TPAA FOUNDATION FINANCIAL POLICY
<u>Effective December 14, 2019</u>

ARTICLE I.
<u>PURPOSE</u>

This Financial Policy is established to provide a sustainable level of income to support the Foundation's financial needs and to preserve the real purchasing power of the Chiang Mai Endowment Fund, Chula Endowment Fund, Siriraj Endowment Fund, Rama Endowment Fund, TPAA Foundation Endowment Fund and Dr. Pipit Chiemmongkoltip Advanced Medical Education Endowment Fund (collectively the "Funds"). The Policy shall also apply for all future endowment funds of the Foundation established after the effective date set forth herein. The terms of this Policy shall not affect any restricted endowments to the extent the terms of the Policy are inconsistent with such restricted endowments.

As set forth below, this Policy provides the standards and guidelines for the use, management and investment of TPAA Foundation's financial assets, which shall specifically include the Funds, unless otherwise restricted by their terms. At all times, donor intent shall be respected when decisions are made with respect to the management and expenditure of donor restricted funds.

ARTICLE II.
<u>RESPONSIBILITY OF THE FINANCE COMMITTEE</u>

The Finance Committee ("Committee") has the authority delegated to it by the TPAA Foundation Board of Directors. In accordance with the Bylaws, the Committee shall be responsible for the management of the Foundation's financial affairs. In fulfilling its duties, the Committee shall:

(a) Develop, implement, and maintain all investment policies, guidelines, and allocations consistent with:
   (1) The Foundation's risk tolerance, financial needs and objectives;
   (2) Federal, state, and local laws and regulations on the management of investment assets; and
   (3) The duty of care and the duty of loyalty, as defined under state law.

(b) Evaluate such investment policies, guidelines, and the performance of investments to assure adherence to Policy guidelines.

(c) Regularly and timely communicate the Foundation's financial needs to the Board and any outside experts. Additionally, the Committee shall timely review any reports and recommendations from the Board and any outside experts.

(d) Hire and monitor outside investment managers to manage and invest the Foundation's financial assets, as needed. The Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in selecting qualified investment managers.

ARTICLE III.

STANDARDS OF CARE, ETHICS, AND CONFLICTS OF INTEREST

The Committee shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. The Committee and any outside investment manager shall invest the Foundation's financial assets with judgment and care, under circumstances then prevailing, utilizing such prudence, discretion and intelligence as appropriate to the management of funds held by organizations similar to the Foundation; not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

The Committee and the Foundation's Board, acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal liability for investment credit risk and/or market price changes, provided that the management of the Foundation's financial assets is carried out in accordance with the terms of this Policy.

The Committee and the Foundation's Board shall at all times abide by the Foundation's Conflict of Interest Policy. Members shall refrain from personal business activity that could conflict with the proper execution and management of the Foundation's financial affairs or that could impair their ability to make impartial decisions. The Committee and the Board shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. The Committee and the Board shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Foundation.

ARTICLE IV.

SPENDING POLICY

The Committee shall annually review the percentage of distributions and make adjustments as appropriate according to the financial needs of the Foundation and the current market climate. All distributions are subject to the following conditions:

(a) Generally no more than 3 percent to 5 percent of the net asset value of the Funds can be distributed annually ("Spending Rate").

(b) The Committee shall use a rolling three-year average value of the Funds taken at the end of the previous 12 quarters to determine the net asset value of the Funds.

(c) The portfolio's Total Return shall be used to evaluate the Spending Rate for the Funds distributed. The portfolio's Total Return shall be calculated using a three-year rolling average:

> *Total Return Rate equals Income received (dividend and interest) plus realized and* unrealized gains and *losses (market values) divided by the beginning market value, multiplied by 100.*

(d) Requests for distributions may be submitted for the end of any calendar quarter and may include a request for subsequent distribution to remain at a consistent level.

(e) The Spending Rate shall be reviewed annually by the Committee and adjusted as appropriate according to the financial needs of the Foundation, as determined in the sole discretion of the Committee.

(f) An aspirational goal is to have a Spending Rate which will not exceed the Total Return rate for the period in issue. Accordingly the Committee retains the sole discretion to maintain a Spending Rate which exceeds the Total Return for any period of time which it deems prudent.

ARTICLE V.

INVESTMENT AND MANAGEMENT GUIDELINES

The Foundation's Board recognizes that over the long-term, asset allocation is the single greatest contributor of return and risk to the Funds. The primary objective of investment activity shall be providing a sustainable level of income and preserving the real purchasing power of the Funds. The Committee shall have the broad discretion to make specific investment decisions for the sole benefit of the Foundation within the limits of this Policy. Notwithstanding, the Committee shall:

(a) Maintain a reasonable diversification among the Foundation's financial assets between asset classes, investment categories, industries, and sectors in accordance with an asset allocation of 60 percent to 70 percent equities and 30 percent to 40 percent fixed assets. The Committee may rebalance the Foundation's portfolio as considered appropriate.

  (i) The equity component of the portfolio shall consist of high quality equity securities traded on the New York, NASDAQ or American Stock Exchanges. The securities should be reviewed for favorable characteristics with respect to price-to-earnings, return-on-equity and debt-to-capital ratios. The Committee may invest in no load equity mutual funds which adhere to these investment philosophies.

  (ii) Bond investments will consist solely of taxable, fixed income securities that have an investment-grade rating (BBB or higher by Standard & Poor's and Baa or higher by Moody's) that possess a liquid secondary market. The maximum average maturity of the fixed income portfolio will be 10 years, with not more than 25 percent of the bond portfolio maturing in more than 10 years.

  (iii) In the event the Foundation has liquidity needs, the Committee may invest in quality money market funds whose objective is to seek as high a current income as is consistent with liquidity and stability of principal.

(b) The Funds may not generally be invested in the following:

  (1) Short sales;
  (2) Purchases of letter stock, private placements, or direct payments;
  (3) Initial Public Offerings;
  (4) Leveraged transactions;
  (5) Purchases of securities not readily marketable;
  (6) Commodities transactions;
  (7) Puts, calls, straddles, or other option strategies other than hedging purposes;
  (8) Purchase of real estate with the exception of REITs;

(9) Purchase of inverse or range floater bonds;

(10) Purchase of interest only/principal only bonds;

(11) Any type of derivative security without the prior written approval of the Committee.

(c) Performance Benchmarks. The performance of the two asset classes described above in (a) shall be:

(i) Equities: S&P 500 Index. The goal is to meet or exceed the average annual return of the S&P 500 Index over a 3 to 5 year time frame.

(ii) Fixed Income: Lehman Brothers Government/Corporate Index. The goal is to meet or exceed the average annual return of the Lehman Brothers Government/Corporate Index over a 3 to 5 year time frame.

This Policy shall be effective December 14, 2019 or at such time as prescribed in the resolution adopting the Policy.

By: Ped Bunsongsikul

Name: Ped Bunsongsikul, M.D.

Title: Secretary