

### Purpose:

The purpose of this Investment Policy Statement (the “Policy”) is to assist the Board of Directors, Finance Committee, and PTSF staff in effectively supervising, monitoring and evaluating the investment of assets of the PTSF Operating Fund (“Fund”). A thorough investment program is defined throughout this document to achieve the following:

1. Document PTSF’s investment objectives, performance expectations and investment guidelines for the Operating Fund assets.
2. Establish an appropriate investment strategy for managing all Fund assets, including an investment time horizon, risk tolerance ranges and asset allocation. The goal of this strategy is to preserve the principal and meet annual operating needs over the long-term time horizon of the Fund.
3. Establish investment guidelines to control overall risk and liquidity, within the agreed upon investment strategy.
4. Establish periodic performance reporting requirements that will effectively monitor investment results and ensure adherence to the investment policy.
5. Comply with all fiduciary, prudence, due diligence, and legal requirements for Fund assets.

### Policy:

PTSF desires to be fiscally self-sustaining and not dependent upon government or grant monies to perform the core functions of its mission. To that end, each year PTSF budgets to generate net income equivalent to 1-3% of its annual operating revenue. These surplus operating funds or reserves are placed in the PTSF investment portfolio and subsequently reinvested back into PTSF to support new programs or expense increases for existing services. PTSF’s goal is to have the equivalent of two years of operating expenses held as reserves in its investment portfolio. The reserves are maintained at this level primarily for the following reasons:

1. In the event the organization needs to dissolve and pay down its obligations or debts
2. In the event trauma center fees are delayed due to financial hardship
3. Unforeseen economic pressures or financial hardships impacting trauma centers
4. In the event PTSF needs additional funding for legal services, expert fees and other costs associated with litigation
5. For advancement of strategic initiatives of PTSF

### Control Procedures:

1. Independent Investment Consultant. PTSF will appoint a consultant to assist in the investment process and maintain compliance to this Policy. The investment consultant must be independent and registered in good standing with the Securities and Exchange Commission.
2. Review of Investment Objectives. The investment consultant shall review annually the appropriateness of the Policy for achieving the Fund’s stated objectives. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the investment policy.

3. Review of Investment performance. The investment consultant shall report on a quarterly basis to PTSF to review the total Fund investment performance. In addition, the investment consultant will be responsible for keeping PTSF advised of any material change in all money managers' personnel, investment strategy, and other pertinent information potentially affecting performance of all investments. The investment consultant shall compare the investment results on a quarterly basis to appropriate benchmark, as well as market index return in both equity and debt markets.
4. Authorization of transactions. Periodically, there will be a need to transact within the Fund. Those having authority to initiate these transactions will be determined and documented by affirmative approval of the appropriate governing body of the Fund.

### Procedure:

1. The long-term goals for the investment of assets for PTSF are as follows:
  - A. Preserve principal with a subordinate goal of offsetting inflation, as represented by the Consumer Price Index (CPI)
  - B. Provides sufficient liquidity to meet unanticipated withdrawals.
2. In order to meet the Fund's long-term objectives, the portfolio's returns (net of fees), over a rolling three-year period, should exceed the return of the "policy benchmark", composed of the underlying investment's benchmarks weighted at their target allocations. Secondly, the portfolio's returns (net of fees), should exceeds the rate of inflation over the long-term.
3. To ensure that fixed income assets will not be sold at principal loss, the assets will be managed in a balanced mode. The fixed income assets will provide an intermediate term focus (1-5 years). This orientation will allow the portfolio to maintain a current yield while seeking a total return more than inflation. Cash equivalents, which are defined as fixed income issues that mature in less than one year after purchase, will provide a short-term focus. Equities are defined as issues designed to grow in value over time to provide an increase in overall market value.
4. To achieve the greatest likelihood of meeting the Fund's objectives and maintain an overall balance between risk and return for optimal diversification, the Fund should allocate assets in accordance with the specific asset mix targets and ranges as follows:

#### Pennsylvania Trauma Systems Foundation – MAIN Account

ASSET	TARGET	RANGE
<b>Equities</b>	<b>55.0%</b>	<b>29.5% – 80.5%</b>
Domestic Large Cap Equity	33.0%	23 – 43%
Domestic Small Cap Equity	5.5%	0 – 11%
International Equity	16.5%	6.5 – 26.5%
<b>Fixed Income</b>	<b>45.0%</b>	<b>25.0% – 65.0%</b>
Core Fixed Income	30.0%	20 – 40.0%
Short Term Fixed Income	15.0%	5 – 25.0%
<b>Cash Equivalent</b>	<b>0.0%</b>	<b>0.0% – 10.0%</b>

Pennsylvania Trauma Systems Foundation – DEMUTH Research Fund Account

ASSET	TARGET	RANGE
<b>Equities</b>	<b>55.0%</b>	<b>29.5% – 80.5%</b>
Domestic Large Cap Equity	33.0%	23 – 43%
Domestic Small Cap Equity	5.5%	0 – 11%
International Equity	16.5%	6.5 – 26.5%
<b>Fixed Income</b>	<b>45.0%</b>	<b>25.0% – 65.0%</b>
Core Fixed Income	30.0%	20 – 40.0%
Short Term Fixed Income	15.0%	5 – 25.0%
<b>Cash Equivalent</b>	<b>0.0%</b>	<b>0.0% – 10.0%</b>

Pennsylvania Trauma Systems Foundation – CASH Account

ASSET	TARGET	RANGE
Equities	0%	0%
Cash Equivalents	100%	0% - 100%
Fixed Income	0%	0%

5. The asset allocation ranges established by this Policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. These divergences should be of a short-term nature. The Fund's asset mix will be reviewed as part of the quarterly performance analysis. Rebalancing will be completed, where appropriate, by PTSF staff in collaboration with the Investment agent.
6. Transfer of funds between the MAIN account, Demuth account, and Cash is made by the investment agent, in consultation with both the PTSF President and Board Secretary/Treasurer.
7. The following guidelines and definitions shall be used to determine acceptable types of investments. In addition, the performance objectives and investment guidelines detailed in the Addendum shall be adhered to for each asset class.
  - A. Types of Securities
    - i. Equity Securities shall be represented by any of the following:
      - a. Common Stocks
      - b. Preferred Stocks
      - c. Registered Mutual Funds
      - d. Exchange Traded Funds (ETFs)
    - ii. Fixed-Income Securities shall be represented by marketable debt issues by:
      - a. U.S. Treasury or Agencies
      - b. U.S. "Domestic" Corporations
      - c. U.S. "Domestic" Banks or other financial institutions, including savings and loan associations, insurance companies, and independent or captive finance companies. Total maximum amount allowed at any one bank or savings and loan is \$100,000
      - d. U.S. Investment Grade Municipal Securities
      - e. Registered Mutual Funds

- f. Exchange Traded Funds (ETFs)
    - iii. Cash Equivalent investments may be represented by any of the following:
      - a. U.S. Treasury Bills
      - b. U.S. Government Repurchase Agreement
      - c. Money Market Funds
      - d. Commercial Paper
      - e. Certificates of Deposit (maximum \$100,000 at any one institution)
  - B. Quality Equities Sections - Individual Stocks held in the portfolio must be publicly traded on a U.S. domestic exchange.
  - C. Fixed-Income Sections
    - i. Individuals Bonds held in the portfolio must be rated investment grade ("Baa") or equivalent by the rating services.
    - ii. Bonds or other fixed income securities rated less than investment grade ("high yield") can be held in registered mutual funds or ETF form only up to 7% of total portfolio value.
  - D. Cash Equivalent Sections - If commercial paper is used for short-term investments, it must be of high quality, rated at least the equivalent of "A 1" or "P 1" by an independent rating service.
  - E. Prohibited Investments - The following categories of securities are not considered appropriate at the present time:
    - i. Private Placements
    - ii. Unregistered or Restricted Stock
    - iii. Options and Futures
    - iv. Margin Trading
    - v. Individual Commodities Contracts (commodities and commodities companies are permitted in mutual fund or ETF form)
    - vi. Physical Real Estate (Real Estate Investment Trusts – REITS-are permitted in mutual fund or ETF form)
    - vii. Partnerships (Limited or General)
    - viii. Digital Currencies
- 8. Finance will administer this Investment Policy as directed by the board; however, if any investment is below its cost by 20% or more for each of the past nine (9) months (as measured at the end of each month), then an adjustment is to be made to the investment carrying value, to reflect the lesser value.

### Addendum - Investment Objectives/Guidelines

#### Passive Strategies:

##### Performance Objectives – Passive Strategies

1. The goal of this strategy is to replicate the risk/return characteristics of its benchmark.
2. Over rolling three-year periods, the total return (net of fees) for passive strategies should match the underlying benchmark index.

##### Investment Guidelines – Passive Strategies

1. Risk, as measured by standard deviation, will be similar to the benchmark index.
2. Reasonable diversification should be maintained and portfolio characteristics should be similar to the benchmark index.

#### Short-Term Fixed Income (Active):

The investment objective of this strategy is to invest in a well-diversified portfolio of short maturity fixed income securities that will strive to generate a return from both income and price appreciation. Over-time this portfolio should generate excess returns above money market securities with a minimal amount of additional risk.

##### Investment Objectives – Short-Term Fixed Income

1. Over rolling three-year periods, the total return (net of fees) of this portfolio should exceed its comparative benchmark.
2. On average, over three-year rolling periods, it is expected that the manager's portfolio performance remain ahead of the median manager within the universe of similar style managers.

##### Investment Guidelines – Short-Term Fixed Income

1. Risk, as measured by standard deviation, will be similar to or less than the benchmark index.
2. The duration of the portfolio is intended to be short term in nature and should generally remain below 2.5 years.
3. All securities held should be "investment grade", with the average quality of the total portfolio having a minimum rating of 'A' (as rated by Moody's Investors Services or Standard & Poor's).
4. Securities other than those issued by the U.S. Government, including agencies, are limited to 5% of the Fund assets per issuer.

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Approved by PTSF Board of Directors and/or Executive Committee:

Original Date: 04/06/1992

Revise Date: 03/08/2006, 03/19/2009, 05/01/2009, 07/28/2010, 12/06/2012, 07/31/2014, 05/22/2023, 05/09/2025

Review Date: 01/01/1995, 12/09/1999, 02/07/2002, 03/13/2008, 07/19/2018, 03/31/2025