UW Health Investment Sub-Committee

August 27, 2020, 4:00 - 5:30 PM

Via WebEx: https://uwhealth.webex.com/uwhealth/onstage/g.php?
MTID=e9fac920b7207b4a03ce8d1eb5a39bc24

Meeting Number: 120 313 3227 Password: 082720


**ADVANCE MEETING MATERIALS ARE POSTED FOR REFERENCE. OCCASIONALLY, THE POSTED MATERIALS DO NOT REFLECT CHANGES MADE SHORTLY BEFORE OR DURING COMMITTEE MEETINGS. THE FULL COMMITTEE MINUTES ARE THE OFFICIAL RECORD OF FINAL COMMITTEE ACTION**
Agenda

4:00 PM  
I. Call to Order  
Mr. John Litscher

4:00 PM  
II. Meeting Minutes  
Mr. John Litscher  
Approval

4:03 PM  
III. Market Commentary  
Mr. Tom Parks/Mr. Matt Conway/Ms. Kelli Schrade/Ms. Kristina Van Liew (Graystone)  
Presentation - Market Commentary  
Page 3

4:13 PM  
IV. UW Health Investment Policy Statement Revisions  
Ms. Christine O'Connor, Mr. John Litscher  
Motion to endorse recommendation to UWHCA Finance Committee for their approval of the UW Health Investment Policy Statement revisions.  
Attachment - UW Health Investment Policy - Red Lined Version  
Page 14

Attachment - UW Health Investment Policy Statement - Clean Version  
Page 38

4:26 PM  
V. Closed Session  
Motion to enter into closed session pursuant to Wisconsin Statutes section 19.85(1)(e) for the discussion of the following Investment matters which for competitive reasons require a closed session: review and approval of closed session minutes, Capital Markets and Portfolio Review – Second Quarter and asset allocation modeling.

5:20 PM  
VI. Return to Open Session

5:20 PM  
VII. ACTION: UW Health Asset Allocation Modeling  
Mr. John Litscher  
Motion to approve Graystone Consulting’s recommendation regarding UW Health’s Asset Allocation Modeling as discussed in closed session.  
Approval

5:30 PM  
VIII. Adjourn  
Mr. John Litscher
August 27, 2020

**Investment Sub-Committee Meeting**

**UW Health**

---

**Thomas Parks, CIMA®**
Managing Director-Wealth Mgmt
Institutional Consulting Director
Institutional Consultant
(414) 226.3157

**Kristina Van Liew, CIMA®**
Managing Director-Wealth Mgmt
Institutional Consulting Director
Institutional Consultant
(312) 648.3012

**Kelli Schrade, CAIA®**
Executive Director
Institutional Consulting Director
Institutional Consultant
(312) 648.3076

**Matt Conway**
Assistant Vice President
Business Development Director
(414) 226.3150
Market Commentary
Recession to Recovery

Markets rebound dramatically

January 15th - US & China sign phase one trade deal, cutting US tariffs and boosting China’s purchases of US products

January 31st - Trump Administration announces travel restrictions from China

February 29th - United States records its first coronavirus death and announces additional travel restrictions to Italy, South Korea, and Iran

March 3rd - FED issues an Emergency 50 bps Rate Cut before March Meeting

March 5th - 10 Year Treasury yield drops below 1% for the first time in history

March 11th - The World Health Organization officially characterizes the COVID-19 outbreak as a pandemic

March 15th - FOMC delivers a 100bp rate cut and announces it will increase its asset purchases

May 8th - Bureau of Labor Statistics reports historic unemployment and job loss numbers

May 12th - China announces new list of US commodities excluded from tariffs

May 26th - Protests break out after the death of George Floyd

June 10th - COVID Cases in the U.S. surpass 2 million

June 30th - S&P 500 records its best quarter since 1998

Total Returns – 2020

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>2020 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>-19.60%</td>
<td>20.54%</td>
<td>-3.09%</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>-30.62%</td>
<td>25.42%</td>
<td>-12.99%</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>-22.83%</td>
<td>14.88%</td>
<td>-11.34%</td>
</tr>
<tr>
<td>MSCI Emerging Markets</td>
<td>-23.60%</td>
<td>18.09%</td>
<td>-9.78%</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>-21.26%</td>
<td>19.41%</td>
<td>-5.98%</td>
</tr>
</tbody>
</table>

Source: Bloomberg. Data as of June 30, 2020

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. Investment and services offered through Morgan Stanley Smith Barney LLC. Member SIPC. Graystone Consulting, a business of Morgan Stanley
Valuation Gap Continues as Market Rallies

Growth & technology stocks dominate and small caps rebound sharply in Q2

**SECTOR LEADERS**

S&P 500 Sectors – YTD Total Returns
As of June 30, 2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>15.0%</td>
</tr>
<tr>
<td>Discretionary</td>
<td>7.2%</td>
</tr>
<tr>
<td>Communication</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Health Care</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Staples</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Materials</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>-11.1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Financials</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Energy</td>
<td>-35.3%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Morgan Stanley Wealth Management GIC

**SECOND QUARTER PERFORMANCE: GROWTH SHINED**

Russell Style and Market Capitalization Indices
2Q 2020

- Russell 1000 Value: 14.3%
- Russell 1000 Growth: 27.8%
- Russell Midcap Value: 19.9%
- Russell Midcap Growth: 30.3%
- Russell 2000 Value: 18.9%
- Russell 2000 Growth: 30.6%

**CHINA LEADS REGIONAL PERFORMANCE**

Year To Date Total Return
As of June 30, 2020

- China: 3.3%
- US: -3.1%
- Canada: -7.8%
- Japan: -8.2%
- Australia: -10.4%
- Europe: -11.4%
- India: -12.3%
- Russia: -23.9%
- Mexico: -28.6%
- Brazil: -39.1%

Source: Bloomberg, Morgan Stanley Wealth Management GIC
Embracing the V-Shaped Recovery

COVID-19 is still spreading, but there are good reasons to remain optimistic about the economy

1. Global Output to Reach Pre-COVID-19 Levels by 4Q20

Global Real GDP (precisis level=100)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Global Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q '08</td>
<td>101</td>
</tr>
<tr>
<td>4Q '19</td>
<td>99</td>
</tr>
<tr>
<td>4Q '20</td>
<td>97</td>
</tr>
<tr>
<td>4Q '09</td>
<td>95</td>
</tr>
</tbody>
</table>

Note: Global aggregate is a PPP-based GDP-weighted average
Source: Haver Analytics, IMF, Morgan Stanley Research as of June 14, 2020

2. G10 output to reach pre-COVID-19 levels by 4Q21

G10 Real GDP (precisis level=100)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>G10 Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q '08</td>
<td>101</td>
</tr>
<tr>
<td>4Q '19</td>
<td>99</td>
</tr>
<tr>
<td>4Q '21</td>
<td>97</td>
</tr>
<tr>
<td>4Q '11</td>
<td>95</td>
</tr>
</tbody>
</table>

Note: G10 is a PPP-based GDP-weighted average
Source: Haver Analytics, IMF, Morgan Stanley Research as of June 14, 2020

3. US Retail Sales have rebounded

US Control Group Retail Sales (Peak Month = 100)

- 2008
- 2020

Source: Haver Analytics, Morgan Stanley Research

4. G4 Central Banks have expanded balance sheets by 14% of GDP compared to 12 months ago

Change in Central Banks Balance Sheets (% G4 GDP, 12M change)

Based on announcements so far, we estimate that the G4 central bank balance sheets will expand by 23% of GDP by year-end 2021.

Source: Fed, ECB, BoJ, BoE, Morgan Stanley Research estimates
New Economic Cycle, New Bull Market That Climbs a Wall of Worry

Where are we and why, and what the future might hold

The Recession Playbook is Working
Investors should embrace the end of a cycle and look forward to a new one. While 2020 has certainly been exceptional, Morgan Stanley strategists believe a new cycle has started—and a recovery could be more “normal” than investors expect.

Morgan Stanley Cycle Indicator for US Economy
As of May 31, 2020

ALL ECONOMIES REPORTED A BETTER PMI IN JUNE
US and China PMIs Above 50


LOOKING AHEAD: INTERNATIONAL GROWTH PROJECTED TO OUTPACE US POST COVID-19
Rest of World GDP Growth Minus U.S. Growth
Estimates as of May 31, 2020

Source: Bloomberg, Morgan Stanley & Co. Research

5 Reasons Why We Remain Bullish
1. Bear markets end, rather than begin, with recessions
2. Unprecedented monetary and fiscal stimulus
3. Political pressures to reopen the economy
4. Sentiment and positioning remain remarkably bearish, creating opportunity
5. Markets are following typical new early bull patterns

Source: Morgan Stanley & Co. Research – Chartbook – Monthly Perspectives – 07.08.20
Navigating Life After COVID

Morgan Stanley macro strategists explore the range of outcomes over the next five years

**BASE CASE: A New Normal**

A vaccine comes in spring 2021 but the second wave in fall 2020 is worse than in Scenario 2 with some selective tightening up of activity around the country. This leaves a more lasting imprint on risk aversion among consumers and businesses. Businesses reopen but the consumer recovery is more gradual. This scenario aligns with what we view as the base case.

- **Potential GDP Growth:** 1.7%
- **Unemployment Rate:** 4.3% end of 2025
- **Trend CPI Inflation:** 2%
- **Housing:** Single family housing is the winner
- **Corporate Credit:** New cycle on back of sharp, short default/downgrade wave

**BULL CASE: Robust Recovery**

In this best case scenario, a vaccine comes well before spring 2021 and low risk aversion among consumers and businesses allows life to return to normal faster than anticipated. In this case, life post-Covid looks very similar to pre-Covid.

- **Potential GDP Growth:** 2.5%
- **Unemployment Rate:** 3.5% end of 2025
- **Trend CPI Inflation:** 2.4 - 2.5%
- **Housing:** Reduced preference for single-family homes, higher shelter demand
- **Corporate Credit:** Default/downgrade cycle shallower

**BEAR CASE: Deep Scars**

Recurring waves of infections cause severe medium-term disruptions, with no vaccine likely before ~2.5 years. We see a crisis of consumer confidence, permanent dislocations in the labor market, and permanent damage to the economy's growth potential in this scenario.

- **Potential GDP Growth:** 1 – 1.25%
- **Unemployment Rate:** 6.0% end of 2025
- **Trend CPI Inflation:** 1.7 – 2%
- **Housing:** More substantial demand for single family
- **Corporate Credit:** Default cycle driven by sharp, sustained energy earnings contraction

**BASE + CASE: Back to Normal**

A vaccine comes in spring 2021, and we will have gone through a second wave outbreak in fall 2020 with relative ease. Consumer and business risk aversion declines. Businesses remain fully open, consumer activity recovers more quickly than in Scenario 3 (our base case), and social distancing measures are only lightly forced.

- **Potential GDP Growth:** 2.0%
- **Unemployment Rate:** 4.0% end of 2025
- **Trend CPI Inflation:** 2.3 – 2.4%
- **Housing:** More supportive of multifamily/rents
- **Corporate Credit:** Risk of future downgrades and defaults remains contained

Source: Morgan Stanley Research
Emerging Themes in Life After COVID

COVID has accelerated some trends already in place while changing others

TECH ENABLES TRANSFORMATION
Technology has allowed for changes in business models at a scale not possible even during the last recession. We expect more industries to become increasingly digital as effective application of technology to change business models will be key to the transitions of most businesses in the post-Covid world.

ACCELERATION OF E-COMMERCE GROWTH
Sustained faster e-Commerce growth in the second half of 2020 (21%) and 25% Y/Y growth for the full year

TELEMEDICINE & DIGITAL HEALTH
Covid-19 provided a shot in the arm for digital health, fitness, and medical app adoption

Market Capitalization as of % of Top 500 Stocks

Source: Company Data, Census Bureau, Morgan Stanley Research

Source: ClariFi, MS Research. US market cap reflects largest 50+ companies. May 2020. Top 5 Companies begin at FB IPO (latest to go public)
Commitment to Further Our Diversity & Inclusion Goals

A corporate culture that is open and inclusive is fundamental to our role as a global leader constantly striving for excellence in all that we do

As a firm we can do more, and we will do the following:

1. Carol Greene-Vincent, Head of Global Internal Audit, will join Morgan Stanley’s Operating Committee, the most senior governing body of this firm.
2. Susan Reid, Global Head of Diversity and Inclusion, will join Morgan Stanley’s Management Committee as of June 30.
3. In her elevated role, Susan will create a new Institute of Inclusion, modelled after our successful Institute for Sustainable Investing. Among many things, it will be responsible for setting policy, putting in place metrics, coordinating our internal and external voice, and overseeing the mentoring, development and promotion of our diverse employees.
4. Just as our Black Managing Directors have contributed to the NAACP Legal Defense Fund, the firm will make a donation of $5 million. In addition, the firm will match dollar for dollar U.S. employee contributions to the Fund.
5. We’ve added a new fifth value to our core values: Committing to Diversity and Inclusion.

- James P. Gorman, Chairman and Chief Executive Officer

https://www.morganstanley.com/articles/james-gorman-diversity-inclusion-commitment
Morgan Stanley Forecasts: July 2020

### S&P 500 Earnings Estimates

**Morgan Stanley Consensus**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020E</th>
<th>2020E</th>
<th>2021E</th>
<th>2021E</th>
<th>2022E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bull Case</td>
<td>$166</td>
<td>21.0</td>
<td>3,700</td>
<td>18.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Case</td>
<td>$158</td>
<td>20.0</td>
<td>3,350</td>
<td>7.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bear Case</td>
<td>$143</td>
<td>19.0</td>
<td>2,900</td>
<td>-7.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Current S&P 500 Price** 3,130

Note: Price targets are based on estimated June 2021 earnings.
Source: MS & Co. Research as of July 2, 2020

### Morgan Stanley & Co. Forecasts (as of July 2, 2020)

#### REAL GDP GROWTH (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2020E</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>3.1</td>
<td>-3.8</td>
<td>6.1</td>
</tr>
<tr>
<td>US</td>
<td>2.3</td>
<td>-5.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Euro Zone</td>
<td>1.2</td>
<td>-9.6</td>
<td>6.5</td>
</tr>
<tr>
<td>UK</td>
<td>1.4</td>
<td>-9.9</td>
<td>6.4</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7</td>
<td>-4.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>4.1</td>
<td>-1.6</td>
<td>7.2</td>
</tr>
<tr>
<td>China</td>
<td>6.1</td>
<td>2.0</td>
<td>9.2</td>
</tr>
</tbody>
</table>

Source: Morgan Stanley & Co. Research
Investment Policy Statement

Effective as of January 25, 2018
# Table of Contents

## Mission Statement
Scope and Purpose........................................................................................................................................ 1

## General Information
General Investment Objectives...................................................................................................................... 1
Definitions.......................................................................................................................................................... 2

## Assignment of Responsibility
Finance Committee............................................................................................................................................. 3
Investment Sub-Committee............................................................................................................................... 4
Management and Staff..................................................................................................................................... 4
Investment Consultant..................................................................................................................................... 4
Investment Managers...................................................................................................................................... 5

## The Investment Guidelines
Specific Investment Goals.............................................................................................................................. 5
Liquidity............................................................................................................................................................ 6
Investment Guidelines..................................................................................................................................... 7
Asset Allocation Guidelines............................................................................................................................ 10

## Investment Manager Selection & Review
Selection of Investment Managers............................................................................................................... 10
Investment Manager Performance Review and Evaluation............................................................................. 11
Conflicts of Interest.......................................................................................................................................... 13
Investment Policy Review............................................................................................................................... 13
Addendums.................................................................................................................................................... 14
Investment Policy Statement  
*UW Health*

**SCOPE OF THIS INVESTMENT POLICY STATEMENT**

This Investment Policy Statement ("IPS") sets forth the investment policy, objectives, guidelines for and constraints of investment of the Fund (as hereinafter defined). The Finance Committee, and Board of Directors (the “Board”) of the University of Wisconsin Hospitals and Clinics Authority ("UWHCA") have approved this IPS.

**PURPOSE OF THIS INVESTMENT POLICY STATEMENT**

This Investment Policy Statement is intended to provide guidance to the Finance Committee, Investment Sub-Committee, Investment Consultant, and the Investment Managers responsible for managing the Fund’s assets and outlines certain specific investment policies, which will govern how to achieve those goals and objectives. It is intended to:

1. Define and assign the responsibilities of the parties involved in the management and oversight of the Fund.

2. Establish a clear understanding of the investment goals and objectives, as well as risk tolerance as the basis for evaluating investment results.

3. Establish asset allocation guidelines that reflect UW Health’s risk posture.

4. Offer guidelines regarding the selection of investment manager(s) who will provide a consistent level of superior risk-adjusted performance at the total program level over full market cycles.

The investment guidelines described in the IPS are dynamic and reflect the Fund’s financial needs and circumstances, the time horizon available for investment, and the philosophy regarding the investment of assets. The IPS will be reviewed annually by the Investment Sub-Committee with revisions recommended to the Finance Committee for further approval.

Nothing in this IPS shall be construed to prohibit UWHCA, UWMF, SAH Operating, or SAF from making investments of non-Fund assets, as recommended by management/staff, and/or the Finance Committee, and as approved by the appropriate Board(s) of Directors (where required).
GENERAL INVESTMENT OBJECTIVES

In general, the primary investment objective is to sustain and grow the long-term financial assets of the Fund, while incorporating the mission and values of UW Health, avoiding excessive risk, maintaining sufficient liquidity to meet potential cash flow requirements, and meeting financial obligations as they are due. To accomplish this, the investment pool is expected to earn returns in excess of a passive set of market indexes representative of the underlying strategic asset allocation targets.

The Finance Committee and Investment Sub-Committee believe that the achievement of investment returns should be viewed in a long-term context. The Finance Committee and Investment Sub-Committee recognize that rates of return are volatile on a year-to-year basis and that investment returns will not progress uniformly over time. Thus, volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

Use of a diversified array of investments with active and passive strategies that will benefit the portfolio as a whole throughout varying market environments, in so far as it may enhance returns objectives and reduce portfolio risk, is desired.

DEFINITIONS

1. “Fund” shall mean the single integrated investment pool of the assets of each UWHCA, UWMF, SAH Operating, and SAF, contributed thereto by each of the Investors from time to time pursuant to that certain Investment Pooling Agreement to be entered into among the Investors, as the same may be amended from time to time (the “Pooling Agreement”).

2. “Finance Committee” is the Finance Committee of the UWHCA Board of Directors.

3. “Investment Sub-Committee” shall refer to the sub-committee of the Finance Committee that was established to direct the administration and investment management of Fund assets in accordance with the Investment Sub-Committee Charter and this IPS.

4. “Investment Manager” shall mean any individual, group of individuals, or entity employed to manage the investments of part of the Fund assets.

5. “Investment Consultant” shall mean any individual, group of individuals or entity employed to provide advisory services, including advice on investment objectives and/or asset allocation, investment manager search, and performance monitoring.

6. “Investor” means each of UWHCA, the University of Wisconsin Medical Foundation (“UWMF”), the SwedishAmerican Hospital Operating Fund (“SAH Operating”), and the
SwedishAmerican Foundation ("SAF").

7. “Custodian” shall refer to the firm responsible for all duties relating to the physical possession of securities owned by the Fund, including the collection of dividend and interest payments, the redemption of maturing securities, and effecting the receipt and delivery of assets following purchases and sales.

8. “Securities” shall refer to the marketable investment securities which are defined as acceptable in this IPS.

9. “Investment Horizon” shall be the time period over which the investment objectives, as set forth in this IPS, are expected to be met. While the investment horizon for this Fund is long-term in nature, investment performance expectations as detailed in this IPS will be evaluated over a full market cycle (typically 5 – 7 years).

ASSIGNMENT OF RESPONSIBILITIES

Responsibility of the Finance Committee of UW Health

Except to the extent otherwise stated herein, by virtue of the approval of this IPS by the UWHCA Board, the Finance Committee has been delegated the authority to act on behalf of the Board to oversee the management of Fund assets and, in carrying out its responsibilities hereunder, shall have all of the powers and authority of the Board. The Finance Committee shall discharge its duties solely in the interest of the Fund, 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 the conduct of an enterprise of a like character with like aims.

The Finance Committee has the responsibility to:

1. Administer the IPS;

2. Approve risk objectives as recommended by the Investment Sub-Committee;

3. Approve changes to overall asset allocation structure and positioning (outside of tactical asset allocation shifts and routine rebalancing efforts);

4. Approve additions to Allowable Assets and/or exceptions to Prohibited Assets (each as hereinafter defined);

5. In coordination with the Investment Sub-Committee, prudently and diligently select and/or replace investment professionals, including Investment Managers, Investment Consultant(s), Custodian(s), and any other service providers that it deems necessary;
5.6. On a periodic basis, review the performance of the Fund, Investment Managers, and Investment Consultants in coordination with the Investment Sub-Committee and/or an Investment Consultant; and

6.7. Such other responsibilities regarding the Fund as may be delegated to the Finance Committee from time to time by the UWHCA Board of Directors.

Responsibility of the Investment Sub-Committee of UW Health

The Investment Sub-Committee was established as a sub-committee of the Finance Committee to direct the administration and investment management of Fund assets. The Investment Sub-Committee shall have the responsibilities set forth from time to time in the UW Health Investment Sub-Committee Charter, the current version of which is attached hereto as Addendum 2.

Responsibility of Management and Staff of UW Health

Management and Staff of UW Health are responsible for implementing the IPS subject to the oversight of both the Finance Committee and Investment Sub-Committee. Management and Staff have the responsibility to:

1. Project the Fund’s financial needs and communicate such needs to the Investment Consultant on a timely basis;

2. Recommend to the Investment Sub-Committee the selection of Investment Managers;

3. Rebalance the Fund allocations on a periodic basis in coordination with the Investment Consultant; and

4. Review, at least annually, the IPS and specific Investment Manager guidelines.

Responsibility of the Investment Consultant

The Investment Consultant’s role is that of a non-discretionary advisor to the Finance Committee and Investment Sub-Committee of UW Health. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this IPS. Contracts for services with any Investment Consultant shall provide that the responsibilities of the Investment Consultant will include:

1. Assisting in the development and periodic review of Investment Policy, asset allocation strategy, and portfolio structure;
2. Assisting Management / Staff and the Investment Sub-Committee in the selection of investment manager(s) and strategies;

3. Support management in the oversight, due diligence, and review of Investment Managers;

4. Provide written performance measurement reports on a quarterly basis;

5. Responsibility for the day-to-day monitoring of Investment Managers to ensure they are in compliance with the Fund’s goals, objectives and the IPS;

6. Meet with the Investment Sub-Committee and Management / Staff quarterly, or as necessary, to review investment performance and consider whether any changes or other actions are necessary with respect to the investment portfolio; and

7. Such other responsibilities as are set forth in the contract with the Investment Consultant.

Responsibility of the Investment Manager(s)

Each Investment Manager will have discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this IPS. In recognition of the benefits of diversification, it is the intention of the Fund to use mutual funds, exchange traded funds, or commingled vehicles in addition to the utilization of separately managed accounts. Notwithstanding the foregoing, the Finance Committee, Investment Sub-Committee and Investment Consultant understand that the guidelines outlined in this IPS will not be directly applied to the management of such commingled vehicles. Contracts for services with any Investment Manager(s) shall provide that the responsibilities of the Manager(s) will include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this IPS; and

2. Requirements that each Investment Manager will:

   a. Promptly communicate any material changes in the Investment Manager's outlook, investment strategy, investment policy, and tactics;

   b. Be available on a reasonable basis for telephone communication when needed; and

   c. Discuss any significant changes in ownership structure, changes in key investment personnel and/or management, and
investment practices.

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including proxy voting rights, as are acquired through the purchase of securities, where practical.
SPECIFIC INVESTMENT GOALS

Return Objectives
It is expected that over a full market cycle (typically lasting 5-7 years) the total return on the UW Health investment portfolio will outpace the Policy Index return measured on a compound annual return basis after the deduction of investment management fees. The Policy Index shall be represented by a composite market index comprised of passive market indices combined in the same percentage as the Fund’s strategic asset allocation targets. The investment goal above is the objective of the aggregate Fund and is not meant to be imposed on each investment account individually.

The Policy Index is currently constructed as follows:

<table>
<thead>
<tr>
<th>Policy Index Composition</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>Bloomberg Barclays US Aggregate Bond Index</td>
</tr>
<tr>
<td>Global Equity</td>
<td>MSCI ACWI</td>
</tr>
</tbody>
</table>

Risk Objectives
The risk objective for the aggregate Fund is the target standard deviation chosen from asset allocation modeling as measured by volatility (standard deviation), and is similar to the volatility level of the Policy Index when measured over a full market cycle. The Fund’s risk level balances portfolio stability and portfolio appreciation and includes a moderate level of volatility and risk of principal loss. The portfolio will include a balance of fixed income, equities and alternative investments. Thus, volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

Understanding that risk is present in all types of securities and investment styles, the Finance Committee and Investment Sub-Committee recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund’s investment objectives. However, unnecessary levels of risk-taking are to be avoided, as the Finance Committee and Investment Sub-Committee recognize that it may be necessary to forego opportunity for potential large gains to achieve a reasonable risk posture.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Investment Sub-Committee, in coordination with Management and Staff, will periodically provide the Investment Consultant with an estimate of expected net cash flow. The Investment Sub-Committee / Management and Staff will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.
INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
   - Treasury Bills
   - Money Market Funds
   - Commercial Paper
   - Banker’s Acceptances
   - Repurchase Agreements
   - Certificates of Deposit

2. Fixed Income Securities
   - U.S. Government and Agency Securities
   - Corporate Notes and Bonds
   - Mortgage Backed Bonds
   - Preferred Stock
   - Asset Backed Securities
   - Municipal Securities
   - Fixed Income Securities of Foreign Governments & Corporations (Dollar-Denominated Only)
   - Non-Investment Grade (High-Yield) Bonds

3. Equity Securities
   - Common Stocks
   - Convertible Notes and Bonds
   - Convertible Preferred Stocks
   - American Depository Receipts (ADRs) of Non-U.S. Companies
   - Stocks of Non-U.S. Companies (Ordinary Shares)
   - Real Estate Investment Trusts (REITs)

4. Mutual Funds / Exchange Traded Funds
   - Mutual Funds / Exchange Traded Funds which invest in securities as allowed in this statement

5. Alternative Investments
   - Hedge Funds
   - Private Equity / Private Real Estate
   - Limited Partnerships
   - Master Limited Partnerships
   - Real Assets / Real Estate

6. University of Wisconsin Foundation (UWF) Endowment pooled funds
The Finance Committee may, upon the request of Management/Staff or an Investment Consultant, and upon recommendation by the Investment Subcommittee, permit additions to the list of Allowable Assets (either on a one-time or permanent basis).

Stock Exchanges
To ensure marketability and liquidity, equity transactions will be executed using primarily the following exchanges: New York Stock Exchange, American Stock Exchange, and NASDAQ. Other exchanges and methods may be used in an effort to achieve the best possible execution.

Prohibited Assets*
Prohibited individual investments are any investments that are not specifically authorized within this statement (except for assets held in a UWF Endowment pooled fund, mutual fund or exchange traded fund as described under Allowable Assets). Those include, but are not limited to, the following:

1. Commodities and Futures Contracts
2. Private Placements *(this is not meant to prohibit Rule 144A Securities)*
3. Lettered or Restricted Stock
4. Limited Partnerships
5. Venture Capital Investments
6. Tangible Personal Property
7. Direct Real Estate
8. Art / Precious Metals
9. Short Selling
10. Margin Transactions
11. Oil and Gas Payments / Drilling Partnerships

* With the exception of Finance-Sub-Committee approved dedicated portfolios of Alternative Investments.

Notwithstanding the foregoing, the Finance Committee may, upon the request of Management/Staff or an Investment Consultant, and upon recommendation by the Investment Subcommittee, permit exceptions to the list of Prohibited Assets (either on a one-time or permanent basis).

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

1. Short Selling
2. Margin Transactions
With the exception of Finance Investment Sub-Committee approved dedicated portfolios of Alternative Investments.

### Diversification Requirements

The primary method to reduce risk for the Fund is diversification through asset allocation. By allocating assets in different asset classes, the portfolio can reduce risk by avoiding concentration as well as reduce risk through the low correlation between different asset classes.

Each Investment Manager has discretion with regard to security selection and allocation within its respective portfolio. Unless otherwise noted, under normal market conditions, each Investment Manager is expected to be invested consistent with its investment style as described in its relevant documentation.

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio subject to the constraints outlined in the IPS.

### Alternative Investments

Alternative investments represent investments in vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these vehicles carry special risks. The Fund may (with specific Finance Committee approval) utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The Fund may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn.

The organization acknowledges that: (1) Alternative investments can be highly illiquid and may engage in leveraging and other speculative investment practices, which may involve volatility of returns and significant risk of loss, including the potential for loss of the principal invested; (2) that there is no secondary market currently available for interests in most alternative investments and that there may be restrictions imposed by the fund on transferring such interests as stated in the fund’s private placement memorandum or prospectus; (3) that investing in alternative investments is only suitable for experienced and sophisticated investors who are willing to bear the high economic risks of the investment and that this Fund qualifies as such an investor; (4) that it will carefully review and consider all potential risks before investing including the following specific risks:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
volatility of returns;
• restrictions on transferring interests in the Fund;
• potential lack of diversification and resulting higher risk due to concentration of trading
  authority when a single advisor is utilized;
• absence of information regarding valuations and pricing;
• complex tax structures and delays in tax reporting;
• less regulation and higher fees than mutual funds; and
• firm-specific investment manager risk.

Securities Lending
Securities lending is not permitted under this IPS except for that which may be done by a
mutual fund or in the University of Wisconsin Foundation Endowment Fund.

ASSET ALLOCATION GUIDELINES

The Fund is expected to operate within an overall asset allocation strategy defining the
portfolio’s mix of asset classes. This strategy, described below, sets a long-term percentage
target for the Fund’s market value that is to be invested in any one asset class. The allocation
strategy also defines the allowable investment shifts between the asset classes, above and
below the target allocations. In line with the Fund’s return objectives and risk parameters, the
mix of assets should be maintained as follows (percentages are of the market value of the
Fund):

<table>
<thead>
<tr>
<th>Asset Class Totals</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>35%</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Please note, the asset allocation guidelines as specified above are to include the asset class
exposures obtained through the UWF Endowment pooled fund.

Deviations from this asset mix guideline may be authorized by the Finance Committee, which
may determine if the aggregate deviation constitutes a material departure from the spirit of the
target allocation.

SELECTION OF INVESTMENT MANAGERS

The Investment Sub-Committee’s selection of Investment Manager(s) must be based on
prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

Investment Managers approved by the Investment Sub-Committee are chosen using criteria which may include, but is not limited to:

- Level of experience, financial resources and staffing levels of the Investment Manager;
- The Investment Manager’s ability to provide an investment style or approach that complements other Investment Managers in the portfolio;
- Reasonableness of expense ratios / fees;
- Past performance, considered relative to other investments having the same investment objective. Consideration should be given to both consistency of performance and the level of risk taken to achieve results; and
- Stability of organization.

**University of Wisconsin Foundation (UWF)**

UWF manages pooled investment funds on behalf of multiple University of Wisconsin affiliated entities. Historically, UWHCA has invested with UWF in an Endowment Fund pooled vehicle. The UWF Endowment portfolio is an internationally diversified pooled fund. Asset selection is at the full discretion of UWF. As such, the Investor has no involvement in the manager and selection of invested assets. The asset allocation consists of domestic, international, and private equities, hedge funds, fixed income, and real assets (certain of which would otherwise be prohibited under this policy). As such, it serves as a vehicle to diversify a portfolio to include limited exposure to more aggressive, higher yielding investment categories. It is the intention of the Board and Finance Committee to permit a limited amount of exposure to the Endowment Fund for purposes of diversification, return and risk management.

**INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION**

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Investment Sub-Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. 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. The Finance Committee and Investment Sub-Committee intend to evaluate the portfolio(s) over longer-term periods, but reserve the right to terminate an Investment Manager for any reason including the following:

1. Investment performance which is significantly 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 to the investment management organization.
4. Significant style drifts from stated discipline.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. The Investment Sub-Committee intends to evaluate the actively-managed traditional investment strategies based upon the following criteria over a full market cycle:

1. Benchmark Correlation
   - Three-, five-, and seven-year R^2 should be greater than or equal to 0.80

2. Annualized Performance
   - Three-, five-, and seven-year annualized return should surpass benchmark

3. Risk-Adjusted Performance
   - Three-, five-, and seven-year Sharpe Ratio (excess return divided by standard deviation of returns) should be above benchmark

4. Down Market Performance
   - Three-, five-, and seven-year down capture ratio should be less than 1.0

5. Peer Universe
   - Percentile ranking of portfolio’s three-, five-, and seven-year annualized return against peer group should be above median (50%)

6. Investment Management Organization Changes
   - Turnover of portfolio manager or other personnel significant to the firm’s management process
   - Ownership change
   - Involvement in relevant regulatory investigation or litigation
   - Significant increase in fees

7. Deviation from Investment Methods basic to Historical Records
   - Aggregate assets in product are insufficient to ensure broad diversification, efficient trading, and economies of scale
   - Assets in product grow too large to continue to be managed in a manner similar to methods that built historical performance
   - Portfolio characteristics do not match stylistic expectations

In the event that an Investment Manager is under watch by the Investment Sub-Committee or circumstances have arisen that require an immediate review, the Investment Sub-Committee will evaluate the Investment Manager in question and determine what, if any, action should be
taken. Generally, the Investment Sub-Committee may make one of three decisions:

♦ Satisfied with Explanation – The Investment Sub-Committee is satisfied with the results of the Investment Manager review and will continue with the normal quarterly investment reviews.

♦ Place Manager on Watch List – The Investment Sub-Committee is concerned with the Investment Manager’s ability to meet the performance objectives and accordingly, the Investment Manager is put on watch and will be subject to a more detailed review at each quarterly performance review. The Investment Sub-Committee will then reevaluate the manager’s overall investment performance to make a determination as to whether to continue with the manager, terminate the manager or continue it on watch.

♦ Review Alternatives and Replace Manager – Review alternatives and replace the manager as an investment component of the Fund.

CONFLICTS OF INTEREST

All investment decisions and actions performed on behalf of the Fund by any of the selected investment professionals shall be performed solely for the benefit and best interests of the Investors. If any investment professional has a conflict of interest that might impair its ability to carry out decisions and actions in the best interest of the Investors, it must be disclosed in writing to the Finance Committee and Investment Sub-Committee.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Investment Sub-Committee plans to review investment policy at least annually.

This Investment Policy Statement is adopted on January 25, 2018 by the UWHCA Board of Directors.

Name:   Name:
Title:  Title:
The following Investment Managers have been retained by UW Health to manage a dedicated investment portfolio. The investment objectives and guidelines for the assets are defined in this document. The policy items included in the Investment Policy Statement are applicable for the entire Fund, but may not apply to each individual Investment Manager.

### Specific Investment Goals

Over the investment horizon established in the Investment Policy Statement, it is the goal of the assets managed by each investment management firm to meet or exceed:

<table>
<thead>
<tr>
<th>Manager</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Short Duration</td>
<td>BofA Merrill Lynch 1-3 Year Treasury</td>
</tr>
<tr>
<td>US Bank Asset Management</td>
<td>BofA Merrill Lynch 1-3 Year Treasury</td>
</tr>
<tr>
<td>Baird Advisors Intermediate Bond</td>
<td>Bloomberg Barclays Intermediate Govt / Credit</td>
</tr>
<tr>
<td>JPMorgan Asset Management Core Bond</td>
<td>Bloomberg Barclays US Aggregate Bond</td>
</tr>
<tr>
<td>Western Asset Core Plus Portfolio</td>
<td>Bloomberg Barclays US Aggregate Bond</td>
</tr>
<tr>
<td>BlackRock Strategic Income Opportunities Fund</td>
<td>Bloomberg Barclays US Universal</td>
</tr>
<tr>
<td>Vanguard Value Index ETF</td>
<td>CRSP US Large Cap Value</td>
</tr>
<tr>
<td>Aristotle Capital Management Value Equity</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>Delaware Investments Large Cap Value Equity</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>Vanguard Growth Index ETF</td>
<td>CRSP US Large Cap Growth</td>
</tr>
<tr>
<td>Alliance Bernstein Concentrated US Growth</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>ClearBridge Large Cap Growth ESG</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>TSW Mid Cap Value</td>
<td>Russell Midcap Value</td>
</tr>
<tr>
<td>Congress Asset Management Mid Cap Growth</td>
<td>Russell Midcap Growth</td>
</tr>
<tr>
<td>Delaware Investments Small Cap Value Equity</td>
<td>Russell 2000 Value</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF</td>
<td>FTSE Developed All Cap ex-US</td>
</tr>
<tr>
<td>Aristotle Cambiar Investors International Equity</td>
<td>MSCI ACWI ex-US</td>
</tr>
<tr>
<td>Invesco International Growth</td>
<td>MSCI ACWI ex-US</td>
</tr>
<tr>
<td>Lazard Asset Mgmt Emerging Mkts Equity Select</td>
<td>MSCI Emerging Markets</td>
</tr>
<tr>
<td>VanEck Emerging Markets Fund</td>
<td>MSCI Emerging Markets</td>
</tr>
<tr>
<td>University of Wisconsin Foundation</td>
<td>Blend of MSCI ACWI, Burgiss Private IQ, Custom, NCREIF NFI-ODCE and Bloomberg Barclays Global Aggregate Bond</td>
</tr>
</tbody>
</table>

### Volatility (Risk)

Each investment strategy is expected to meet its objectives with a level of risk which is consistent with the risk associated with the index stated above.
Addendum 2 to Investment Policy Statement
UW Health Investment Sub-Committee Charter

SEE ATTACHED.
UW HEALTH
INVESTMENT SUB-COMMITTEE CHARTER

Introduction
The University of Wisconsin Hospitals and Clinics Authority ("UWHCA") Investment Sub-Committee (the "Investment Sub-Committee") is a standing Sub-Committee of the Finance Committee of the UWHCA Board of Directors (the "Finance Committee"). The Investment Sub-Committee reports to the UWHCA Finance Committee.

Purpose
The purpose of the Investment Sub-Committee is to establish, implement, maintain, and oversee an ongoing investment program for the Fund (as hereinafter defined) consistent with the Investment Policy Statement (as hereinafter defined), in a manner which protects the financial position of UW Health (as defined herein) while supporting UW Health’s mission. As used herein, “UW Health” refers to UWHCA, University of Wisconsin Medical Foundation ("UWMF"), Swedish American Health System Corporation and their wholly-owned subsidiaries, SwedishAmerican Hospital (SAH) and SwedishAmerican Foundation (SAF; and “Fund” means the single pool of investment assets of UWHCA, UWMF, the Swedish American Hospital Operating Fund ("SAH Operating") and the Swedish American Foundation ("SAF") as contributed to the Fund from time to time by each of UWHCA, UWMF, SAH Operating, and SAF (each an “Investor”) from time to time under that certain Investment Pooling Agreement entered into among such parties and effective as of January 25, 2018, as the same may be amended from time to time (the “Pooling Agreement”).

Membership
The Investment Sub-Committee shall be comprised of seven (7) members, named as follows:
• Three-Five (3-5) individuals nominated by UW Health-MadisonHCA; and
• Two (2) individuals nominated by UWMF; and
• Two (2) individuals nominated by SAHS.

The Finance Committee shall approve each member nominated to the Investment Sub-Committee, and upon such approval each nominee shall become a member of the Investment Sub-Committee and shall serve in such role until his or her earlier resignation or removal. Vacancies in Investment Sub-Committee membership may be filled by the Investor with the right to nominate such Member (subject to Finance Committee approval). Any Investor may remove a member of the Investment Sub-Committee designated by that Investor at any time.

The Investment Sub-Committee’s Chair (the “Chair”) shall be a member of the Investment Sub-Committee and shall be approved by the members of the Investment Sub-Committee, by majority vote.

Meetings
The Chair or his/her delegate shall preside at meetings of the Investment Sub-Committee and shall set the agenda. The Investment Sub-Committee shall meet at least quarterly and otherwise as often as deemed necessary or appropriate, in its judgment, to discharge its duties and responsibilities. Meetings of the Investment Sub-Committee may be held in-person and/or via telephonic or electronic or video conference, and at such times and places as the Investment Sub-Committee determines. A majority of the then-sitting members of the Investment Sub-Committee shall constitute a quorum for the transaction of business at any meeting of the Investment Sub-Committee.

Manner of Acting
Each member of the Investment Sub-Committee shall have one (1) vote on all matters brought before the Investment Sub-Committee within the scope of its authority. The act of a majority of the members of the Investment Sub-Committee at a meeting at which a quorum is present shall be the act of the Investment Sub-Committee.

Duties and Responsibilities of the Investment Sub-Committee
In addition to carrying out any other responsibilities delegated to the Investment Sub-Committee by the Finance Committee from time to time, the Investment Sub-Committee shall:

**Investment Policy Statement, Portfolio Risk and Key Reserve Attributes**
- Develop, maintain, and review and revise from time to time, as appropriate, in each case subject to the Finance Committee approval, an investment policy for UW Health outlining the objectives and guidelines for and constraints on investment of the Fund (the “Investment Policy Statement”) and all other documents governing the investment and overall management of the Fund.
- At least annually, evaluate the target for Fund levels for appropriateness given business and operating environment risks and opportunities.
- At least annually, gather relevant input from the Finance Committee regarding risk tolerance and key Fund portfolio characteristics, including but not limited to expected return, volatility, duration and liquidity.
- In light of the foregoing information and evaluation, evaluate whether there are any necessary or desirable changes to be made to the Investment Policy Statement (including the Asset Allocation Guidelines set forth therein) or other applicable governing documents.

**Investment Performance, Investment Service Providers and Costs**
- Review the investment performance of the Fund relative to its performance benchmarks on a quarterly basis.
- Monitor and evaluate investment managers for the Fund at least quarterly.
- Determine whether investment consultants, managers, custodians and any other service provider with respect to the Fund should be retained or replaced and take appropriate action with respect to the same.
- Approve the retention of new Investment Managers or termination of contracts with then-current Investment Managers, in regards to investment Managers, new managers.
hires and manager terminations require the approval of the Investment Sub-Committee solely.

- At least annually, assess whether fees incurred by or on behalf of the Fund portfolios are appropriate and reasonable.

Oversight of Implementation of Investment Policy Statement
- At least quarterly, ensure compliance with the Investment Policy Statement by verifying that Fund balances are invested accordingly.
- Ensure operational functions, including, but not limited to, rebalancing and reserve funding, are performed appropriately by UW Health Staff or its designee.

Other Duties and Responsibilities of the Committee
- Review, at least annually, the Investment Sub-Committee’s charter and recommend any proposed changes to the Finance Committee for approval.
- Review, at least annually, the Investment Policy Statement (including the Asset Allocation Guidelines therein) and recommend any proposed changes thereto to the Finance Committee for approval.
- Report formally to the Finance Committee at least annually on the Investment Sub-Committee findings and recommendations.
- Be responsible to the Finance Committee and maintain minutes or other records of the Investment Sub-Committee meetings and activities.
- Ensure that the Fund is managed in accordance with any applicable laws and/or regulations.
- Review, evaluate and make recommendations to the Finance Committee with respect to any request to make additions to Allowed Assets or exceptions to Prohibited Assets under the Investment Policy Statement, and in evaluating such requests, shall consider UW Health’s investment objectives and values and mission.
- Such other responsibilities regarding the Fund as may be delegated to the Investment Sub-Committee from time to time by the Finance Committee.

Authority to Engage Advisers
On an annual basis the Finance Committee will review the performance of the Fund, investment managers, investment custodians and investment consultants in coordination with the Investment Sub-Committee. The Investment Sub-Committee has authority to retain and replace investment managers when it deems appropriate, and shall have authority to approve fees and terms of retention, without the prior permission of the Finance Committee, and shall be provided the necessary resources for such purpose.

Executive Liaison
The management liaison to the Investment Sub-Committee is the Chief Financial Officer of UWHCA.
Attachment

UW Health Investment

Policy Statement –

Clean Version
Investment Policy Statement

Effective as of ________________
Table of Contents

Mission Statement
Scope and Purpose.................................................................................................................... 1

General Information
General Investment Objectives.................................................................................................. 1
Definitions.................................................................................................................................. 2

Assignment of Responsibility
Finance Committee..................................................................................................................... 3
Investment Sub-Committee.......................................................................................................... 4
Management and Staff................................................................................................................ 4
Investment Consultant................................................................................................................ 4
Investment Managers.................................................................................................................. 5

The Investment Guidelines
Specific Investment Goals.......................................................................................................... 5
Liquidity....................................................................................................................................... 6
Investment Guidelines................................................................................................................ 7
Asset Allocation Guidelines....................................................................................................... 10

Investment Manager Selection & Review
Selection of Investment Managers.......................................................................................... 10
Investment Manager Performance Review and Evaluation....................................................... 11
Conflicts of Interest.................................................................................................................... 13
Investment Policy Review.......................................................................................................... 13
Addendums............................................................................................................................... 14
Investment Policy Statement  

UW Health

SCOPE OF THIS INVESTMENT POLICY STATEMENT

This Investment Policy Statement (“IPS”) sets forth the investment policy, objectives, guidelines for and constraints of investment of the Fund (as hereinafter defined). The Finance Committee, and Board of Directors (the “Board”) of the University of Wisconsin Hospitals and Clinics Authority (“UWHCA”) have approved this IPS.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This Investment Policy Statement is intended to provide guidance to the Finance Committee, Investment Sub-Committee, Investment Consultant, and the Investment Managers responsible for managing the Fund’s assets and outlines certain specific investment policies, which will govern how to achieve those goals and objectives. It is intended to:

1. Define and assign the responsibilities of the parties involved in the management and oversight of the Fund.

2. Establish a clear understanding of the investment goals and objectives, as well as risk tolerance as the basis for evaluating investment results.

3. Establish asset allocation guidelines that reflect UW Health’s risk posture.

4. Offer guidelines regarding the selection of investment manager(s) who will provide a consistent level of superior risk-adjusted performance at the total program level over full market cycles.

The investment guidelines described in the IPS are dynamic and reflect the Fund’s financial needs and circumstances, the time horizon available for investment, and the philosophy regarding the investment of assets. The IPS will be reviewed annually by the Investment Sub-Committee with revisions recommended to the Finance Committee for further approval.

Nothing in this IPS shall be construed to prohibit UWHCA, UWMF, SAH Operating, or SAF from making investments of non-Fund assets, as recommended by management/staff, and/or the Finance Committee, and as approved by the appropriate Board(s) of Directors (where required).
GENERAL INVESTMENT OBJECTIVES

In general, the primary investment objective is to sustain and grow the long-term financial assets of the Fund, while incorporating the mission and values of UW Health, avoiding excessive risk, maintaining sufficient liquidity to meet potential cash flow requirements, and meeting financial obligations as they are due. To accomplish this, the investment pool is expected to earn returns in excess of a passive set of market indexes representative of the underlying strategic asset allocation targets.

The Finance Committee and Investment Sub-Committee believe that the achievement of investment returns should be viewed in a long-term context. The Finance Committee and Investment Sub-Committee recognize that rates of return are volatile on a year-to-year basis and that investment returns will not progress uniformly over time. Thus, volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

Use of a diversified array of investments with active and passive strategies that will benefit the portfolio as a whole throughout varying market environments, in so far as it may enhance returns objectives and reduce portfolio risk, is desired.

DEFINITIONS

1. “Fund” shall mean the single integrated investment pool of the assets of each UWHCA, UWMF, SAH Operating, and SAF, contributed thereto by each of the Investors from time to time pursuant to that certain Investment Pooling Agreement to be entered into among the Investors, as the same may be amended from time to time (the “Pooling Agreement”).

2. “Finance Committee” is the Finance Committee of the UWHCA Board of Directors.

3. “Investment Sub-Committee” shall refer to the sub-committee of the Finance Committee that was established to direct the administration and investment management of Fund assets in accordance with the Investment Sub-Committee Charter and this IPS.

4. “Investment Manager” shall mean any individual, group of individuals, or entity employed to manage the investments of part of the Fund assets.

5. “Investment Consultant” shall mean any individual, group of individuals or entity employed to provide advisory services, including advice on investment objectives and/or asset allocation, investment manager search, and performance monitoring.

6. “Investor” means each of UWHCA, the University of Wisconsin Medical Foundation (“UWMF”), the SwedishAmerican Hospital Operating Fund (“SAH Operating”), and the
SwedishAmerican Foundation (“SAF”).

7. “Custodian” shall refer to the firm responsible for all duties relating to the physical possession of securities owned by the Fund, including the collection of dividend and interest payments, the redemption of maturing securities, and effecting the receipt and delivery of assets following purchases and sales.

8. “Investment Horizon” shall be the time period over which the investment objectives, as set forth in this IPS, are expected to be met. While the investment horizon for this Fund is long-term in nature, investment performance expectations as detailed in this IPS will be evaluated over a full market cycle (typically 5 – 7 years).

ASSIGNMENT OF RESPONSIBILITIES

Responsibility of the Finance Committee of UW Health

Except to the extent otherwise stated herein, by virtue of the approval of this IPS by the UWHCA Board, the Finance Committee has been delegated the authority to act on behalf of the Board to oversee the management of Fund assets and, in carrying out its responsibilities hereunder, shall have all of the powers and authority of the Board. The Finance Committee shall discharge its duties solely in the interest of the Fund, 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 the conduct of an enterprise of a like character with like aims.

The Finance Committee has the responsibility to:

1. Administer the IPS;

2. Approve risk objectives as recommended by the Investment Sub-Committee;

3. Approve changes to overall asset allocation structure and positioning (outside of tactical asset allocation shifts and routine rebalancing efforts);

4. Approve additions to Allowable Assets and/or exceptions to Prohibited Assets (each as hereinafter defined);

5. In coordination with the Investment Sub-Committee, prudently and diligently select and/or replace investment professionals, including Investment Managers, Investment Consultant(s), Custodian(s), and any other service providers that it deems necessary;

6. On a periodic basis, review the performance of the Fund, Investment Managers, and Investment Consultants in coordination with the Investment Sub-Committee and/or an
Investment Consultant; and

7. Such other responsibilities regarding the Fund as may be delegated to the Finance Committee from time to time by the UWHCA Board of Directors.

Responsibility of the Investment Sub-Committee of UW Health

The Investment Sub-Committee was established as a sub-committee of the Finance Committee to direct the administration and investment management of Fund assets. The Investment Sub-Committee shall have the responsibilities set forth from time to time in the UW Health Investment Sub-Committee Charter, the current version of which is attached hereto as Addendum 2.

Responsibility of Management and Staff of UW Health

Management and Staff of UW Health are responsible for implementing the IPS subject to the oversight of both the Finance Committee and Investment Sub-Committee. Management and Staff have the responsibility to:

1. Project the Fund’s financial needs and communicate such needs to the Investment Consultant on a timely basis;

2. Recommend to the Investment Sub-Committee the selection of Investment Managers;

3. Rebalance the Fund allocations on a periodic basis in coordination with the Investment Consultant; and

4. Review, at least annually, the IPS and specific Investment Manager guidelines.

Responsibility of the Investment Consultant

The Investment Consultant's role is that of a non-discretionary advisor to the Finance Committee and Investment Sub-Committee of UW Health. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this IPS. Contracts for services with any Investment Consultant shall provide that the responsibilities of the Investment Consultant will include:

1. Assisting in the development and periodic review of Investment Policy, asset allocation strategy, and portfolio structure;

2. Assisting Management / Staff and the Investment Sub-Committee in the selection of investment manager(s) and strategies;
3. Support management in the oversight, due diligence, and review of Investment Managers;

4. Provide written performance measurement reports on a quarterly basis;

5. Responsibility for the day-to-day monitoring of Investment Managers to ensure they are in compliance with the Fund’s goals, objectives and the IPS;

6. Meet with the Investment Sub-Committee and Management / Staff quarterly, or as necessary, to review investment performance and consider whether any changes or other actions are necessary with respect to the investment portfolio; and

7. Such other responsibilities as are set forth in the contract with the Investment Consultant.

Responsibility of the Investment Manager(s)

Each Investment Manager will have discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this IPS. In recognition of the benefits of diversification, it is the intention of the Fund to use mutual funds, exchange traded funds, or commingled vehicles in addition to the utilization of separately managed accounts. Notwithstanding the foregoing, the Finance Committee, Investment Sub-Committee and Investment Consultant understand that the guidelines outlined in this IPS will not be directly applied to the management of such commingled vehicles. Contracts for services with any Investment Manager(s) shall provide that the responsibilities of the Manager(s) will include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this IPS; and

2. Requirements that each Investment Manager will:

   a. Promptly communicate any material changes in the Investment Manager’s outlook, investment strategy, investment policy, and tactics;

   b. Be available on a reasonable basis for telephone communication when needed; and

   c. Discuss any significant changes in ownership structure, changes in key investment personnel and/or management, and investment practices.

Absent delegation to another service provider, each Investment Manager is responsible and
empowered to exercise all rights, including proxy voting rights, as are acquired through the purchase of securities, where practical.
SPECIFIC INVESTMENT GOALS

Return Objectives
It is expected that over a full market cycle (typically lasting 5-7 years) the total return on the UW Health investment portfolio will outpace the Policy Index return measured on a compound annual return basis after the deduction of investment management fees. The Policy Index shall be represented by a composite market index comprised of passive market indices combined in the same percentage as the Fund’s strategic asset allocation targets. The investment goal above is the objective of the aggregate Fund and is not meant to be imposed on each investment account individually.

The Policy Index is currently constructed as follows:

<table>
<thead>
<tr>
<th>Policy Index Composition</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>Bloomberg Barclays US Aggregate Bond Index</td>
</tr>
<tr>
<td>Global Equity</td>
<td>MSCI ACWI</td>
</tr>
</tbody>
</table>

Risk Objectives
The risk objective for the aggregate Fund is the target standard deviation chosen from asset allocation modeling as measured by volatility (standard deviation), and is similar to the volatility level of the Policy Index when measured over a full market cycle. The Fund’s risk level balances portfolio stability and portfolio appreciation and includes a moderate level of volatility and risk of principal loss. The portfolio will include a balance of fixed income, equities and alternative investments. Thus, volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

Understanding that risk is present in all types of securities and investment styles, the Finance Committee and Investment Sub-Committee recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund’s investment objectives. However, unnecessary levels of risk-taking are to be avoided, as the Finance Committee and Investment Sub-Committee recognize that it may be necessary to forego opportunity for potential large gains to achieve a reasonable risk posture.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a Security forced by the need to meet a required payment, the Investment Sub-Committee, in coordination with Management and Staff, will periodically provide the Investment Consultant with an estimate of expected net cash flow. The Investment Sub-Committee / Management and Staff will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.
INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
   - Treasury Bills
   - Money Market Funds
   - Commercial Paper
   - Banker's Acceptances
   - Repurchase Agreements
   - Certificates of Deposit

2. Fixed Income Securities
   - U.S. Government and Agency Securities
   - Corporate Notes and Bonds
   - Mortgage Backed Bonds
   - Preferred Stock
   - Asset Backed Securities
   - Municipal Securities
   - Fixed Income Securities of Foreign Governments & Corporations (Dollar-Denominated Only)
   - Non-Investment Grade (High-Yield) Bonds

3. Equity Securities
   - Common Stocks
   - Convertible Notes and Bonds
   - Convertible Preferred Stocks
   - American Depository Receipts (ADRs) of Non-U.S. Companies
   - Stocks of Non-U.S. Companies (Ordinary Shares)
   - Real Estate Investment Trusts (REITs)

4. Mutual Funds / Exchange Traded Funds
   - Mutual Funds / Exchange Traded Funds which invest in securities as allowed in this statement

5. Alternative Investments
   - Hedge Funds
   - Private Equity / Private Real Estate
   - Limited Partnerships
   - Master Limited Partnerships
   - Real Assets / Real Estate

6. University of Wisconsin Foundation (UWF) Endowment pooled funds
The Finance Committee may, upon the request of Management/Staff or an Investment Consultant, and upon recommendation by the Investment Subcommittee, permit additions to the list of Allowable Assets (either on a one-time or permanent basis).

**Stock Exchanges**
To ensure marketability and liquidity, equity transactions will be executed using primarily the following exchanges: New York Stock Exchange, American Stock Exchange, and NASDAQ. Other exchanges and methods may be used in an effort to achieve the best possible execution.

**Prohibited Assets***
Prohibited individual investments are any investments that are not specifically authorized within this statement (except for assets held in a UWF Endowment pooled fund, mutual fund or exchange traded fund as described under Allowable Assets). Those include, but are not limited to, the following:

1. Commodities and Futures Contracts
2. Private Placements (this is not meant to prohibit Rule 144A Securities)
3. Lettered or Restricted Stock
4. Limited Partnerships
5. Venture Capital Investments
6. Tangible Personal Property
7. Direct Real Estate
8. Art / Precious Metals
9. Short Selling
10. Margin Transactions
11. Oil and Gas Payments / Drilling Partnerships

* With the exception of Investment Sub-Committee approved dedicated portfolios of Alternative Investments.

Notwithstanding the foregoing, the Finance Committee may, upon the request of Management/Staff or an Investment Consultant, and upon recommendation by the Investment Sub-Committee, permit exceptions to the list of Prohibited Assets (either on a one-time or permanent basis).

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

1. Short Selling
2. Margin Transactions

*With the exception of Investment Sub-Committee approved dedicated portfolios of Alternative Investments.

**Diversification Requirements**
The primary method to reduce risk for the Fund is diversification through asset allocation. By allocating assets in different asset classes, the portfolio can reduce risk by avoiding concentration as well as reduce risk through the low correlation between different asset classes.

Each Investment Manager has discretion with regard to security selection and allocation within its respective portfolio. Unless otherwise noted, under normal market conditions, each Investment Manager is expected to be invested consistent with its investment style as described in its relevant documentation.

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio subject to the constraints outlined in the IPS.

**Alternative Investments**

Alternative investments represent investments in vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these vehicles carry special risks. The Fund may (with specific Finance Committee approval) utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The Fund may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn.

The organization acknowledges that: (1) Alternative investments can be highly illiquid and may engage in leveraging and other speculative investment practices, which may involve volatility of returns and significant risk of loss, including the potential for loss of the principal invested; (2) that there is no secondary market currently available for interests in most alternative investments and that there may be restrictions imposed by the fund on transferring such interests as stated in the fund’s private placement memorandum or prospectus; (3) that investing in alternative investments is only suitable for experienced and sophisticated investors who are willing to bear the high economic risks of the investment and that this Fund qualifies as such an investor; (4) that it will carefully review and consider all potential risks before investing including the following specific risks:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in the Fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
• complex tax structures and delays in tax reporting;
• less regulation and higher fees than mutual funds; and
• firm-specific investment manager risk.

 Securities Lending
Securities lending is not permitted under this IPS except for that which may be done by a mutual fund or in the University of Wisconsin Foundation Endowment Fund.

ASSET ALLOCATION GUIDELINES

The Fund is expected to operate within an overall asset allocation strategy defining the portfolio’s mix of asset classes. This strategy, described below, sets a long-term percentage target for the Fund’s market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations. In line with the Fund’s return objectives and risk parameters, the mix of assets should be maintained as follows (percentages are of the market value of the Fund):

<table>
<thead>
<tr>
<th>Asset Class Totals</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>35%</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Please note, the asset allocation guidelines as specified above are to include the asset class exposures obtained through the UWF Endowment pooled fund.

Deviations from this asset mix guideline may be authorized by the Finance Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

SELECTION OF INVESTMENT MANAGERS

The Investment Sub-Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

Investment Managers approved by the Investment Sub-Committee are chosen using criteria
which may include, but is not limited to:

- Level of experience, financial resources and staffing levels of the Investment Manager;
- The Investment Manager’s ability to provide an investment style or approach that complements other Investment Managers in the portfolio;
- Reasonableness of expense ratios / fees;
- Past performance, considered relative to other investments having the same investment objective (consideration should be given to both consistency of performance and the level of risk taken to achieve results); and
- Stability of organization.

University of Wisconsin Foundation (UWF)

UWF manages pooled investment funds on behalf of multiple University of Wisconsin affiliated entities. Historically, UWHCA has invested with UWF in an Endowment Fund pooled vehicle. The UWF Endowment portfolio is an internationally diversified pooled fund. Asset selection is at the full discretion of UWF. As such, the Investor has no involvement in the manager and selection of invested assets. The asset allocation consists of domestic, international, and private equities, hedge funds, fixed income, and real assets (certain of which would otherwise be prohibited under this IPS). As such, it serves as a vehicle to diversify a portfolio to include limited exposure to more aggressive, higher yielding investment categories. It is the intention of the Board and Finance Committee to permit a limited amount of exposure to the Endowment Fund for purposes of diversification, return and risk management.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Investment Sub-Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. 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 IPS. The Finance Committee and Investment Sub-Committee intend to evaluate the portfolio(s) over longer-term periods, but reserve the right to terminate an Investment Manager for any reason including the following:

1. Investment performance which is significantly 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 IPS, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. Significant style drifts from stated discipline.
Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. The Investment Sub-Committee intends to evaluate the actively-managed traditional investment strategies based upon the following criteria over a full market cycle:

1. Benchmark Correlation
   • Three-, five-, and seven-year R² should be greater than or equal to 0.80

2. Annualized Performance
   • Three-, five-, and seven-year annualized return should surpass benchmark

3. Risk-Adjusted Performance
   • Three-, five-, and seven-year Sharpe Ratio (excess return divided by standard deviation of returns) should be above benchmark

4. Down Market Performance
   • Three-, five-, and seven-year down capture ratio should be less than 1.0

5. Peer Universe
   • Percentile ranking of portfolio’s three-, five-, and seven-year annualized return against peer group should be above median (50%)

6. Investment Management Organization Changes
   • Turnover of portfolio manager or other personnel significant to the firm’s management process
   • Ownership change
   • Involvement in relevant regulatory investigation or litigation
   • Significant increase in fees

7. Deviation from Investment Methods basic to Historical Records
   • Aggregate assets in product are insufficient to ensure broad diversification, efficient trading, and economies of scale
   • Assets in product grow too large to continue to be managed in a manner similar to methods that built historical performance
   • Portfolio characteristics do not match stylistic expectations

In the event that an Investment Manager is under watch by the Investment Sub-Committee or circumstances have arisen that require an immediate review, the Investment Sub-Committee will evaluate the Investment Manager in question and determine what, if any, action should be taken. Generally, the Investment Sub-Committee may make one of three decisions:

- Satisfied with Explanation – The Investment Sub-Committee is satisfied with the results of the Investment Manager review and will continue with the normal quarterly investment reviews.
♦ Place Manager on Watch List – The Investment Sub-Committee is concerned with the Investment Manager’s ability to meet the performance objectives and accordingly, the Investment Manager is put on watch and will be subject to a more detailed review at each quarterly performance review. The Investment Sub-Committee will then reevaluate the manager’s overall investment performance to make a determination as to whether to continue with the manager, terminate the manager or continue it on watch.

♦ Review Alternatives and Replace Manager – Review alternatives and replace the manager as an investment component of the Fund.

**CONFLICTS OF INTEREST**

All investment decisions and actions performed on behalf of the Fund by any of the selected investment professionals shall be performed solely for the benefit and best interests of the Investors. If any investment professional has a conflict of interest that might impair its ability to carry out decisions and actions in the best interest of the Investors, it must be disclosed in writing to the Finance Committee and Investment Sub-Committee.

**INVESTMENT POLICY REVIEW**

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Investment Sub-Committee plans to review investment policy at least annually.

This Investment Policy Statement is adopted on ________________ by the UWHCA Board of Directors.

<table>
<thead>
<tr>
<th>Name:</th>
<th>Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Title:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name:</th>
<th>Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Title:</td>
</tr>
</tbody>
</table>
UW Health
Addendum 1 to Investment Policy Statement
Investment Managers

The following Investment Managers have been retained by UW Health to manage a dedicated investment portfolio. The investment objectives and guidelines for the assets are defined in this document. The policy items included in the Investment Policy Statement are applicable for the entire Fund, but may not apply to each individual Investment Manager.

Specific Investment Goals
Over the investment horizon established in the Investment Policy Statement, it is the goal of the assets managed by each investment management firm to meet or exceed:

<table>
<thead>
<tr>
<th>Manager</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Short Duration</td>
<td>BofA Merrill Lynch 1-3 Year Treasury</td>
</tr>
<tr>
<td>US Bank Asset Management</td>
<td>BofA Merrill Lynch 1-3 Year Treasury</td>
</tr>
<tr>
<td>Baird Advisors Intermediate Bond</td>
<td>Bloomberg Barclays Intermediate Govt / Credit</td>
</tr>
<tr>
<td>JPMorgan Asset Management Core Bond</td>
<td>Bloomberg Barclays US Aggregate Bond</td>
</tr>
<tr>
<td>Western Asset Core Plus Portfolio</td>
<td>Bloomberg Barclays US Aggregate Bond</td>
</tr>
<tr>
<td>BlackRock Strategic Income Opportunities Fund</td>
<td>Bloomberg Barclays US Universal</td>
</tr>
<tr>
<td>Vanguard Value Index ETF</td>
<td>CRSP US Large Cap Value</td>
</tr>
<tr>
<td>Aristotle Capital Management Value Equity</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>Delaware Investments Large Cap Value Equity</td>
<td>Russell 1000 Value</td>
</tr>
<tr>
<td>Vanguard Growth Index ETF</td>
<td>CRSP US Large Cap Growth</td>
</tr>
<tr>
<td>Alliance Bernstein Concentrated US Growth</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>ClearBridge Large Cap Growth ESG</td>
<td>Russell 1000 Growth</td>
</tr>
<tr>
<td>TSW Mid Cap Value</td>
<td>Russell Midcap Value</td>
</tr>
<tr>
<td>Congress Asset Management Mid Cap Growth</td>
<td>Russell Midcap Growth</td>
</tr>
<tr>
<td>Delaware Investments Small Cap Value Equity</td>
<td>Russell 2000 Value</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF</td>
<td>FTSE Developed All Cap ex-US</td>
</tr>
<tr>
<td>Aristotle International Equity</td>
<td>MSCI ACWI ex-US</td>
</tr>
<tr>
<td>Invesco International Growth</td>
<td>MSCI ACWI ex-US</td>
</tr>
<tr>
<td>Lazard Asset Mgmt Emerging Mkts Equity Select</td>
<td>MSCI Emerging Markets</td>
</tr>
<tr>
<td>VanEck Emerging Markets Fund</td>
<td>MSCI Emerging Markets</td>
</tr>
<tr>
<td>University of Wisconsin Foundation</td>
<td>Blend of MSCI ACWI, Burgiss Private iQ Custom, NCREIF NFI-ODCE and Bloomberg Barclays Global Aggregate Bond</td>
</tr>
</tbody>
</table>

Volatility (Risk)
Each investment strategy is expected to meet its objectives with a level of risk which is consistent with the risk associated with the index stated above.
SEE ATTACHED.
Introduction
The University of Wisconsin Hospitals and Clinics Authority (“UWHCA”) Investment Sub-Committee (the “Investment Sub-Committee”) is a standing Sub-Committee of the Finance Committee of the UWHCA Board of Directors (the “Finance Committee”). The Investment Sub-Committee reports to the UWHCA Finance Committee.

Purpose
The purpose of the Investment Sub-Committee is to establish, implement, maintain, and oversee an ongoing investment program for the Fund (as hereinafter defined) consistent with the Investment Policy Statement (as hereinafter defined), in a manner which protects the financial position of UW Health (as defined herein) while supporting UW Health’s mission. As used herein, “UW Health” refers to UWHCA, University of Wisconsin Medical Foundation (“UWMF”), Swedish American Health System Corporation and their wholly-owned subsidiaries, SwedishAmerican Hospital (SAH) and SwedishAmerican Foundation (SAF; and “Fund” means the single pool of investment assets of UWHCA, UWMF, the Swedish American Hospital Operating Fund (“SAH Operating”) and the Swedish American Foundation (“SAF”) as contributed to the Fund from time to time by each of UWHCA, UWMF, SAH Operating, and SAF (each an “Investor”) from time to time under that certain Investment Pooling Agreement entered into among such parties and effective as of January 25, 2018, as the same may be amended from time to time (the “Pooling Agreement”).

Membership
The Investment Sub-Committee shall be comprised of seven (7) members, named as follows:
• Five (5) individuals nominated by UW Health-Madison; and
• Two (2) individuals nominated by SAHS.

The Finance Committee shall approve each member nominated to the Investment Sub-Committee, and upon such approval each nominee shall become a member of the Investment Sub-Committee and shall serve in such role until his or her earlier resignation or removal. Vacancies in Investment Sub-Committee membership may be filled by the Investor with the right to nominate such Member (subject to Finance Committee approval). Any Investor may remove a member of the Investment Sub-Committee designated by that Investor at any time.

The Investment Sub-Committee’s Chair (the “Chair”) shall be a member of the Investment Sub-Committee and shall be approved by the members of the Investment Sub-Committee, by majority vote.

Meetings
The Chair or his/her delegate shall preside at meetings of the Investment Sub-Committee and shall set the agenda. The Investment Sub-Committee shall meet at least quarterly and otherwise as often as deemed necessary or appropriate, in its judgment, to discharge its duties.
and responsibilities. Meetings of the Investment Sub-Committee may be held in-person and/or via telephonic or electronic or video conference, and at such times and places as the Investment Sub-Committee determines. A majority of the then-sitting members of the Investment Sub-Committee shall constitute a quorum for the transaction of business at any meeting of the Investment Sub-Committee.

**Manner of Acting**
Each member of the Investment Sub-Committee shall have one (1) vote on all matters brought before the Investment Sub-Committee within the scope of its authority. The act of a majority of the members of the Investment Sub-Committee at a meeting at which a quorum is present shall be the act of the Investment Sub-Committee.

**Duties and Responsibilities of the Investment Sub-Committee**
In addition to carrying out any other responsibilities delegated to the Investment Sub-Committee by the Finance Committee from time to time, the Investment Sub-Committee shall:

**Investment Policy Statement, Portfolio Risk and Key Reserve Attributes**
- Develop, maintain, and review and revise from time to time, as appropriate, in each case subject to the Finance Committee approval, an investment policy for UW Health outlining the objectives and guidelines for and constraints on investment of the Fund (the “Investment Policy Statement”) and all other documents governing the investment and overall management of the Fund.
- At least annually, evaluate the target for Fund levels for appropriateness given business and operating environment risks and opportunities.
- At least annually, gather relevant input from the Finance Committee regarding risk tolerance and key Fund portfolio characteristics, including but not limited to expected return, volatility, duration and liquidity.
- In light of the foregoing information and evaluation, evaluate whether there are any necessary or desirable changes to be made to the Investment Policy Statement (including the Asset Allocation Guidelines set forth therein) or other applicable governing documents.

**Investment Performance, Investment Service Providers and Costs**
- Review the investment performance of the Fund relative to its performance benchmarks on a quarterly basis.
- Monitor and evaluate investment managers for the Fund at least quarterly.
- Determine whether investment consultants, managers, custodians and any other service provider with respect to the Fund should be retained or replaced and take appropriate action with respect to the same.
- Approve the retention of new Investment Managers or termination of contracts with then-current Investment Managers. At least annually, assess whether fees incurred by or on behalf of the Fund portfolios are appropriate and reasonable.
Oversight of Implementation of Investment Policy Statement

- At least quarterly, ensure compliance with the Investment Policy Statement by verifying that Fund balances are invested accordingly.
- Ensure operational functions, including, but not limited to, rebalancing and reserve funding, are performed appropriately by UW Health Staff or its designee.

Other Duties and Responsibilities of the Committee

- Review, at least annually, the Investment Sub-Committee’s charter and recommend any proposed changes to the Finance Committee for approval.
- Review, at least annually, the Investment Policy Statement (including the Asset Allocation Guidelines therein) and recommend any proposed changes thereto to the Finance Committee for approval.
- Report formally to the Finance Committee at least annually on the Investment Sub-Committee findings and recommendations.
- Be responsible to the Finance Committee and maintain minutes or other records of the Investment Sub-Committee meetings and activities.
- Ensure that the Fund is managed in accordance with any applicable laws and/or regulations.
- Review, evaluate and make recommendations to the Finance Committee with respect to any request to make additions to Allowed Assets or exceptions to Prohibited Assets under the Investment Policy Statement, and in evaluating such requests, shall consider UW Health’s investment objectives and values and mission.
- Such other responsibilities regarding the Fund as may be delegated to the Investment Sub-Committee from time to time by the Finance Committee.

Authority to Engage Advisers

On an annual basis the Finance Committee will review the performance of the Fund, investment managers, investment custodians and investment consultants in coordination with the Investment Sub-Committee. The Investment Sub-Committee has authority to retain and replace investment managers when it deems appropriate, and shall have authority to approve fees and terms of retention, without the prior permission of the Finance Committee, and shall be provided the necessary resources for such purpose.

Executive Liaison

The management liaison to the Investment Sub-Committee is the Chief Financial Officer of UWHCA.