

GRADY HEALTH SYSTEM

INVESTMENT POLICY

August 2024

I. Introduction and Background

This Policy with respect to Grady Health System (“Health System”) investments has been adopted to establish policies that enhance opportunities for a prudent and systematic investment of the Health System funds. The Policy has been set forth by the Finance Committee of the Health System as the most appropriate policy for achieving the financial objectives as set forth in the Investments Objectives section of this document. The Policy is intended to provide a foundation, so that the Finance Committee and its Investment Advisor can effectively evaluate the performance of the Investment Managers and oversee the management of Investment assets in a prudent manner. The Statement Policy is not intended to remain static. At least annually, Grady Finance Leadership and the Investment Advisor will review this Statement Policy and recommend changes to the Finance Committee. Recommendations from Investment Managers for improving policies, procedures and operations are always appreciated.

Definitions:

Short-Term (“ST”) Investments– Financial assets that can be easily converted to cash or sold within a short period of time, usually within 3 months.

Long-Term (“LT”) Investments – Financial assets that are intended to be held for 3 months or more.

Days Cash on Hand – a standard financial metric used to assess the liquidity and financial health of a company. It represents the number of days a business can continue to cover operating expense using its cash on hand without any additional influx of funds or revenue.

II. Purpose

The Policy set forth by the Finance Committee is intended to:

- Identify the relevant parties who have fiduciary responsibility or have been contracted on behalf of the Health System;
- Define the investment objective based on the relevant time horizon for which the assets will be managed and define risk tolerance;
- Identify investments that are permissible for use within the account;
- Create performance benchmarks and suitable standards for measuring and evaluating the account’s investment strategy;
- Set asset allocation targets and ranges that are in-line with the overall account objective;
- Review exceptions to the Policy and define mandated restrictions, if applicable.

III. Roles and Responsibilities

The Finance Committee is authorized by the Health System to act on its behalf subject to this Policy. The Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields, including the flexibility to retain, terminate, or replace Investment Advisors, Investment Managers or the Custodian Bank. The Finance Committee adopts this Policy, and this Policy is incorporated into all existing and any future Investment Advisor agreements. The persons ultimately responsible for making all decisions with regard to the administration of the Investments, including the management of the Investments, and for carrying out this Policy on behalf of the Investments shall be Grady Finance Leadership and the members of the Finance Committee. This Policy has been chosen by the Finance Committee as the most appropriate policy for

achieving the financial objectives as set forth in the Investment Objectives section of this document.

The CFO working in conjunction with the Finance Committee is responsible for:

- Establishing and maintaining this Policy.
- Monitoring the performance and risk profile of the investment portfolio as a whole
- Approving Target Asset Allocation recommendations between the ST and LT portfolios.
- Approving ST Target Asset Allocations as managed by the internal ~~the~~ Health System Treasury Team
- Approving LT Target Asset Allocation recommendation submitted by the Investment Advisor
- Reviewing the Investment Advisor's implementation of the investment program
- Reviewing and addressing all potential conflicts of interest

The Treasury team is responsible for the ST portfolio:

- Overall cash and bank account management including managing short term investments of operational cash in a series of low risk, highly liquid accounts, and determining the optimal levels held within each portfolio
- Establishing the optimal cash level so the company can make and receive payments as needed
- Collecting data from various sources to analyze future cash positions
- Ensuring the Health System has enough funds to meet its operational and investment needs, and advising management on short- and long-term planning
- Mitigating financial risks related to currency and interest rates, and developing policies and procedures to protect the Health System's finances
- Reporting on performance information

The Investment Advisor is responsible for the LT portfolio:

- Manage the portfolio of LT investment funds that exceed the System operating cash needs and short term portfolio
- Monitoring and making tactical shifts between Investment Managers.
- Monitoring the appropriateness of each Investment Manager's strategy in light of the overall investment strategy, philosophy, objectives and mission
- Monitoring investment performance for each Investment Manager compared to a benchmark
- Recommending putting on watch and/or terminating Investment Managers when necessary
- Preparing and delivering an investment performance report
- Recommending an alternative investment strategy when changes in the market/business environment warrant

The Custodian is responsible for safekeeping of the assets:

- Valuing the holdings
- Collecting all income and dividends owed to the client
- Settling all transactions (buy-sell orders)
- Providing monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report
- Maintaining separate accounts by legal registration

IV. Investment Objectives

Short-term Portfolio:

- Target of up to 60 days cash on hand
- Ensure the safety and preservation of principal
- Maintain adequate liquidity to meet cash flow requirements
- Obtain the best available return consistent with the Health System's stated objective concerning safety and liquidity
- Present standardized guidelines that must be observed through the Health System

Long-term Portfolio:

- Funds that exceed the System operating cash needs and short term portfolio
- Minimize the risk of permanent loss of principal
- Maintain the purchasing power of the current assets and all future contributions
- Maximize the return within a reasonable and prudent level of risk
- Maintain an appropriate asset allocation based on a total return policy that is compatible with the needs of the Client, while still having the potential to produce positive real returns
- Use prudent experts (Investment Advisor) to exercise investment discretion over the assets

V. Asset Allocation Policy

Academic research suggests that the decision as to how to allocate total assets among various asset classes will far outweigh security selection and other decisions in terms of impact upon portfolio performance. After reviewing the long-term performance and risk characteristics of various asset classes, and balancing expected risks and rewards, Exhibit A details the preferred allocations for the asset classes selected to help achieve the Investment objectives.

Furthermore, risk, as measured by standard deviation, of each portfolio should be considered: a portfolio that outperforms the benchmark, but carries only half the overall risk is superior on a risk-adjusted basis to a portfolio that outperforms the benchmark.

The primary strategy used to balance these risks is through diversification of investments. Accordingly, the goal is to have its investments located among asset groups with a low or negative correlation.

Within each asset class, further diversification will be achieved through allocation to investment management styles providing broad exposure to different segments of approved asset classes.

The Target Asset Allocation is set with the goal of achieving the objectives of the Investments over the long-run. Exhibit A illustrates the most current asset allocation for the plan.

Changing economic conditions and various investment opportunities may make it desirable to make changes to the Target Asset Allocation. Therefore, provisions to allow for modifications over time with Finance Committee approval are warranted. Furthermore, the Finance Committee will instruct its Investment Advisor to undergo a formal review of the target asset allocation every 18-24 months. Asset styles and target ranges may be added or changed at any time for greater exposure to different asset categories as permitted by law.

Rebalancing Guidelines

From time to time, market conditions may cause the portfolio's investment in various asset categories to vary from the established target allocation. To remain consistent with the risk and return characteristics established, investments should be reviewed on a quarterly basis by the Investment Advisor and discussed with Finance Leadership prior to rebalancing to within the acceptable range. The Investment Advisor may choose to employ a tactical strategy given current market conditions by rebalancing toward the lower or upper end of the range.

Performance Measurement

The Finance Committee recognizes that all investment styles go through cycles. Therefore, there will be periods of time in which the manager's investment style is out of favor relative to the selected benchmarks.

Performance Benchmarks

Asset class performance will be judged using, among other things, the indices in Appendix A. Total Plan performance will be judged applying a weighted average of each asset class' target allocation to the Policy Benchmarks listed in Appendix A.

Characterization of asset classes and performance objectives

The Finance Committee considers overall performance within the context of the amount of risk being taken by the Investments in order to achieve such performance. The Finance Committee believes that minimizing risk is just as important as achieving a performance objective and factors risk into the Asset Allocation process as well as the Investment Manager selection process.

Characterization, performance objectives and benchmarks for the respective asset classes are noted below:

Equities

Long-term capital appreciation is the core emphasis for this asset class. Therefore, the asset class will primarily invest in publicly traded global equities on a long-term basis. Underlying securities will include developed, emerging and frontier market equities. The segment may hold mutual funds, exchange traded funds, separately managed accounts with individual equities, and/or non-listed commingled equity funds. Holdings may be diversified across global, regional, country, style and sector-based strategies. Each non-listed commingled fund or separately managed account will have its own specific investment objective and guidelines, which are agreed to contractually at the time of initial investment. The Finance Committee recognizes that the equity manager may employ an active investment style quite different than the exact composition of the economic sectors that comprise their respective index. It is understood that active investment styles will come in and out of favor versus the broad market indices. The Investment Advisor will monitor and update the Finance Committee when a manager's investment style has fallen out of favor with the broad markets.

Objective: Achieve a rate of return, which matches or exceeds their benchmark index net of management fees over a full market cycle (See Exhibit A).

Domestic Fixed-Income

Credit quality, liquidity and preservation of capital are the core emphasis for this asset class. Therefore, the asset class will primarily invest in high quality government, corporate, municipal, mortgage and asset backed

bonds, and cash equivalents. The segment may hold mutual funds, exchange traded funds, separately managed accounts with individual securities, and/or non-listed commingled equity funds. Holdings may be diversified across country, maturity and fixed income sector. Each non-listed commingled fund or separately managed account will have its own specific investment objective and guidelines, which are agreed to contractually at the time of initial investment. The Finance Committee recognizes that the fixed income managers hired may employ an active investment style quite different than the exact composition of the sectors.

Objective: Earn an average annual return from income and capital appreciation that exceeds the benchmark index net of management fees over a full market cycle (see Exhibit A).

VI. Investment Manager Policies and Guidelines

- Investment Managers shall be registered advisors under the Investment Advisers Act of 1940, unless they do not have sufficient assets under management to be registered there under, in which case they shall be registered under applicable state law.
- The Investment Advisor must acknowledge, in writing, their obligations as fiduciaries responsible for the investment of fund assets. This includes a policy of best practices wherein the Investment Advisor agrees not to pay or provide directly or indirectly any other consideration in exchange for obtaining business from the Health System or its employees or agents. For greater clarity, the Investment Advisor shall agree not to engage in "pay-to-play" conduct.
- Subject to the guidelines included in this Policy, and separate account guidelines or investment documents, Investment Managers shall exercise discretion over their respective accounts or fund vehicles.
- Investment Managers are expected to remain fully invested as defined in this paragraph.
- The Investment Advisor will review the present and future cash flow requirements with the Finance Committee at least annually to respond to any liquidity needs.
- The Finance Committee and Investment Advisor shall periodically review each manager's portfolio performance and execution.

VII. Socially Responsible Awareness and Guidelines

The Health System focuses on the promotion of general health and advocating for indigent residents within Fulton and DeKalb counties. In addition, the Health System depends on a reasonable return on its investments in order to function effectively and carry out its mission. Therefore, the Health System draws on its values and incorporates them as a guide to its financial investment choices.

Whenever possible the Health System will take active measures to advance ethical and social stewardship by refusing to make "direct" investments in companies whose products, policies or practices are contrary to the Health System's core values and mission.

The Health System believes that a diverse, equitable and inclusive work environment makes a more relevant, competitive, and resilient company. We actively work to foster a culture of inclusion and recognize the value of diversity. We value the insight and perspectives contributed by people from diverse backgrounds, races, genders, ages, abilities and sexual orientations. We recognize that varied lived experiences bring needed insight and perspective that ultimately helps us make better, more informed decisions. The Health System strives for the investment advisor to work towards the long-term diversity of their team, partners, and fund managers to achieve a 10% diversity goal.

VIII. Reconciliation with Custodian and Reporting Requirements

The Finance Committee understands that from time to time there may be a difference in the performance calculations between an Investment Manager and the custodial bank ("Custodian"). When there is a discrepancy, the Investment Managers should reconcile with the Investment's Custodian because only the Custodian's figures will be used by the Investment Advisor and Health System staff to calculate performance. Additionally, when utilizing Exchange Traded Funds ("ETFs"), the Finance Committee realizes that the performance calculated using actual share prices reported by the Custodian (usually at market value) may cause discrepancies in the performance provided by the ETF provider (usually priced at, net asset value ("NAV")).

The Investment Advisor is required to provide monthly reports to the Finance Leadership.

Investment Manager Meetings

Investment Managers are required to meet with the Finance Committee, Grady Finance Leadership, and or Investment Advisor, quarterly as requested. The Investment Manager will receive advance notice of all meeting date requests. A non-exclusive listing of topics to be discussed will be provided with the notice to the extent deemed appropriate by the Finance Committee, these meetings shall have a consistent format so that the Finance Committee can effectively compare and contrast the investment managers articulated portfolio strategy and actual portfolio structure and results. These meetings will also provide the Investment Managers with the opportunity to explain how their thinking has evolved since previous meetings. An annual presentation will take place at a Finance Committee meeting in September of each year.

IX. Proxy Voting Guidelines

In the absence of specific guidelines regarding specific issues, Investment Managers shall vote proxies in the best economic interest of the investments. This will be in accordance with their fiduciary responsibilities as Investment Managers and any other applicable state or federal law.

Investment Managers are expected to furnish the Investment Advisor with quarterly updates on all proxy matters. For Index Funds, Mutual Funds, or ETFs, the Finance Committee may designate the Health System staff, the Investment Advisor, or the Custodian to vote proxies consistent with the best interests of the Investments.

X. Impermissible Investments include:

- Crypto Currency
- Initial Public Offerings
- Derivatives
- Options
- Futures
- Margined Transactions

SIGNATURE PAGE

Grade Memorial Hospital Corporation

By: _____

Name: _____

Title: _____

Dated: _____

Investment Advisor

By: _____

Name: _____

Title: _____

Dated: _____

Exhibit A

Asset Class	Target DCOH	Max %	Asset Class Benchmark
Cash & Cash Equivalents	60		Operating Cash
Equity		35	S & P 500
Fixed Income		65	Bloomberg Barclays Aggregate Bond Index
Alternative Investments		40	Custom Index Proxies and Peer Group Comparisons

Policy Benchmarks

Fixed Income

The objective of the Fixed Income assets is to achieve a total return, net of fees, comparable to that of the Bloomberg Barclays Aggregate Bond Index.

Equity

The objective of the Equity assets is to achieve a total return, net of fees, comparable to that of the S & P 500.

Total Portfolio

The objective of the Total Portfolio is to achieve a total return, net of fees, comparable to a blended benchmark comprised of indices that represent the Policy Asset allocation at the time.