

**AMERICAN ASSOCIATION OF UNIVERSITY OF WOMEN (AAUW)
BOARD OF DIRECTORS
MINUTES OF MEETING
February 18, 2022**

Meeting held by Video Conference

Directors Present/Absent*

Julia Brown, Chair
Malinda Gaul, Vice Chair
Peggy Cabaniss, Finance Vice Chair
Cheryl Sorokin, Secretary
Kimberly Adams
Joseph Bertolino
Lisette Garcia
Elizabeth Haynes
Jenna Kirkpatrick Howard
Karen Kirkwood
Jeanie Latz**
Eileen Menton
Edwina Frances Martin*
Shaila Rao Mistry
Mary Zupanc
Gloria Blackwell, Ex Officio

Staff Present

Shannon Wolfe, Managing Director and Chief of Staff
Tom Chappell, Vice President, Finance**

**Joined at the point indicated in these minutes

Call to Order and Tribute to Dave Kirkwood

Julia Brown, Chair, called the meeting to order. She reported the recent death of Dave Kirkwood, spouse of board member Karen Kirkwood, noting that Dave had been a former board member and was a committed and passionate member of AAUW both nationally and at the state and branch level in Minnesota. She commended Ms. Kirkwood for her commitment to the board in attending this meeting so soon after her husband's death.

Strategy Discussion

Ms. Brown noted that the first portion of the meeting would be devoted to discussion on matters related to strategy, organizational impact and funding. She noted that the format of the meeting would involve some small group discussions among board members, reflecting in part comments in the 2021 board effectiveness review which indicated a desire for increased opportunity for interaction among board members as well as additional agenda time devoted to strategic issues. She then asked Gloria Blackwell, CEO, and Shannon Wolfe, Managing

Director and Chief of Staff, to introduce the planned framework as well as the substantive issues for discussion.

Referring to a previously distributed memorandum dated February 9, 2022 titled “February Board Meeting Focus on Organizational Impact,” Ms. Blackwell noted that the among the goals for the meeting was for the board to assess areas of greatest impact against current priorities, to develop a shared understanding of AAUW’s impact, and to assess the strengths and weaknesses of the affiliate structure. Ms. Wolfe commented on the survey that had been sent to board members in advance of the meeting and results of which had been previously posted, noting the importance of the board understanding issues facing AAUW’s affiliates in addition to issues facing the national organization.

Ms. Blackwell noted that this would be the first of several discussions designed to help ensure a common and deeper understanding among board members on the issues of AAUW’s impact, priorities and funding as well as to help inform revisions to AAUW’s strategic plan. She noted that a copy of the most recent Strategic Plan Progress Report had been distributed to the board in advance of the meeting.

Directors then were assigned to small group breakout rooms to discuss AAUW’s impact, specifically AAUW’s work that drives impact the most at the national and branch levels, and how that impact relates to AAUW’s strategic goals. Ms. Latz joined the meeting at this time.

Following the breakout sessions, a member of each group reported back to the full board the key points that were discussed in the small group sessions and areas for further follow up including: the need for additional data to track the success of AAUW programs; the value of AAUW’s past advocacy work and its potential for the future; the disconnect between the national organization and affiliates and opportunities to rebuild trust between affiliates and the national organization; different ways to market and highlight the combined impact of AAUW and its affiliates as well as the impact of AAUW working in coalition with other organizations; opportunities to refocus programs on issues of importance to younger generations; the possibility of expanding the impact of AAUW’s fellowships and grants programs and programs related to economic security of women; building better understanding at the board level on AAUW funding needs and opportunities to better ensure optimum use of endowed funds and unrestricted funding. There was a general consensus on the need for a more focused strategic plan.

Ms. Blackwell expressed appreciation to board members for their engagement in the discussion and their suggestions.

Tom Chappell, Vice President, Finance, joined the meeting at this time.

Investment Report

Peggy Cabaniss, Vice Chair, introduced Chris Grimm, AAUW’s Investment Advisor from Mercer Pavilion. Referring to a previously distributed report titled Performance Evaluation Report, December 31, 2021, Mr. Grimm reviewed and responded to questions on AAUW’s investment

portfolio asset allocations and the performance of each asset class for the calendar year 2021. He reported that total assets grew from \$140 million to \$157 million. He also noted that AAUW's portfolio had outperformed the policy benchmark over the past 10 years.

Mr. Grimm noted that the full report, including issues related to the current economic outlook and market projections for 2022 had been discussed with the Investment Committee and he commented on the expertise and engagement of the committee. Mr. Grimm reminded the board that the Investment Committee had recommended changes to AAUW's asset allocations which had been approved by the Board at its December 2021 meeting. He then noted that the Investment Committee was also recommending a change to the Investment Policy to formally reflect AAUW's commitment to gender equity and to clearly define how that commitment would be applied in the selection of investment managers. Ms. Cabaniss indicated the revised policy would be presented for approval of the board later in the meeting.

In response to questions on the commitment to gender equity and diversity/inclusion of companies in which AAUW invested, Mr. Grimm noted that AAUW is invested in index funds consisting of hundreds of companies, making a company by company review infeasible. He noted that in the coming year the Investment Committee would likely be considering and researching whether and to what extent to engage in impact investing through ESG funds.

Mr. Grimm then reviewed and responded to questions on the recent upheaval in the market environment and the importance of maintaining a long-term view.

Mr. Grimm left the meeting at this time.

Financial Report

Referring to the previously distributed Executive Summary of Financial Results for the Year to Date through December 31, 2021, and to the Financial Report for the Month of December 2021, as well as the previously distributed Membership Trends Chart, Ms. Wolfe reviewed and responded to questions on income and expenses to-date and on the outlook for the second half of the fiscal year. She pointed out and responded to questions on the current \$100,000 shortfall in dues revenue in comparison to the budget. She responded to questions on possible increases in dues receipts as renewals begin in March.

Referring to the previously distributed document titled FY 2022 Year-End Contributions and Dues Revenue Projections, and to a document she shared at the meeting titled "AAUW 'Without Donor Restrictions' Budget," Ms. Wolfe noted that in addition to dues revenue being under budget, branch giving to AAUW national was also below budget, largely as a result of the pandemic causing delays or cancellation of fundraising efforts at affiliates. She pointed out other areas of possible shortfalls in contributions based on the reforecast recently completed by staff, noting and responding to questions on forecasted reductions in various categories of contributions. Ms. Wolfe pointed out the impact of not having received the anticipated grant from the Coca-Cola Foundation.

In response to questions, Ms. Wolfe noted that while there was still a possibility of receiving a new grant from the Coca-Cola Foundation, timing was uncertain in light of work being done at the Coca-Cola Foundation to revamp their giving priorities. She expressed the opinion that a renewed grant prior to FY-end was uncertain, even though AAUW continued to be in close contact with the Foundation and staff and still appeared to be considered a trusted partner in their women's empowerment work. In response to questions, Ms. Blackwell noted that prior Coca-Cola Foundation grants had all supported the economic security pillar of AAUW's strategic plan, and while future grants might expand beyond this area, it remained important to focus grant requests on areas of particular interest to the Foundation. Mses. Blackwell and Wolfe reported that the Coca-Cola Foundation was possibly a sponsor for NCCWSL.

Mses. Wolfe and Blackwell then commented on increases in staff in the Advancement function and on a number of pending proposals with other corporate and foundation funders.

Ms. Wolfe then reviewed and responded to questions on AAUW's allocation and budgeting of unrestricted funds to support projects and operations. She responded to questions on the impact of the pandemic in disrupting projects funded with restricted and unrestricted funding and how such disruptions affected unrestricted funding in particular. She commented on actions at the staff level to improve project results but noted that unrestricted reserves projected for FY year end 2022 were, based on the current forecast, expected to be approximately one half of what had been originally budgeted. Ms. Wolfe noted that staff was also revising work plans focusing on available restricted funding, including STEM programs.

Ms. Blackwell commented on efforts to align staff expectations and work plans so that year-end funding is aligned in advance of the budgeting process for 2023.

The board discussed possible additional funding sources, and Ms. Blackwell commented on future fundraising efforts focused on members and alumnae fellows, including a reinvigoration of the Champions program which highlights donors of over \$5000 or more annually.

In response to questions, Ms. Blackwell reported that the implementation of "Office Hours" by the Connect Team was being favorably received by affiliates. She commented on other changes in communications with affiliates, and she noted the pending rollout of the new data base system as described in the written report of operations.

Mr. Chappell left the meeting at this time.

Report of the Nominating Committee

Referring to a previously distributed memorandum dated January 31, 2022, titled "Mid-Year Report of the Nominating Committee," Ms. Latz, Chair of the Nominating Committee, reviewed the process used by the committee to assess the needs of the board for various types of expertise and to solicit, review and assess candidates best fitting AAUW's needs. She noted that the process also included review of incumbent members of the board interested in serving another term. She then reviewed and responded to questions on the expertise and experience of the group of five nominees recommended by the Nominating Committee, and the

committee's view of what each candidate would bring to the board's deliberations and execution of responsibilities. She commented on and responded to further questions on the committee's recommendation of four nominees to be elected by the membership in the spring of 2022. She also responded to questions on the recommended timing for appointment of the fifth candidate by the board, noting that the appointment would not be effective until July 1, 2023.

Following discussion, on motion made, seconded, and carried, the board adopted the following resolutions:

Resolution Approving AAUW Board of Director Candidates for
Membership Vote

The Board of Directors of AAUW approves the following candidates for membership vote for the position of director:

Peggy Cabaniss
Dale Satake
Cheryl Sorokin
Mary Zupanc

Resolution Appointing an AAUW Director

The Board of Directors of AAUW appoints Monique Taylor to the AAUW Board of Directors for a term starting July 1, 2022

Report of the Governance Committee

Referring to a previously distributed memorandum dated February 7, 2022 titled "Governance Committee Report to the Board," Malinda Gaul, Chair of the Governance Committee, reviewed and responded to questions on two proposed amendments to the AAUW bylaws recommended by the committee. The board discussed the two proposed amendments, one to set a fixed date for determining eligibility to vote in AAUW elections and to add a provision clarifying procedures in case adjournment of the annual meeting might be necessary, and one to eliminate the requirement to provide eight months' notice of openings on the board of directors. The board discussed the reasons for the proposed changes and the importance of clear communication of the rationale for the proposed changes to the membership.

Ms. Gaul also noted that no proposals for amendments to the bylaws had been submitted by members.

On motion made, seconded and carried, the board adopted the following resolution:

Resolution re Bylaws Amendments

The Board of Directors of AAUW approves submitting the proposed bylaws changes in Exhibit A to these minutes to the membership for vote in spring 2022.

Ms. Gaul then reviewed and responded to questions on activities of the Governance Committee, including appointment of a subcommittee to review a complete revision of AAUW's bylaws to better align with current best governance practices, and meetings between committee members and state affiliate leaders to discuss affiliate perceptions of problems facing affiliates.

Report of the Audit Committee

Referring to a previously distributed memorandum dated February 3, 2022, titled "Report of Audit Committee and Recommendation of Auditor," Jenna Howard, Chair of the Audit Committee, noted that the board had approved the report of Audit for fiscal year 2021 at its meeting in December 2022. She then reviewed the work of the committee in requesting and reviewing proposals from different audit firms to conduct AAUW's future audits, noting it was a recommended governance practice to periodically change auditors. She noted that after review of proposals from four different firms the committee recommended approval of GRF as auditor for fiscal year 2022 and she reviewed the committee's rationale and responded to questions on pricing and other factors considered in the recommendation. Following discussion, on motion made, seconded and carried, the board adopted the following resolution:

Resolution re: AAUW's Independent Auditor

The AAUW Board of Directors approves GRF as AAUW's independent auditor for FY 2022 fiscal year

Report of the Investment Committee and Requested Change to Investment Policy

Referring to a previously distributed document dated February 1, 2022 titled "Report of the Investment Committee," Peggy Cabaniss, Chair of the Investment Committee, reviewed proposed language to amend the Investment Policy to bring AAUW's commitment to diversity, equity and inclusion to the management of AAUW investments. She noted that the language presented at this meeting had been revised and clarified based on comments received when the Investment Policy was amended at the prior board meeting. Following discussion, on motion made, seconded and carried, the board adopted the following resolution:

Resolution re: AAUW's Diversity, Equity and Inclusion Commitment re Investments

The AAUW Board of Directors approves changes to AAUW's Investment Policy Statement re AAUW's commitment to diversity, equity and inclusion in investments as set forth in Exhibit A to these Minutes.

Approval of Withdrawal Policy

Referring to a previously distributed memorandum dated February 9, 2022, titled "Withdrawal Policy Recommendation," Ms. Cabaniss reported that the Finance Committee (with input from the Investment Committee) reviewed and recommended that the board adopt a 5% spending

policy for the upcoming FY 2023 budget. She responded to questions and noted that the 5% recommendation was the same as the spending policy approved by the board for fiscal year 2022. She also noted that the Finance Committee would be working with staff to review the draft FY 2023 budget in May.

On motion made, seconded and carried, the board adopted the following resolution:

Resolution re: AAUW's Withdrawal Policy

The AAUW Board of Directors approves a withdrawal policy of 5% for FY 2023

Approval of Minutes and Membership Consent Calendar

Referring to previously distributed draft minutes of the December 2021 board meeting, on motion made, seconded and carried, the board adopted the following resolution:

Resolution Re: Minutes of AAUW Board of Directors' Meeting

The Board of Directors of AAUW approves the minutes of the December 8, 2021 meeting as presented.

Referring to the previously distributed Membership Consent Calendar covering the period December 4, 2021 to February 19, 2022, on motion made, seconded and carried, the board adopted the following resolution:

Resolution Approving the Membership Consent Calendar

The Board of Directors of AAUW Approves the Membership Consent Calendar dated February 10, 2022

Acknowledgement of Written Reports

On motion made, seconded and carried, the board acknowledged receipt of the following written reports:

- a. Executive Committee Meeting Report dated February 10, 2022;
- b. National Committee Reports from:
 - a. the Advancement Committee,
 - b. the Finance Committee,
 - c. the Inclusion and Equity Committee,
 - d. the Investment Committee and
 - e. the Public Policy Committee.
- c. Risk Memo dated February 4, 2022; and
- d. Memorandum re Operational Updates dated February 4, 2022.

Executive Session

The board then met in Executive Session with Mses Blackwell and Wolfe.

At the close of the Executive Session, the Board Chair directed the Secretary to note for purposes of these minutes that the during the Executive Session the board discussed recommendations from the board committee charges with following up on issues raised in the 2021 board effectiveness evaluation.

Adjournment

There being no further business, the meeting was adjourned.

Cheryl Sorokin
Board Secretary

EXHIBIT A: INVESTMENT POLICY STATEMENT

AAUW INVESTMENT POLICY STATEMENT

Approved by the AAUW Board of Directors October 2014, revised December 2021, February 2022

Note: In all AAUW policies, the term “AAUW” refers to the nationwide organization. The term “AAUW affiliated entity” or “entity” refers to all AAUW state organizations, branches, or comparable AAUW entities.

I. Introduction

The AAUW Investment Fund (hereafter referred to as the “Fund”) was created to provide continuing financial support to AAUW. The purpose of this Investment Policy Statement is to establish guidelines for the prudent investment of the Fund’s investment portfolio (the “Portfolio”). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the investment manager or funds selected on behalf of the Fund and its beneficiaries.

II. Role of the Investment Committee

The AAUW Investment Committee (the “Committee”) will act in a fiduciary capacity with respect to the Portfolio and is accountable to the AAUW Board of Directors for overseeing the investment of the Portfolio’s assets.

- A. This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
- B. The investment policies for the Fund contained herein have been formulated consistent with AAUW’s budgeted financial needs and in consideration of AAUW’s tolerance for assuming investment and financial risk, as reflected by the majority opinion of the Committee.
- C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term budget requirements and the long-term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in light of changes in capital markets and economic conditions and with respect to the financial circumstances of AAUW.
- D. The Committee will review this Investment Policy Statement at least biennially. Changes to this Investment Policy Statement require AAUW Board approval.
- E. The Committee may hire an investment consultant to assist with asset allocation and oversight of the investment portfolio. The investment consultant may be responsible for any or all of the following duties at the direction of the Committee:
 - Making asset allocation, rebalancing, and investment manager recommendations to the Committee
 - Providing monthly performance reports to the Committee
 - Providing quarterly reports to the Committee on performance, risk, asset allocation, universe comparisons, investment strategy, economic and market insights, and any recommended changes to investments

EXHIBIT A: INVESTMENT POLICY STATEMENT

- Providing feedback regarding changes to this policy
- F.** The Committee will hire one or more investment managers based upon appropriate criteria, including, but not limited to: investment philosophy and process, historical performance, experience of key personnel, and financial viability. The Committee is authorized to delegate investment authority to the investment manager(s) consistent with AAUW's investment objectives as set forth in this policy. Investment managers will have discretion to select investments in accordance with their stated philosophy, investment strategy and any relevant investment guidelines or regulatory document such as a prospectus.

III. Investment Objective and Spending Requirements

- A.** The Fund's long-term assets are invested with the objective of preserving the long-term, real purchasing power of assets as defined by CPI + 4 percent annually, while providing a relatively predictable and growing stream of annual distributions in support of AAUW. This return target will be long-term given fluctuations in investment returns over time.
- B.** For the purpose of making distributions, the Fund shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, unrealized appreciation, and proceeds from the sale of investments.
- C.** The Committee will limit investments in illiquid assets so as to maintain adequate liquidity to meet its operational and funding needs.

IV. Commitment to Gender Equity

AAUW's Board and its Investment Committee are committed to investing AAUW Funds in line with our mission to advance gender equity for women and girls through research, education and advocacy. The Committee and the Investment Consultant will periodically assess levels of representation and inclusion of women at the investment manager level with the expectation that overall reported metrics show improvement over time. The Committee will require transparency and accountability through annual reporting of investment manager diversity and inclusive practices. Reports may include:

- a.** Current and historical levels of women at different levels within the manager's organization
- b.** Evaluation of policies that support equal opportunity and a commitment to cultivating and preserving a culture of diversity and inclusion

Any manager who exhibits material deterioration in reported metrics over the course of a minimum of two years will be placed on Watch for further review by the Committee to determine if the strategy remains the best fit for the portfolio.

V. Portfolio Investment Policies

A. Asset Allocation Policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and

EXHIBIT A: INVESTMENT POLICY STATEMENT

return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

2. The Committee realizes that actual risk and returns may differ from expectations and objectives in the short term. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the various asset classes in which the Portfolio invests.
3. Schedule A outlines the asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term requirements.

B. Diversification Policy. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over the long term. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations.

1. With the exception of passively managed investment vehicles seeking to match the returns of a broadly diversified market index in any asset class, no single investment pool or other investment vehicle (e.g. mutual fund) shall comprise more than 20 percent of total Portfolio assets.

C. Rebalancing. It is expected that the Portfolio's actual long-term asset allocation will vary from its target asset allocation within ranges specified in Schedule A due to market fluctuations across all investments. The Portfolio will be rebalanced to its target normal asset allocation utilizing the following procedures:

1. Allocate incoming or outgoing cash flows (into and out of the long-term asset classes) to realign the current weightings closer to the target asset allocations for the Portfolio. If these cash flows are not sufficient to bring the asset classes within the acceptable ranges, the Vice President of Finance may opt to rebalance the individual asset class weightings to the desired target allocations. The specific transactions necessary to achieve the rebalancing will be made by the Vice President of Finance and reported to the Committee.
2. The Committee will review the Portfolio allocation at its quarterly meetings to evaluate the deviation from target weightings. The Committee will also provide a more formal review of the asset allocation targets and ranges on an annual basis.

D. Other Investment Policies. Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from

1. Purchasing securities on margin or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
3. Purchasing or selling derivative securities for speculation or leverage.

EXHIBIT A: INVESTMENT POLICY STATEMENT

4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their investment portfolio.

E. Monitoring Portfolio Investments and Performance. Each calendar quarter, the Committee shall monitor and assess the investment performance of the Portfolio and its underlying investments.

1. **Time Horizon.** Given the long-term objective, it is appropriate to evaluate performance over a full market cycle, generally a three to five-year period, although the Committee will also engage in ongoing evaluation by reviewing monthly and quarterly reports.
2. **Risks Evaluated.** The Committee recognizes that risk cannot be satisfactorily summarized by a single statistic. Instead, the Committee will regularly use a mosaic approach to risk measurement and monitoring. This approach combines a variety of fundamental and quantitative risk measures to assess the Fund's risk profile. These risk measures may include, but are not limited to:
 - Likelihood of permanent impairment of capital
 - Volatility (annualized standard deviation of monthly performance)
 - Geographic exposures
 - Sector exposures
 - Security concentration
 - Liquidity
 - Net market exposure
 - Leverage

F. Selection of Investment Managers. In evaluating current and potential managers, the Committee and Investment Consultant will use the following procedures:

- i. Identify a range of possible investment manager candidates, including at least one candidate that is gender diverse
- ii. Obtain relevant information about the investment managers' experience, qualifications and investment approach, including diversity and inclusion policies
- iii. Evaluate experience, qualifications, and investment approach. Included in this evaluation will be an analysis of past performance, risk metrics, and investment management fees.
- iv. Document the selection process

Gender diverse investment managers will be defined as meeting at least one of the following three criteria: 25% women at the firm's board/ownership level, 33% women at the firm's senior management level, or 33% women at the investment strategy level.

EXHIBIT A: INVESTMENT POLICY STATEMENT

SCHEDULE A AAUW Asset Allocation Guidelines

I. Asset Allocation

Asset Class	Target	Maximum	Minimum
U.S. Large Capitalization Equities	30%	35%	25%
U.S. Small Capitalization Equities	8%	13%	3%
International Equities-Large Cap	17%	22%	12%
International Equities-Emerging Markets	10%	15%	5%
Fixed Income-Domestic Bonds	20%	25%	15%
Emerging Market Debt and Multi-Asset Credit	10%	15%	5%
Alternative Investments/Real Estate	5%	10%	0%

II. Asset Class Guidelines

The appropriate vehicle for a given investment (e.g., separate account, mutual fund, commingled fund, limited partnership, etc.) will be evaluated on a case-by-case basis, with a bias toward the lowest cost option wherever possible unless the Committee decides to select certain active managers which may have higher fees.

- A. Mutual Funds, Commingled Funds, or Limited Partnerships.** Mutual funds, commingled funds and limited partnerships are all types of investment vehicles that are commonly used by institutional and other investors. These vehicles are governed by various legal documents that generally describe the underlying investment strategy, investment philosophy, investment process, allowable investment instruments, restrictions, and other relevant items. Mutual funds, specifically, utilize a prospectus as required by the SEC as the guiding investment document. Separately managed accounts can be more onerous from an operational perspective and may require minimum asset levels for adequate diversification.

The Committee, who can also utilize the assistance of an external Consultant, will use various qualitative and quantitative factors to select the underlying investment management firms for the Fund's assets. Some, but not all, of the factors will include monitoring assets under management, the quality of the investment and administrative staff, turnover of staff, appropriate expenses, and operational and regulatory oversight.

- C. Separately Managed Accounts: Fixed Income.** Specific guidelines for separately managed accounts will be established at the time such accounts are funded. Specific investment limitations are as follows:
- a. Diversification. With respect to any individual bonds held in a fixed income separate account, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher). With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5 percent of total Portfolio assets.

EXHIBIT A: INVESTMENT POLICY STATEMENT

D. Separately Managed Accounts: Equities. Specific guidelines for separately managed accounts will be established at the time such accounts are funded. Specific investment limitations are as follows:

1. **Diversification.** No more than 5 percent of any manager's equity portfolio at cost and 8 percent at market value shall be invested in the securities of any one company without approval of the Committee.
2. **Portfolio Turnover.** There shall be no specific guidelines with regard to portfolio activity. By not restricting turnover, the managers are given the flexibility to adjust their asset mix and security selection to changing market expectations. Turnover levels should be appropriate to strategies and asset classes. Turnover should be reported on a quarterly basis.
3. **Permissible Holdings**
 - a. Common stocks or American Depository Receipts ("ADRs") listed on a major U.S. exchange, including the NASDAQ, and on major international exchanges
 - b. Securities convertible into common stock
 - c. Mutual funds
 - d. ETF's
4. **Holdings Not Permissible without Committee's Prior Written Approval**
 - a. Short sales, except as part of a defensive hedge position
 - b. Options, futures, or forward contracts except where used to hedge the market value of non-dollar denominated securities into U.S. dollars, replicate a major market benchmark, or hedge the market value of an equity portfolio through a protective put program
 - c. Margin purchases or borrowing funds
 - d. Letter stock, private or direct placements
 - e. Commodities
 - f. Securities of the investment manager, the custodian bank, their parents or subsidiaries (excluding the short-term investment funds of the custodian bank or money market mutual funds)
 - g. Any other securities not specifically defined as permissible holdings above

E. Short-Term Investments/Cash and Equivalents. The current reserves portfolio shall be invested in low-risk, low-duration fixed income funds and/or enhanced money market investments. The cash portion of AAUW shall be invested in a short-term investment fund ("STIF") or a money market mutual fund. These investments will be selected by the Vice President of Finance, upon consultation with the Committee and anyone else deemed appropriate. Money held in the cash reserve shall be viewed as essentially riskless, while money in the current reserves shall be viewed as extremely low risk.

F. Other Asset Classes. Guidelines for investments in other asset classes may be established in the future by the Committee, in conjunction with the investment consultant, as necessary.

III. Performance Standards

A. Benchmark Indices. Over a market cycle, each component asset class of the Fund where active management is employed will be expected to meet or outperform its appropriate benchmark, net of fees. In addition, it is expected that over a market cycle of at least five years, managers

EXHIBIT A: INVESTMENT POLICY STATEMENT

will rank at or above median when compared to a representative investment manager universe of similar asset class, market capitalization and style:

Asset Class	Benchmark Index
U.S. Large Cap Equities	Russell 1000
U.S. Small Cap Equities	Russell 2000 Index and style index if applicable (i.e., Russell 2000 Growth Index and Russell 2000 Value Index)
International Equities	MSCI EAFE Index
Fixed Income: Domestic and Global	Barclays Capital Aggregate Bond Index
Alternative Investments/Real Estate	MSCI U.S. REIT Index

In addition to the benchmark indices above, the total AAUW portfolio is also expected to meet or exceed two custom benchmarks, net of fees, over a market cycle. The following describes each of these benchmarks:

1. Allocation Index. Consists of the returns of each asset class component weighted according to each asset class' proportionate weight in the organization's portfolio as of the beginning of the quarter.
2. Target Index. Consists of the returns of each asset class component weighted according to each asset class' target weight.

B. Universe Comparison. The total returns of each asset class category and the total Fund will be compared to a comprehensive universe of investment funds with similar mandates and investment objectives. Over a market cycle, each asset class category and the total Fund are expected to rank above median in the appropriate universe.

IV. Automatic Review Process for Investment Funds

In addition to formal quarterly reviews of the Fund, certain circumstances may trigger more frequent or ad hoc reviews by the Committee beyond risk and return metrics. Examples of events that may initiate additional review by the Committee include extreme market dislocations, organizational or ownership changes at the investment manager, significant changes to investment process, regulatory or legal investigations or other relevant matters.

APPENDIX

The types of strategies that may be expected to be in AAUW's alternative investments portfolio include the following:

<u>Strategy</u>	<u>Description (with examples of strategies)</u>
Real Estate	Investments in properties or real estate investment trusts (REITS)