



APHON Investment Policy Statement

Introduction

The Association of Pediatric Hematology/Oncology Nurses (the “Organization” or “APHON”) maintains an investment account (the “Account”) to set aside a portion of reserves.

The APHON Board has the overall fiduciary responsibility for the Account and has delegated oversight responsibilities of the Account to the Executive Committee.

The board has hired a professional investment consultant to invest in the Account (the “Investment Strategy”) and to assist the Executive Committee with its oversight responsibilities. The Investment Consultant is an investment manager who has the authority and responsibility to invest in the Account, subject to guidelines of this Investment Policy Statement (IPS).

The Account shall always be managed in compliance with the standards of prudent investment. All board members, committee members, staff, and any designated investment adviser or investment manager shall exercise the judgment and care which persons of prudence, discretion, and intelligence exercise in accordance with applicable law.

Purpose

The purpose of this IPS is to establish a clear understanding as to the applicable investment objectives and policies. This IPS will:

1. Establish reasonable expectations, objectives, and guidelines in the investment of the Portfolio’s assets.
2. Set forth an investment structure detailing permitted asset classes and expected allocation among asset classes.
3. Encourage effective communication between the Investment Consultant, staff, and the Organization.
4. Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Organization and matches their spending needs.
5. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by each investment option on a regular basis.

The Organization intends this IPS to state the general attitudes, guidelines, and a philosophy, which will guide all responsible parties toward the performance desired. The Organization intends that the IPS be sufficiently specific to be meaningful but adequately flexible to be practicable.

Objectives

APHON Holds two Accounts:

1. The Long-Term Investment Account.
2. Money Market Account

Long-Term Investment Account. The objective of the long-term investment account is to serve as an investment vehicle to support long-term operations, including asset purchases, upgrades, and special projects.

The objectives of the Long-Term Investment Account are:



1. Generate capital appreciation and income sufficient to grow the inflation-adjusted value of the assets over the long term.
2. Preserve the long-term inflation-adjusted principal value of the assets.
3. Maximize return within reasonable and prudent levels of risk.

Money Market Account. This account consists of free cash flow that may be needed for use in the organization to fund new programs and initiatives in addition to funding administrative costs. While all funds are not likely to be needed at one time, there should be cash and bonds accessible to the organization to meet its ongoing needs.

The objectives of the Money Market Account are:

1. Maintain the purchasing power of the current assets and all future contributions. The objective is to maintain the level of services and programs in relation to inflation.
2. Provide short-term financing and Liquidity management to the Organization as needed.

Time Horizon

Within the Long-Term investment account, the investment guidelines are based upon an investment horizon of greater than 5 years. The Portfolio's allocation is also based on this long-term perspective. Short and Intermediate term liquidity requirements are anticipated to be handled in the Money Market account dedicated to that need, or at least by cash inflows.

Risk Tolerances

The Organization recognizes and acknowledges that some risk must be assumed to achieve the long-term investment objectives of this account and that there are uncertainties and complexities associated with contemporary investment markets. In establishing the risk tolerances for this IPS, the Organization's ability to withstand short and intermediate term variability was considered. The Organization's prospects for the future, current financial condition, and level of funding in the portfolio suggest collectively that some interim fluctuations in market value and rates of return may be tolerated to achieve longer-term objectives.

Duties and Responsibilities

Board. The board has overall responsibility for the Account and investment-related decisions. In managing the Account, the board must:

1. Consider the purposes of the Organization and the purposes of the Account.
2. Comply with the duty of loyalty imposed by law and act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
3. Incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the Organization, and the skills available to the Organization.
4. Make a reasonable effort to verify facts relevant to the management and investment of the Account.

The board's investment responsibilities for the Account include:

1. Establish and maintain this IPS, including the Investment Strategy.
2. Approve the hiring of an investment consultant via board vote (See investment manager selection criteria).
 - a. The Board should receive a presentation from the investment consultant annually, at a minimum, and should receive reports in advance of major meetings.
3. Approve the Account's strategic asset allocation.

The board may delegate one or more of its responsibilities with respect to the management of the Account to the Executive Committee or the Investment Consultant. As such, the board should receive



reports from the Executive committee on any transactions up to \$150,000. The Board must approve all transfers of money out of the account valued at \$150,001 or more.

Executive Committee. The board has delegated ongoing oversight of the Account to the Executive Committee (EC); specifically, the EC:

1. Evaluate and recommend revisions to this IPS to the board, including the Investment Strategy.
2. Evaluate and recommend investment consultants to the board to assist with their oversight responsibilities and invest the assets through a proposal process at least every six years, unless postponed by the board.
3. Review the Account's strategic asset allocation at least annually and report the results of the review, including any recommended changes, to the board.
4. Express the Account's risk posture to the Investment Consultant.
5. Monitor the compliance of the Account's investments with this IPS and the approved investment policies and guidelines.
6. Evaluate the performance of the Account's investments.
7. Review investment expenses.
8. Provide periodic reports on investment performance results to the board.

The EC is subject to direction by the board and must report to the board before every board meeting and as directed by the board. The EC shall have authority to make financial transfers of up to \$50,000 via EC vote. The EC must notify the Board of any intentions to move money from \$50,001 to \$150,000 a minimum of 48 hours prior to the EC vote.

The Investment Consultant. The Investment Consultant serves as an objective, third party professional retained to assist the EC in managing the overall investment process. The Investment Consultant is responsible for guiding the EC through a disciplined and rigorous investment process to enable the EC to meet the fiduciary responsibilities outlined above.

The Investment Consultant shall be responsible for:

1. Advising the Organization about selecting and allocating of asset categories
2. Identifying specific assets and investment managers within each asset category
3. Monitoring the performance of all selected managers and facilitating the EC's annual review of the Account's asset allocation
4. Manage the Account's asset allocation within the guidelines of this IPS.
5. Provide reports regularly, and as requested, detailing the performance of the Account and investment managers against stated objectives and appropriate benchmarks.
6. Being available to meet with the Organization periodically and being available at such other times within reason as the Organization requests.

The Investment Consultant cannot be an Organization Trustee/Board member or a member of any of its committees or an employee of the Organization.

The Investment Consultant will not take title to any assets and shall be responsible only for making recommendations to the Organization and to implement investment decisions as directed by the Organization.

Staff (Executive Director & CFO). The Association staff, including the Association's Executive Director and Chief Financial Officer, support the efforts of the Board, Executive committee, and investment consultant. The Executive Director or CFO may direct the investment consultant's action based on vote of the Board or EC.



Asset Class Guidelines & Investment Management Structure

Asset Allocation

Investments shall be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, asset class, specific maturity, specific issuer, or sector unless the Board reasonably determines that, because of special circumstances, the purposes of the Account are better served without diversification.

A strategic asset allocation will be established to facilitate the achievement of long-term investment objectives within established risk parameters. The strategic asset allocation will be based upon an appropriate financial simulation model that indicates optimal portfolio structure, calculated expected returns, and risk levels, and considers each fund's target rate of return and risk tolerance.

The strategic asset allocation targets and permissible asset allocation ranges for the Account are detailed in Appendix A, as well as acceptable and prohibited assets, investments, and transactions.

The Investment Consultant may make tactical shifts in the actual allocation of the Account's investments based upon the Investment Consultant's assessment of current and prospective market conditions. Any such tactical asset allocation shifts are to remain consistent with the maximum and minimum asset allocation ranges outlined in Appendix A.

It is expected that the Account's actual asset allocation at any given time will vary from the strategic asset allocation, given the varying returns earned by different asset classes over any given period and potential tactical asset allocation shifts directed by the Investment Consultant. The Investment Consultant will periodically rebalance the Account's asset allocations using cash flows; if cash flows are not sufficient to bring the allocation.

Investment Manager Selection Criteria

The following criteria shall be considered when selecting Investment Consultants:

1. Past performance relative to other investments having similar investment objectives. Consistency of performance and the level of risk taken to achieve results will be considered. See Appendix A for asset specific benchmarks.
2. Investment Consultant investment style and discipline.
3. Fit of investment Consultant's strategy with other assets in the Account, including risk controls and diversification.
4. Investment management firm experience, personnel turnover, financial resources, and staff.
5. Willingness and ability to service the Account according to this policy.
6. Any restrictions placed by the investment manager regarding liquidity of the Account's investments.
7. Assessment of potential future investment consultant success.

Monitoring & Performance Objectives

The EC acknowledges fluctuating rates of return characterize the securities markets, particularly during short term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Committee intends to evaluate investment performance from a longer-term perspective.

The EC is aware the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis, and it is at the EC's discretion to take corrective action by replacing a manager if they deem it



appropriate at any time. Should the overall market value of either Account decline by ten percent or more, the EC shall promptly report to the board, and the committee shall consult with the Investment Consultant to discuss potential actions, which may include rebalancing the fund.

Investment Policy Review statement

The Committee will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. Short-term changes in the financial markets should not require adjustments to the IPS.

Document Control

Original Document - draft	Date: March 12 th , 2024
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Board adopted	April 26 th , 2024



APENDIX A – Asset Allocation Targets by Class

Asset Allocation

Based upon the Organization's tolerance for risk, time horizon, and spending needs, we have determined the following mix to be best suited to meet your objectives.

Asset Class	Target Allocation	Acceptable Range	Performance Benchmark
Cash	3%	1 - 4%	Citigroup 3-Month Treasury
U.S. Fixed Income	26%	25 - 30%	Barclays Aggregate Bond
Intl Fixed Income	12%	10 - 15%	Citigroup World Gov Bond
Large Cap	25%	22 - 26%	Russell 1000 Growth
Mid Cap	9%	8 - 10%	Russell Mid-Cap
Small Cap	3%	2 - 5%	Russell 2000
International	18%	12 - 20%	MSCI EAFE
Emerging Markets	4%	2 - 5%	MSCI Emerging Markets
TOTAL	100%		

Return and Risk Expectations

Based upon RBC Wealth Management's Capital Market Assumptions the Proposed Asset Mix has the following Return and Risk Expectations.

- Return: 5.5%
- Risk: 10.3% (Standard Deviation)

Acceptable Asset Classes

The following asset classes have been approved by the Investment Committee:

1. Cash/Money Market
2. U.S. Fixed Income
3. Intl. Fixed Income
4. Large Value Stocks
5. Large Growth Stocks
6. Mid Cap Stocks
7. Small Cap Stocks
8. International Stocks
9. Emerging Market Stocks
10. Real Estate (REIT)
11. Commodities
12. Hedge Funds
13. Managed Futures
14. Tactical/Global Allocation

The following investments have been approved by the Investment Committee:

1. Cash and Short Term Fixed Income Securities

- Treasury Bills
- Money Market Investment Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit



2. Fixed Income Securities

- TIPS
- U.S. Government and Agency Securities
- Corporate Notes and Bonds (BBB or better)
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations

3. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depositary Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- Real Estate Investment Trusts (REIT's)

4. Mutual Funds

- Mutual Funds which invest in securities as allowed in this policy and none of whose investments are expressly prohibited in this policy.

5. Exchange-Traded Funds

- Exchange-traded funds which invest in securities as allowed in this policy and none of whose investments are expressly prohibited in this policy.

6. Other/Alternatives

- Hedge Fund of Funds –Registered
- Managed Futures
- Commodity Strategies – Limited to mutual funds or ETFs
- High Yield Bonds
- Socially Responsible Investment Strategies – Equities or Mutual Funds
- Emerging Market Equity or Debt
- Options – Covered Calls & Protective Puts

Derivative Investments. Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds, IOs, POs, residual bonds, etc.), and interest rate swaps, among others. The Committee feels that many derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, the Committee will take a conservative posture on derivative securities in order to maintain its risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. Unless a specific type of derivative security is allowed in this document or approved by the Committee, the Investment Manager(s) may not invest Investment Fund assets in derivative investments.

Prohibited Assets:

1. Private Equity
2. Private Placements
3. Limited Partnerships
4. Venture-Capital Investments
5. Real Estate Properties
6. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs



7. Naked Options
8. Non-Registered investment cooperative or Pooled Fund

Prohibited Transactions. Prohibited transactions include, but are not limited to the following:

- Margin Transactions
- Short Sales