



Health Forward
FOUNDATION

**STATEMENT OF INVESTMENT POLICY,
OBJECTIVES, AND GUIDELINES**

Approved by F&I Committee 09.21.15
Approved by Board of Directors 10.14.15
Reaffirmed by F&I 01.30.20

TABLE OF CONTENTS

I.	General Information	1
II.	Mission.....	1
III.	Scope and Purpose of this Investment Policy Statement	2
IV.	Definitions.....	2
V.	Goals	4
	A. Goal of the Foundation.....	4
	B. Goal of the Foundation Investment Program.....	4
VI.	Delegation of Authority	5
VII.	Assignment of Responsibility	6
	A. Responsibilities of the Health Forward Foundation	6
	B. Responsibilities of the Investment Advisor(s).....	6
	C. Responsibilities of the Investment Manager(s)	7
	D. Responsibilities of Custodian(s).....	8
VIII.	Performance Reviews and Evaluations	8
	A. Of Investment Advisors	8
	B. Of Investment Managers	8
	C. Of Custodians	9
IX.	General Investment Principles	9
X.	Investment Management Policy	10
XI.	Investment Guidelines	10
	A. Asset Allocation Guidelines.....	11
	B. Prohibited Transactions	12
	C. Brokerage Policy.....	12
XII.	Conflict of Interest.....	12
XIII.	Board of Directors Approval.....	13



Health Forward

FOUNDATION

STATEMENT OF INVESTMENT POLICY, OBJECTIVES, AND GUIDELINES

I. General Information

The Health Forward Foundation is organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is designated as a public charity. The Foundation received approximately \$405 million in June of 2004 from the sale of Health Midwest facilities to Hospital Corporation of America (HCA). This money will be invested, managed and used to further the purposes of the organization as set out below.

II. Mission

The mission of the Foundation will strive to improve access and quality of health for the medically indigent and underserved individuals and communities in Kansas City, Missouri and the six-county service area (Jackson, Cass and Lafayette Counties in Missouri and Johnson, Wyandotte and Allen Counties in Kansas) by providing funding, support and leadership directed to all aspects of health. The Foundation will operate under the following values:

Stewardship – Commitment to exercise its fiscal, fiduciary and programmatic responsibilities.

Compassion – A demonstrated concern for those in need.

Inclusive – Consideration is given to all individuals, organizations and communities who meet the stated criteria.

Diversity – Respect for the differences in the attributes of individuals, organizations, and communities and their respective points of view.

Integrity – Commitment to the organization's values and highest ethical standards.

Advocacy – To support the development of public policy that promotes improved health status and improved access to health care for low-income and vulnerable populations within our service area.

Collaboration – Working with individuals, organizations and communities as partners.

Fairness & openness – A just and fully open decision-making process.

Measurable outcomes – Demonstrated positive improvement in access and quality of health.

The Health Forward Foundation is committed to promoting diversity and cultural competency in its programming, personnel and employment practices, and governance. It views diversity as a fundamental element of social justice and integral to its mission of helping health and health care providers improve Greater Kansas City's health. Diverse voices and viewpoints deepen our understanding of differences in health outcomes and health care delivery and strengthen our ability to fashion just solutions. The Health Care Foundation of Greater Kansas uses the term, diversity, broadly to encompass both differences in the attributes of individuals (such as race, ethnicity, age, gender, sexual orientation, physical ability, religion, and socioeconomic status) and of organizations (foundations and giving programs of differing sizes, missions, geographic locations, and approaches to grantmaking).

III. Scope and Purpose of this Investment Policy Statement

This Statement of Investment Policy sets forth the investment policy, objectives and constraints of the Investment Program of the Health Forward Foundation.

This Statement of Investment Policy is adopted by the Directors of the Health Forward Foundation in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the goals and objectives for the investment of Foundation assets.
3. Provide guidance and limitations to all Investment Managers regarding the investment of Foundation assets.
4. Establish a basis for evaluating investment results.
5. Ensure that Foundation assets are managed according to the "reasonable person" standards applicable to fiduciaries under Missouri law.
6. Establish the relevant investment time horizon within which the management of the Foundation assets will be measured.

In general, the purpose of this Statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Finance & Investment Committee shall review this Statement of Investment Policy, Objectives and Guidelines at least annually and make recommendations concerning any amendments to the Board of Directors.

IV. Definitions

In the context of this Statement of Investment Policy, the following terms shall have the meaning ascribed to them.

1. "Account" refers to the sum total of assets for which an Investment Advisor has responsibility.
2. "Alternative Investments" shall include all investments which do not readily fit the definition of equity or fixed income securities.
3. "Alternative Fixed Income Securities" which is a sub-set of "Alternative Investments" shall mean investments in securities or vehicles that act to provide a stable source of return, as well as a return that is diversified from, and not similar to, traditional fixed income investments.
4. "Committee" shall refer to the members of the Finance & Investment Committee of the Board of Directors of the Foundation.
5. "Custodian" shall mean an entity having possession of securities of the Foundation.
6. "Directors" shall refer to the members of the Board of Directors of the Foundation.
7. "Economic sector" shall refer to a category of companies based on their primary economic orientation as defined by Standard & Poor.
8. "Equity Securities" shall mean securities whereby an owner has rights to the profits of a corporation after all creditors (including bondholders) have been paid. Common equity stockholders are owners of the corporation and typically have voting rights on governance issues and major business decisions.
9. "Fiduciary" shall mean any entity, individual or group of individuals who exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the foundation assets.
10. "Fiduciary Responsibility" shall mean the obligation of the affected individual or entity to perform the duties and responsibilities herein assigned to them plus providing full, frank disclosures without misrepresentation or omission of relevant facts, undertaking representation of the Foundation with care, trust, confidentiality and honesty, acting with fidelity and loyalty in the interests of the Foundation and refraining from self-dealing or advising the Foundation of any situation in which they or a related entity have an interest.
11. "Fixed Income Securities" shall mean securities whereby an owner receives specified interest and principal payments at pre-defined future dates. Bondholder has rights to the cash flow and/or liquidation proceeds of a business prior to equity shareholders, and this higher priority reduces risk relative to equity securities. Fixed income security holders are creditors of the issue organization.
12. "Foundation" shall mean Health Forward Foundation.
13. "Fund" shall refer to the total invested and investible assets of the Foundation.
14. "Inflation" shall be measured based upon annualized changes to the Consumer Price Index – All Urban Consumers (CPI-U).

15. "Investment Advisor" shall mean any individual or organization engaged to provide advisory services, including advice on investment objectives, asset allocation and investment opportunities, Investment Manager search and recommendation and performance monitoring.
16. "Investment Earnings" means a total return which shall include dividends, interest, rents, royalties and capital appreciation of investment assets, both realized and unrealized, net of realized and unrealized decline in the value of such assets.
17. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this Statement, are expected to be met. The current investment horizon is 10 years.
18. "Investment Manager" shall mean any individual or organization retained to manage the investment of all or part of the Foundation assets.
19. "Portfolio" shall mean the assets under the care and management of an Investment Manager.
20. "Private Equity" encompasses a broad collection of investments in non-publicly traded securities of both public and private businesses. There are five primary types of private equity investments: leverage buyouts, venture capital, infrastructure, mezzanine financing, and distressed debt.
21. "Securities" shall refer to the investments which are defined as acceptable in this Statement.
22. "Securities Lending" shall refer to the act of making short-term loans of the Foundation's securities to generate incremental revenue.

V. Goals

A. Goal of the Foundation

The goal of the Foundation is to meet the mission of the Foundation as set forth under Section II Mission above.

B. Goal of the Foundation Investment Program

The goal of the Foundation Investment Program is, on an annual basis, to provide the financial support necessary to meet the Goal of the Foundation and, on a long term basis, to grow the aggregate value of the Fund at least at the rate of inflation in order that its obligated grant making activity and operations may continue in perpetuity and maintain the purchasing power of grants.. It is recognized that there may be short-term volatility.

In order to meet this goal, the investment strategy will be to emphasize total return as investment earnings. Consistent with the goal, the objective is to earn a real annualized return of 5% adjusted for inflation. The investment earnings return objective set forth above is the objective of the total Fund over a minimum of a ten-year period and is not meant to be imposed on each Investment Manager. In the interim, the performance of the Foundation will be compared to that of a weighted average benchmark return made up of the asset class returns

for those asset classes in which the Foundation invests. The specific benchmark indices used in this calculation are detailed under “Investment Guidelines.” This performance metric will give an indication of how well the Foundation has implemented its asset allocation policy. Lastly the Foundation’s performance will be compared against that of peer institutions so that the Directors will have a gauge as to how the investment program is performing with respect to the investment programs of its peers.

VI. Delegation of Authority

Pursuant to the Foundations Bylaws, particularly Articles 4.1 and 6.1, the Directors of the Health Forward Foundation are fiduciaries and are ultimately responsible for directing and monitoring the investment management of Foundation assets. As such, the Directors are authorized to delegate certain responsibilities to the Finance and Investment Committee as established by Article 6.1.3 of the Foundation’s Bylaws and to professional experts in various fields. These include, but are not limited to:

1. The Finance & Investment Committee (hereinafter simply the Committee) of the Board of Directors which will have the authority and the responsibilities hereinafter set forth.
2. Investment Advisors who will assist in: establishing investment policy, objectives and guidelines; recommending Investment Managers; reviewing selected managers over time; measuring and evaluating investment performance by the Investment Managers; reporting to the committee and the Directors and other tasks as deemed appropriate.
3. Investment Managers who will have discretion to purchase, sell or retain the specific securities that will be used to meet the Goals of the Foundation Investment Program.
4. Custodians who will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Foundation and provide other services.
5. Additional specialists such as appraisers, attorneys, auditors and others who may be employed to assist in meeting the responsibility and obligation to administer Foundation assets prudently.

The Foundation will not reserve any control over specific investment decisions, with the exception of the limitations described in this Statement.

Unless otherwise specified in writing, all outside investment service providers, including custodians to the extent that they invest funds, are deemed to be fiduciaries. All expenses for such experts must be customary and reasonable and will be borne by the Foundation as deemed appropriate and necessary.

VII. Assignment of Responsibility

A. Responsibilities of the Directors of the Health Forward Foundation

The Directors are charged by law with responsibility for the management of the assets of the Foundation. The Directors, directly and through delegation to the Committee, shall discharge their duties solely in the interest of the Foundation, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in conducting an enterprise of a like character with like aims. Pursuant to Article 6.1.3 of the Foundation's Bylaws, the specific duties of the Investment Committee are to propose to the Board, for review and approval, criteria, policies and procedures for investment and protection of the investment assets of the Foundation, determine permitted investments in accordance with such criteria, policies and procedures and shall perform such other duties as the Board may from time to time direct. The specific responsibilities of the Directors, acting through the Committee, relating to the investment management of Foundation assets include:

1. Ascertaining the Foundation's financial needs and communicating such needs to the Investment Advisors on a timely basis.
2. Determining the Foundation's risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Foundation's assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Advisor(s), Investment Manager(s) and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) and the Investment Advisor(s) to assure adherence to policy guidelines and to monitor progress toward investment goals.
6. Developing and enacting proper control procedures: for example, replacing Investment Manager(s) in the event of fundamental change in investment management process or failure to comply with established guidelines.

B. Responsibilities of the Investment Advisor(s)

The Investment Advisor's fiduciary responsibility and role are that of a non-discretionary advisor to the Health Forward Foundation. Advice concerning the investment management of Foundation assets will be offered by an Investment Advisor consistent with the investment objectives, policies, guidelines and constraints as established in this Statement. Specific responsibilities of an Investment Advisor include:

1. Assisting in the development and periodic review of investment policy, including consideration and recommendation of investment vehicles beyond conventional equity and fixed income securities.
2. Assisting in determining appropriate asset allocation and ensuring that the actual asset allocation remains within policy guidelines.

3. Conducting Investment Manager searches and making recommendations when requested or on their own initiative.
4. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company regulated by an outside agency or governmental authority. Recommendation of Investment Manager(s) must be based on prudent due diligence procedures.
5. Monitoring the performance of the Investment Manager(s) to determine compliance with the provisions of this Statement and to provide the basis to evaluate progress toward investment goals.
6. Communicating performance results and matters of policy, manager research and manager performance to the Committee on at least a quarterly basis and to the Directors when requested.
7. When requested, reviewing Foundation investment history, historical capital markets performance and the contents of this Investment Policy Statement for any newly appointed Directors.

C. Responsibilities of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a Fiduciary (see above). Each Investment Manager will have full discretion to make all investment decisions for the assets placed under his, her or its jurisdiction, while observing and operating within all policies, guidelines, style constraints and philosophies as outlined in this Statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell or retain allowable individual securities within the asset allocation guidelines established in this Statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. The goal of each Investment Manager, over the investment horizon, shall be to:
 - Meet or exceed the appropriate market index benchmark selected and agreed upon with the Committee that most closely corresponds to the style of the Investment Manager.
 - Display an overall level of risk in the portfolio which is appropriate in relation to the benchmark selected and consistent with the style of management for which the Investment Manager was retained.
4. Informing the Committee regarding any qualitative change in the Investment Manager organization: examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies on behalf of the Foundation.

Investment Managers will be held responsible and accountable to achieve the objectives stated herein. While it is not believed that the limitations will hamper Investment Managers, each manager may request modifications which he, she or it deems appropriate.

D. Responsibilities of Custodian(s)

In addition to maintaining custody of the investments and cash of the Foundation, the Custodian(s) shall:

1. Collect dividend and interest payments, redeem maturing securities, make payments and accept delivery following purchases of securities and effect delivery and receipt of proceeds following sales of securities.
2. Account monthly for all Foundation assets held, purchased or sold, as well as movement of assets into and out of the Foundation accounts.
3. Provide to the Committee and the Investment Advisor for those Investment Managers for whom they are holding securities monthly statements of income, expenses and, consistent with Committee requirements, valuation of assets held.

VIII. Performance Reviews and Evaluations

A. Of Investment Advisors

Performance reports generated by the Investment Advisors shall be compiled at least quarterly and communicated to the Committee for review. The Foundation will evaluate the performance of Investment Advisors at least every three years but reserves the right to terminate the services of an Investment Advisor at any time. The measures of the success of the Investment Advisor will be in selecting investment managers; success of the investment program relative to performance of other non-profit institutional investors; and meeting its goals over time as described in Section V (B) above.

B. Of Investment Managers

The Foundation will review the operations of Investment Managers quarterly regarding personnel, strategy, research capabilities, organizational and business matters, fees and other qualitative factors that may impact their ability to achieve the desired investment results.

The Foundation will also review and measure the investment performance of an Investment Manager, as well as asset class components, against commonly accepted performance benchmarks agreed upon with the Investment Managers. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this Statement.

At least every three years there will be an in-depth, overall evaluation of each Investment Manager. The Foundation reserves the right to terminate an Investment Manager at any time for any reason, including without limitation, the following:

1. Investment performance which is significantly and repeatedly lower than the applicable benchmark, which is less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes in the investment management organization.

C. Of Custodians

The Foundation will review the performance of Custodians at least annually. Particular attention will be paid to the timeliness and accuracy of monthly reports.

IX. General Investment Principles

1. Investments shall be made solely in the interest of the Foundation.
2. The Foundation assets shall be invested with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters would use in the investment of assets of like character and with like aims.
3. Investment of the Foundation assets shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Foundation may retain one or more Investment Managers of varying styles and philosophies, who demonstrate the values expressed by the Foundation in Section II Mission, to attain the Foundation's objectives as delineated in this document.
5. Cash should be employed productively at all times through investment and use of short term cash equivalents to provide safety, liquidity and return.
6. Whenever practicable, investment managers should refrain from investments in companies whose business includes significant operations (15% of sales definition) in alcoholic beverages, tobacco or firearms (not intended to exclude large-scale military items, i.e., Boeing Corporation) on behalf of the Foundation.

X. Investment Management Policy

1. Preservation of Capital – Consistent with their respective investment styles and philosophies, Investment Managers shall make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Directors recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's objectives. However, the Investment Managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline – Investment Managers are expected to adhere to the investment management styles employed by them at the time they are retained. Managers will be evaluated regularly for adherence to investment discipline.
4. Eligible Private Equity Investments – The Health Forward Foundation has allocated a portion of its assets to private equity investments to be managed by general partners. The private equity investments are intended to focus primarily on leveraged buyouts, venture capital, and infrastructure but allow the managers to make opportunistic investment in mezzanine financing and distressed debt situations.

XI. Investment Guidelines

A. Asset Allocation Guidelines

Assets of the Health Care Foundation shall be invested in a diversified portfolio of asset classes within long-term strategic ranges. The ranges have been established by the F&I Committee and approved by the Board. Tactical positioning within asset allocation ranges will be periodically adjusted by the F&I Committee based on changing market conditions. Long-Term asset allocation targets are reviewed at least annually.

1. The table below details the long-term asset allocation range guidelines which is based upon an expected real rate of return of 5.0% over a ten year period.

ASSET CLASSES	LT POLICY TARGET	RANGE
Total Public Equity	41.0%	32-50%
U.S. Equity	12.0%	8-16%
Non – U. S. Equity	12.0%	8-16%
Global Equity	17.0%	12-22%
Total Fixed Income	17.0%	10-24%
Core	8.5%	6-11%
Bank Loans	4.3%	2-7%
Emerging Markets	4.3%	2-7%
Alternative Investments	17.0%	10-24%
Funds of Hedge Funds	11.3%	9-16%
Option Premium Strategies	5.7%	3-8%
Opportunity Allocation	0.0%	0-5%
Real Estate	10.0%	7-13%
Private Equity	15.0%	12-18%
TOTAL	100.0%	

The weighted average performance benchmark for the Foundation will be made up of the appropriate weights to the following indices.

Asset Class	Benchmark
U.S. Equities	Dow Jones US Total Stock Market Index; Russell 3000 Index
Global Equities	MSCI All Country World Index
Non-U.S. Equities	MSCI All country World ex-US IMI Index
Private Equity	Venture Economic Post Venture Index
Real Estate	National Council of Real Estate Investment Fiduciaries National Property Index
Fixed Income	Barclays Capital Aggregate Bond Index; S&P/LSTA Leveraged Loan BB/B Rated Index
Alternative Investments (excluding: Alternative Fixed Income which uses the Barclays Capital Aggregate Bond Index)	HFR Fund of Funds Index; T-Bills

2. Rebalancing Guidelines.

If the actual allocation to an asset class is outside the approved ranges, transactions will be performed to return the asset class within the allowable range. This will help ensure

that the Foundation's overall risk position is consistent with its long term goal. The allocation will be monitored on a quarterly basis, although ordinary cash flow to and from the Foundation will be allocated in such a manner that it keeps the asset allocation in conformance with allowable ranges on a more frequent basis.

3. Securities Lending.

Recognizing that lending securities can potentially provide valuable incremental income, the Foundation may choose to participate in its custodian's securities lending program.

The securities lender will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to borrowers deemed qualified and capable of repayment. All securities will be collateralized with cash, letters of credit, or government securities. Initial collateral levels will not be less than 102% of the market value of borrowed securities, or not less than 105% if the borrowed securities and the collateral are denominated in different securities. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain full collateralization of securities loans. The weighted average maturity of the underlying portfolio will not exceed 90 days and the maximum weighted average life of any one particular security should not be longer than three years. Additionally, the fund shall maintain at least 25% of its assets in overnight liquidity in order to meet its obligations.

The securities lending program should generate the highest level of income from fees on loans and secondarily through a moderate amount of risk from the cash collateral investment portfolio.

Additionally, when selecting commingled or mutual funds, the Committee may choose to use funds that engage in securities lending.

B. Prohibited Transactions

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

1. Transactions that act to leverage the investment manager's portfolio such that it has net market exposure of greater than 100% of the assets under its control.
2. Loans, except as program related investments and securities lending.
3. Any transactions prohibited by law.
4. Any transactions that are not consistent with Article IX above.

C. Brokerage Policy

As part of its Fiduciary responsibility, Investment Managers are required to transact through brokerage firms for the sole benefit of the Foundation regarding best execution.

XII. Conflict of Interest

In accordance with the Conflict of Interest provisions of Article 11 of the Foundation's Bylaws, any Director or Committee member who is affiliated with an Investment Manager, Advisor or Custodian that has been retained or is being considered for retention by the Foundation shall remove himself/herself from any matter in which retention/termination decisions are addressed

regarding that Investment Manager, Advisor or Custodian. In such cases, the decision to retain or terminate such Investment Manager, Advisor or Custodian shall be made by a quorum of the unaffiliated directors or Committee members.

XIII. Board of Directors Approval

This Statement of Investment Policy, Objectives and Guidelines adopted by resolution of the Board of Directors of the Foundation on this 26th day of February 2020.

Marshaun Butler, Board Chair

Kimberly Riley, Secretary