



## INVESTMENT COMMITTEE CHARTER

### Purpose

The purpose of the Investment Committee (the “Committee”), is to carry out the responsibilities delegated by the Board of Governors (the “Board”) of CFA Institute regarding oversight of CFA Institute’s financial reserves (the “Reserves”), consistent with Board directives.

### Membership

The Committee shall be composed of the following members:

- Individuals appointed by the Board of Governors having the following respective qualifications:
  - Minimum of one to a maximum of two individuals who are Governors, and
  - one individual who is a President’s Council Representative (the “PCR”).
- Two CFA Institute staff members (“Staff Appointees”) appointed by the President and Chief Executive Officer of CFA Institute (the “CEO”).
- The Chief Financial Officer of CFA Institute (or his or her designee) and the Treasurer of CFA Institute, who shall serve as ex officio members of the Committee, unless the CEO has appointed them as a Staff Appointee.

The Committee’s Chair (the “Chair”) shall be appointed by the Board of Governors annually and may serve two consecutive one-year terms.

The two Governors and the PCR serving on the Committee shall be independent in accordance with the applicable rules and standards of the New York Stock Exchange and any independence guidelines of CFA Institute that apply to members of the Committee.

All members of the Committee other than ex officio members shall be voting members of the Committee. All members of the Committee other than ex officio members must be Chartered Financial Analysts or Regular Members, and shall be current or former senior-level investment practitioners. The Nominating Committee and CEO shall coordinate the appointment of individuals to serve on the Committee so that such individuals, collectively, bring international diversity and representation to the Committee.

Each Committee member, other than the PCR, shall serve a three-year term on the Committee, with such term being renewable once. Such terms shall be staggered to the extent practicable for purposes of continuity. The PCR shall serve a two-year term on the Committee and such term shall not be renewable.

There shall not be more than seven members, including ex officio members, of the Committee.

## Meetings

The Chair shall preside at meetings of the Committee and shall set the agenda.

The Committee shall meet at least four (4) times per year and otherwise as often as deemed necessary or appropriate, in its judgment, to discharge its duties and responsibilities. Meetings of the Committee may be held in-person and/or via telephonic or electronic or video conference, and at such times and places as the Committee determines. A majority of the members constitute a quorum. If a quorum is present, a majority of the members present shall decide any matter brought before the Committee. The Chair may call a meeting of the Committee upon due notice to all other members at least 48 hours prior to the meeting. Notice by electronic mail shall be sufficient notice. The Committee may also act by written consent signed by all of its members.

## Duties and Responsibilities

In addition to carrying out any other responsibilities delegated to the Committee by the Board, the Committee shall:

### Investment Policy Statement, Portfolio Risk and Key Reserve Attributes

- Develop and maintain, subject to Board approval, the Investment Policy Statement and all other documents governing the investment and overall management of the Reserves.
- At least annually, review the Board-approved target for reserve levels for potential impact to the Investment Policy Statement or Asset Allocation Policy.
- At least once every three years, gather relevant input from the Board regarding risk tolerance and key Reserves portfolio characteristics, including but not limited to expected return, volatility and liquidity.
- Evaluate scenario analyses prepared by CFA Institute staff and any third-party consultant based on:
  - the projected future CFA Institute expense and liability projections prepared by CFA Institute staff, including and with respect to any expected strategic investments requiring distributions from the Reserves;
  - the operational risk and disaster risk scenarios that would result in needs for cash; and
  - the portfolio characteristics (including but not limited to expected return, volatility and other risk factors) of potential asset allocations.
- 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 Policy) or other applicable governing documents.

### Investment Performance, Investment Service Providers, and Costs

- Review the investment performance of the invested Reserves relative to their benchmarks on a quarterly basis.
- Monitor and evaluate investment service providers for the invested Reserves at least annually; such review shall include an assessment of such service providers' codes of ethics and conflict-of-interest policies as well as a consideration of whether any such service provider has agreed to be bound by any standards or codes of CFA Institute.
- Determine whether investment service providers with respect to the invested Reserves should be retained or replaced.

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

### **Oversight of Implementation of Investment Policy Statement**

- At least quarterly, ensure compliance with the Investment Policy Statement by verifying that Reserve balances are invested accordingly.
- Lead investment manager and fund selection in accordance with the Asset Allocation Policy in the Investment Policy Statement.
- Ensure operational functions, including but not limited to rebalancing and reserve funding, are performed appropriately by Treasury or its designee.

### **Selection of Investment Advisor**

- Ensure that a request for proposal (RFP) for an investment advisor for the Reserves is issued by Treasury once every five years, or earlier as the Committee deems appropriate.
- Evaluate RFP responses and engage a new (or retain the incumbent) investment advisor.
- At least annually, review the performance of the investment advisor for the Reserves, and determine whether the contract with such investment advisor should be renewed, terminated, or allowed to expire without renewal.

### **Other Duties and Responsibilities of the Committee**

- Review, at least annually, the Committee's charter and recommend any proposed changes to the Board for approval.
- Review, at least annually, the Investment Policy Statement (including the Asset Allocation Policy), and the Reserves Operating Guidelines, and recommend any proposed changes thereto to the Board for approval.
- Prepare and report to the Board the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter.
- Report formally to the Board at least annually on the Committee findings and recommendations.
- Be responsible to the Board and maintain minutes or other records of the Committee meetings and activities.

## **Authority to Engage Advisers**

The Committee has authority to retain advisers when it deems appropriate, and shall have authority to approve fees and terms of retention, without the prior permission of the Board or management, and shall be provided the necessary resources for such purpose. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser the Committee retains.

## **Executive Liaison**

The management liaison to the Committee is the Chief Financial Officer of CFA Institute.

Effective 24 October 2017