receipts of non-U.S. companies

- Publicly traded mutual funds, publicly traded real estate investment trusts ("REITs"), exchange-traded funds, and exchange-traded notes, exclusive of flow-through entities.

b. In addition, the following investments and transactions may be permitted with additional review and prior written approval by the Office of Business Oversight in its sole discretion:

- Investments owned or managed by a Financial Advisor, subadvisor, or their affiliates, provided the investments

comply with their respective firms' compliance policies and the Internal Revenue Service's rules and regulations, including but not limited to rules on excess benefit transactions;

- Derivative securities including structured notes and options and futures contracts;
- Publicly traded flow-through or pass-through entities which may expose AEF to Unrelated Business Income Tax under Section 511 of the Code;
- Alternative private investments;
- Private REITs;
- Private and closely held companies;
- Interval funds;
- Any interest in an operating business which, taken together with a donor's personal or affiliated holdings in that business, represents 20% or more of the ownership of such business;
- Any investment representing more than 2% of a publicly-traded company's securities within a DAF; and
- Investments with trading restrictions.

5.7 PROHIBITED INVESTMENTS

The following investments and investment practices are prohibited without prior written approval from the Office of Business Oversight:

- Short sales;
- Spread, straddle, and uncovered option positions;
- Business development companies;
- Master limited partnerships;
- Investments ineligible for institutional investors;
- Debt-financed investments, including margin purchases;

- Debt instruments issued by foreign governments;
- Loans to individuals or businesses (except specifically allowed fixed income securities as previously defined); and
- Any other investment as determined by the Office of Business Oversight in its sole discretion.

6.0 Oversight of DAF Investments Managed by Financial Advisors

6.1 ANNUAL PERFORMANCE REVIEW AND EVALUATION

The Office of Business Oversight will measure investment performance of DAFs based on total return; that is, the aggregate return from capital appreciation, dividend, and interest income. Performance reports generated by each Financial Advisor for managed DAFs will be compiled at least annually and submitted to the Office of Business Oversight. The investment return on the DAFs will be measured against the benchmarks established by the Financial Advisor and applicable standard market indices. In evaluating a DAF's performance, the Office of Business Oversight will give consideration to the extent to which the investment results are consistent with investment objectives, goals, and guidelines set forth in this Policy.

The Office of Business Oversight intends to evaluate a DAF's performance annually with a three-year look back period. The Office of Business Oversight will prepare a written summary of AEF's aggregate portfolio of assets to the Investment Committee for review at regularly scheduled meetings.

6.2 BENCHMARK

All Financial Advisors must provide appropriate benchmarks for the DAF's investments. The asset allocation and the performance of the DAF's investments will be measured against the stated benchmark and standard market indices. If a Financial Advisor expects performance to deviate significantly from the agreed-upon benchmark due to a change in the DAF's long-term investment strategy, the Financial Advisor may, with the donor's agreement, submit a revised benchmark.

6.3 RIGHT TO TERMINATE INVESTMENT ADVISORY AGREEMENT

The Office of Business Oversight reserves the right to terminate any Investment Advisory Agreement at any time upon written notice to the Financial Advisor for any reason, including but not limited to, the following:

- Investment performance that is significantly less than the established benchmark for a given DAF given the discipline employed and the risk parameters established, or unacceptable justification for poor result;
- Failure to adhere to any aspect of this Policy, including communication and reporting requirements, or the Investment Advisory Agreement;
- Assumption of excessive risk;
- Taking any action that would damage the reputation of AEF or impede the ability of AEF to fulfill its charitable mission; or
- Significant qualitative changes to the investment management organization.

7.0 Management of DAFs

AEF's policies and procedures provide that each DAF be managed by a Financial Advisor. If a Financial Advisor retires, dies, or is otherwise unavailable, the Office of Business Oversight will work directly with the donor and custodial firm to engage a new Financial Advisor to continue the management of the DAF. In the event a new Financial Advisor is not selected, the Office of Business Oversight reserves the right to suspend granting on the DAF until such Financial Advisor is engaged.

8.0 Exceptions

Any exceptions to Prohibited Investments contained in Section 5 of this Policy or significant deviations to the Asset Allocation Principles contained in Section 5 of this Policy must be approved in writing by the Office of Business Oversight in advance of the investment. If a Financial Advisor desires to invest in a manner that requires approval by the Office of Business Oversight, the Financial Advisor agrees to submit a written investment plan to the Office of Business Oversight. The Office of Business Oversight may require additional information and documentation from the Financial Advisor and donor prior to granting an exception.

9.0 Investment Policy Review

The Investment Committee will review this Policy at least annually.

FOR MORE INFORMATION

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