



# **INVESTMENT POLICY STATEMENT**

*For*

## **“ACAP Group”**

**11 May 2012**

*(Version: V6)*

## **Document History:**

| <b>Version</b> | <b>Approved Date</b>                            | <b>Revisions</b>   |
|----------------|---|--|
| 1              | 23 Feb 2010                                     | Initial Document was approved by Board of Directors  |
| 2              | 11 Aug 2010<br>(Approved by Board of Directors) | <ul style="list-style-type: none"> <li>• Added the responsibilities of the Executive Committee in page 4</li> <li>• Added a new responsibility of the Investment Committee in page 4</li> <li>• Added section on Leverage in page 8</li> <li>• Revised the Investment Authority Guidelines in page 10</li> </ul>   |
| 3              | 8 Nov 2010<br>(by Investment Committee)         | <ul style="list-style-type: none"> <li>• Revised the Investment Authority Guidelines in page 11 to cover Derivatives and for FX Rate</li> <li>• Revised the Investment Quality Criteria Guidelines in page 14 by adding Short-Term Credit Ratings</li> <li>• Revised Concentration Limit Guidelines in page 15 by adding footnote regarding timing of applying this limits</li> <li>• Revised the Quality Criteria Definitions in page 17 by adding the new more detailed table</li> </ul>   |
| 4              | 8 Feb 2011<br>(by Investment Committee)         | <ul style="list-style-type: none"> <li>• Revised Asset Allocation Guidelines, Suggested Allocation &amp; Upper Limit, in page 13.</li> <li>• Added Section on “Downgrade of Quality Criteria Rating Below Minimum Requirement” in page 8</li> <li>• Revised Allowable Instruments in page 14 to include foreign currencies and foreign currency funds</li> <li>• Revised Concentration Limit Guidelines in page 16 to include foreign currency and real estate property (under Alternative Assets)</li> <li>• Added Addendum 1: List of G-20 Currencies, in page 18</li> <li>• Revised Addendum 2: Quality Criteria Definitions, Fitch Short-Term Ratings, in page 19 to be correct</li> </ul> |
| 5              | 7 Feb 2012<br>(by Investment Committee)         | <ul style="list-style-type: none"> <li>• Added Authority of Executive Committee to approve all investments involving Structured Investments in Appendix 1</li> <li>• Added Structured Investment Products as Allowable Investment Instruments in Appendix 3</li> <li>• Added references throughout document to Structure Investment Products.</li> <li>• Revised Concentration Limits in Appendix 5 to remove</li> </ul>   |

|   |             |   |
|---|-------------|---|
|   |             | <p>maximum % of funds in any asset class that could be invested in one company or industry. These constraints were always violated due to portfolio being at a non-diversified stage. Revised Concentration Limits are based on Total Investable Assets.</p> <ul style="list-style-type: none"> <li>• Removed references throughout document to Investment Management Unit.</li> <li>• Made various language changes throughout document to ensure consistency.</li> <li>• Added: Investment Committee shall appoint a Secretary to the Investment Committee for a period of one year (p.7).</li> </ul> |
| 6 | 11 May 2012 | <ul style="list-style-type: none"> <li>• Revised the language to more clearly notify the scope of this Investment Policy to cover ACAP Group by changing from “ACAP” to “ACAP Group” in the Cover Page.</li> <li>• Added: Language to clearly notify that this Investment Policy covers ACAP &amp; Subsidiary Companies, in section 1 page 1.</li> <li>• Added: Appendix 1 “Name List of The Investment Committee Members” in page 15.</li> <li>• Re-organized the Investment Policy format and revised some language for more clear understanding.</li> </ul>  |

## Reviewed and Approved by:

| No | Investment Committee         | Signature | Date |
|----|------------------------------|-----------|------|
| 1. | Mr. James Landi              |           |      |
| 2. | Mr. Saringkarn Sutaschuto    |           |      |
| 3. | Mr. Chalermchai Sirinopawong |           |      |
| 4. | Dr. Vivat Vithoontien        |           |      |

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## 1. INTRODUCTION

This Investment Policy Statement document contains the investment policy, investment objectives and investment guidelines for ACAP Advisory Public Company Limited and its Subsidiary Companies (“ACAP Group”).

## 2. SCOPE OF INVESTMENT POLICY STATEMENT

- This Investment Policy Statement reflects the investment policy, objectives, constraints and guidelines of ACAP Group and shall be approved by the Board of Directors.
- This Investment Policy Statement does not include investments in the following:
  - Non-performing Loans or Non-performing Assets
  - Equity Investments in Existing or Newly Created Subsidiaries
  - Intercompany Transactions (i.e. Loans, Advances) Not Involving Outside Third Parties

## 3. PURPOSE OF INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding for all involved parties of the investment objectives for ACAP Group’s investable assets (“the Investable Assets”).
- Offer guidance and limitations regarding the investment of the Investable Assets.
- Establish a basis for reviewing and evaluating investment results.

In general, the purpose of this statement is to provide a broad outline of the philosophy and policies which shall guide the management of the Investable Assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet broad and flexible enough to be practical and useful.

## **4. ASSIGNMENT OF RESPONSIBILITIES**

It is the responsibility of following parties to perform the following duties, among others:

### **4.1 Board of Directors**

- Approve ACAP Group's Investment Policy Statement.
- Approve Changes to the Investment Policy Statement proposed by the Investment Committee.
- Approve Investment Proposals under the Investment Authority as Specified in Investment Authority Guidelines.
- Approve Changes to the Asset Allocation Guidelines.
- Approve Changes to the Allowable Investment Instruments.
- Approve Changes to the Investment Quality Criteria Guidelines.
- Approve Changes to the Concentration Limit Guidelines.
- Approve Changes to Investment Authority Guidelines.

### **4.2 Executive Committee**

- Appoint the Investment Committee and approve changes to the Investment Committee.
- Approve Investment Proposals under the Investment Authority as Specified in Investment Authority Guidelines.

### **4.3 The Investment Committee**

- Report in a timely manner all Approved Investment Proposals to the Executive Committee.
- Approve Investment Proposals under the Investment Authority as Specified in Investment Authority Guidelines.
- Conduct Regular Review of Investment Performance for Specific Investments and Investable Assets.
- Conduct "As Needed" Review of Investment Performance When an Investment has reached its Pre-determined Price or IRR Target.
- Review ACAP Group's Investment Policy Statement annually and Propose Changes to the Board of Directors.
- Review annually and propose changes to: Asset Allocation; Allowed Investment Instruments; Minimum Investment Quality Criteria; Investment Concentration Limits, etc.

The Investment Committee shall be composed of four members, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), one member of the Executive Committee and one member from ACAP's management with relevant knowledge and expertise in investment management and analysis.

**The Investment Committee and Secretary's terms of membership:**

| <b>Members of ACAP Group Investment Committee</b>   |  |  |
|---|--|--|
| 1. Chief Executive Officer                          | Indefinite   |  |
| 2. Chief Financial Officer                          |  |  |
| 3. One from Executive Committee                     | Appointed<br>Annually by the<br>Executive<br>Committee |  |
| 4. One from ACAP's Management                       |  |  |
| <b>Secretary of ACAP Group Investment Committee</b> |  |  |
| Secretary to the Investment Committee               |  |  |

**5. GENERAL INVESTMENT PRINCIPLES**

- Investment of the Investable Assets shall be made solely in the interest of the ACAP Group
- The Investable Assets shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
- Investment of the Investable Assets shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

## 6. INVESTMENT MANAGEMENT POLICY

- Preservation of Capital – Management of the Investable Assets shall be done in such a manner as to make reasonable efforts to preserve capital, understanding that losses may occur in individual securities or investments.
- Risk Aversion – It is understood that risk is present in all types of securities and investments and that some risk is necessary to meet ACAP Group’s investment objectives. However, reasonable efforts shall be made to control risk and shall be evaluated regularly to ensure that the risk assumed is commensurate with the investment objectives.
- Adherence to Asset Allocation Guidelines, Allowed Investment Instruments, Investment Quality Criteria Guidelines and Concentration Limit Guidelines – In making investments there shall be adherence to the limits indicated herein regarding the Investable Assets, in terms of allocation of among asset classes, allowed investment instruments, minimum investment quality criteria and investment concentration limits relating to investment type, issuer type and industry, etc.

## 7. INVESTMENT OBJECTIVE

The investment objective for the Investable Assets shall be *Growth of Capital*, meaning growth of principal via capital appreciation, interest income and dividends, while avoiding excessive risk, and shall apply to the aggregate of the Investable Assets.

Risk (i.e. volatility of investment returns) shall be tolerated to the extent it is consistent with the volatility experienced by investments similar to those in which the Investable Assets are invested, as evidenced by comparable indices. Risk shall be measured by the standard deviation of quarterly returns.



## **8. CONTROL MECHANISMS FOR INVESTMENT RISK**

Management of the Investable Assets is likely to involve one or more of the following investment risks: Market Risk; Credit Risk; Foreign Currency Risk; Interest Rate Risk; etc. Mechanisms shall be established and actions shall be undertaken to control such risks, including the following:

- Adhering to Investment Authority Guidelines
- Adhering to Asset Allocation Guidelines
- Adhering to Allowable Investment Instruments
- Adhering to Investment Quality Criteria Guidelines
- Adhering to Concentration Limit Guidelines
- Adhering to Predetermined Price or Investment Returns (IRR) Targets Above (*Sell Discipline to Realize Profit*) and Below (*Sell Discipline to Limit Loss - Stop/Loss*) the Purchase Price of the Investment.
- Overriding only by the Investment Committee of the Predetermined Price or IRR Targets (i.e. continuing to hold the investment requires approval of the Investment Committee).
- Hedging Investments that present the reasonable possibility of unacceptable foreign currency risks, interest rate risks, credit risks, etc.

## **9. DOWNGRADE OF QUALITY CRITERIA RATING TO BELOW MINIMUM REQUIREMENT**

Minimum quality criteria guidelines for allowable domestic and foreign cash, fixed income and equity investments are indicated in section 11.5.

If the credit rating, in case of an individual fixed income instrument, or equity rating, in case of an equity fund, is downgraded to below the minimum acceptable ratings (as indicated in section 11.5 “Investment Quality Criteria Guidelines”), then the Investment Committee shall develop a plan to sell the downgraded investment as soon as practical in a manner that minimizes any realized loss.

The approval required for such plan shall depend on the value of the investment in question and shall follow the Investment Authority Guidelines set out in section 12 “Investment Authority Guidelines”.

However, in case the downgrade applies to an individual fixed income security that is part of a fixed income fund investment, then the Investment Committee shall recommend any further action to be taken, considering the weight of the downgraded fixed income security in the fixed income fund investment.

## **10. MARKETABILITY OF ASSETS**

In general, the Investable Assets shall be invested in liquid instruments and securities, defined as instruments and securities that can be transacted quickly and efficiently with minimal impact on market price.

Exceptions to this principle are investments in structured investment products involving any asset class (i.e. domestic/foreign equities, domestic/foreign fixed income, alternative assets, etc.) as well as certain investments in the Alternative Asset class (i.e. real estate investments, and private equity and hedge fund investments, etc.). However, the proportion of Investable Assets allocated to the Alternative Asset class as a whole shall at no time exceed the limits indicated in section 11.1 “Asset Allocation Guidelines”.

## 11. INVESTMENT GUIDELINES

### 11.1 Asset Allocation Guidelines

The Asset Allocation Guidelines below may be changed from time to time depending on financial market conditions. Changes to the Asset Allocation Guidelines shall be proposed by the Investment Committee and shall be approved by the Board of Directors.

Additionally, the Asset Allocation Guidelines shall be reviewed annually by the Investment Committee.

Management of the Investable Assets shall be in accordance with the Asset Allocation limits indicated in the following table:

| <b>ASSET CLASS</b>                              | <b>LOWER LIMIT <sup>(1)</sup></b> | <b>SUGGESTED ALLOCATION</b> | <b>UPPER LIMIT<sup>(1)</sup></b> |
|---|-----------------------------------|-----------------------------|----------------------------------|
| <i>DOMESTIC CASH &amp; EQUIV.<sup>(2)</sup></i> | 100%                              | 50%                         | 10%                              |
| <i>DOMESTIC FIXED INCOME</i>                    | 0%                                | 10%                         | 20%                              |
| <i>DOMESTIC EQUITIES</i>                        | 0%                                | 10%                         | 25%                              |
| <i>FOREIGN FIXED INCOME</i>                     | 0%                                | 10%                         | 15%                              |
| <i>FOREIGN EQUITIES</i>                         | 0%                                | 10%                         | 15%                              |
| <i>ALTERNATIVE ASSETS</i>                       | 0%                                | 10%                         | 15%                              |

**Note**

<sup>(1)</sup> Lower & Upper Limits Apply To Domestic Fixed Income, Domestic Equities, Foreign Fixed Income and Foreign Equities & Alternative Assets.

<sup>(2)</sup> Asset Allocation to Domestic Cash & Equiv. can be set at 100% of total Investable Assets for liquidity management purposes and under conditions of extreme market disruption, as deemed appropriate by the Investment Committee.

## 11.2 Allowable Investment Instruments

The Allowable Investment Instruments does not include the following, as these investments are covered under different, separate policies (i.e. they are not governed under this Investment Policy Statement):

- Non-performing Loans or Non-performing Assets
- Equity Investments in Existing or Newly Created Subsidiaries
- Intercompany Transactions (i.e. Loans, Advances) Not Involving Outside Third Parties

The Allowable Investment Instruments may be changed from time to time depending on financial market conditions, new instrument/product introductions, etc. Changes to the Allowable Investment Instruments shall be proposed by the Investment Committee and shall be approved by the Board of Directors.

Additionally, the Allowable Investment Instruments shall be reviewed annually by the Investment Committee.

Management of the Investable Assets shall be in accordance with the Allowable Investment Instruments indicated in the following table:

| <b>ASSET CLASS</b>                    | <b>INSTRUMENTS<sup>(1) (2)</sup></b>  |
|---------------------------------------|---|
| <i>DOMESTIC CASH &amp; EQUIVALENT</i> | Short-term, Fixed Income Instruments Issued by the Government of Thailand (including Bank of Thailand) & Related Repo Transactions; Current, Savings, Time and Fixed Deposits at Thai Banks                         |
| <i>DOMESTIC FIXED INCOME</i>          | Medium & Long-term Instruments Issued by the Government of Thailand (including BOT & SOE Bonds); Money Market Funds, Corporate Bonds & Fixed Income Funds and Structured Investments involving any of the foregoing |
| <i>DOMESTIC EQUITIES</i>              | Large Cap Growth or Value Oriented Equity Securities or Equity Mutual Funds and Structured Investments involving any of the foregoing   |
| <i>FOREIGN FIXED INCOME</i>           | Foreign Currency Bank Deposits, Sovereign Bonds, Money Market Funds, Corporate Bonds & Fixed Income Funds and Structured Investments involving any of the foregoing   |
| <i>FOREIGN EQUITIES</i>               | Large Cap Growth or Value Oriented Equity Securities or Equity Mutual Funds and Structured Investments involving any of the foregoing   |
| <i>ALTERNATIVE ASSETS</i>             | Real Estate & Real Estate Funds, Commodities & Commodity Funds, Foreign Currencies & Foreign Currency Funds, Private Equity Funds, Hedge Funds and Structured Investments involving any of the foregoing            |

Note:

(1) Maturities of Fixed Income Instruments may vary from 1 day up to 5 years, as per the following definitions:

- Short-Term: 1 day to 3 Months
- Medium-Term: More than 3 Months to 1 Year
- Long-Term: More than 1 Year to 5 Years

(2) Foreign Currency denominated investments, such as foreign fixed income investments, foreign equities and foreign currencies and foreign currency funds, shall be limited to the currencies of the G-20 nations (see Appendix 3 for a list of the G-20 currencies).

*(Note: an exception to the foregoing shall be the Malaysian ringgit).*

### **11.3 Derivatives and Structured Investments**

Derivative contracts or instruments and structured investments may be utilized to the extent that they are required for purposes of reducing/hedging risks associated with investment of the Investable Assets. Such risks include, among others, market risk, foreign currency risk, interest rate risk, etc. Approval of the Executive Committee or Board of Directors (subject to the maximum Authority Level Limits indicated in Section 12 “Investment Authority Guidelines”) is required before entering into any investment of the Investable Assets involving derivative contracts, derivative-related instruments or structured investments.

### **11.4 Leverage**

Leverage may be utilized to the extent deemed reasonable and prudent, based on the risk and expected return for a particular investment. Approval of the Executive Committee or Board of Directors (subject to the maximum Authority Level Limits indicated in Section 12 “Investment Authority Guidelines”) is required before entering into any investment of the Investable Assets involving leverage.

### **11.5 Investment Quality Criteria Guidelines**

The Investment Quality Criteria Guidelines may be changed from time to time depending on financial market conditions. Changes to the Investment Quality Criteria Guidelines shall be proposed by the Investment Committee and shall be approved by the Board of Directors.

Additionally, the Investment Quality Criteria Guidelines shall be reviewed annually by the Investment Committee.

Management of the Investable Assets shall be in accordance with the Investment Quality Criteria Guidelines indicated in the following table.

|   |   |
|---|---|
| Domestic and Foreign Cash: <sup>(1)</sup>         | <ul style="list-style-type: none"> <li>• Thai Bank’s National Short-term Credit Ratings of “P-1” and “A-1” (equiv.) and Long-Term Credit Ratings of “A1” and “A+” (equiv.) or Higher</li> <li>• Foreign Bank’s International Short-term Credit Ratings of “P-1” and “A-1” (equiv.) and Long-Term Credit Ratings of “A1” and “A+” (equiv.) or Higher</li> </ul>  |
| Domestic and Foreign Fixed Income: <sup>(1)</sup> | <ul style="list-style-type: none"> <li>• Thai Issuer’s National Short-term Credit Ratings of “P-1” and “A-1” (equiv.) and Long-Term Credit Ratings of “A1” and “A+” (equiv.) or Higher</li> <li>• Foreign Issuer’s International Short-term Credit Ratings of “P-1” and “A-1” (equiv.) and Long-Term Credit Ratings of “A1” and “A+” (equiv.) or Higher</li> <li>• Money Market and Fixed Income Funds shall contain only securities that meet the above Short-term and Long-Term Credit Ratings criteria.</li> </ul> |
| Domestic and Foreign Equities: <sup>(2)</sup>     | <ul style="list-style-type: none"> <li>• Morningstar (or Lipper Analytical Services equiv.) Overall Rating of Four Stars <sup>(2)</sup> or Higher for Equity Mutual Funds</li> </ul>  |
| Alternative Assets: <sup>(3)</sup>                | <ul style="list-style-type: none"> <li>• Performance Rankings for 3 Years (or more) in Top Quartile versus Peers as ranked by a recognized rating service for the particular type of Alternative Asset Fund (i.e. Hedge Fund Research Index for Hedge Funds).</li> </ul>  |

**Note:**

- (1) Short-term & Long-term credit ratings may be from Standard & Poors, Moody’s, Fitch Ratings and/or Thai Rating and Information Service. See Appendix 4 for more information on ratings.
- (2) See Appendix 5 for more information on Morningstar ratings.
- (3) Various rankings depending on Fund type (i.e. Hedge Fund Research Index for Hedge Funds)

## 11.6 Concentration Limit Guidelines

The Concentration Limit Guidelines may be changed from time to time depending on financial market conditions. Changes to the Concentration Limit Guidelines shall be proposed by the Investment Committee and shall be approved by the Board of Directors.

Additionally, the Concentration Limit Guidelines shall be reviewed annually the Investment Committee.

Management of the Investable Assets shall be in accordance with the Concentration Limit Guidelines indicated in following the table:

| <b>ASSET</b>                   | <b>CONCENTRATION LIMITS</b>   |
|--------------------------------|---|
| <i>CASH &amp; EQUIVALENT</i>   | <ul style="list-style-type: none"><li>• Up to 100% of Investable Assets allocated to this asset class may be invested in Thai Government &amp; BOT Short-term, Fixed Income Instruments, combined.</li><li>• Not more than 25% of Investable Assets allocated to this asset class may be in accounts with any one Thai or Foreign Bank.</li></ul>   |
| <i>TOTAL INVESTABLE ASSETS</i> | <ul style="list-style-type: none"><li>• Not more than 15% of Total Investable Assets may be invested (via Corporate Bonds, Equity Securities, etc.) in any one company.</li><li>• Not more than 15% of Total Investable Assets may be invested in any one real estate property/project, commodity, foreign currency or structured investment.</li><li>• Not more than 25% of Total Investable Assets may be invested in any one industry, excluding the banking industry.</li></ul> |



## 12. INVESTMENT AUTHORITY GUIDELINES

Investment management of the Investable Assets shall be in accordance with the following Investment Authority Guidelines, which shall be reviewed annually by the Board of Directors:

| Authority Level      | Authority Limit to Approve Investment Proposals  |
|----------------------|--|
| Board of Directors   | Exceeding THB 100 mil. (≈USD 3.33 mil.) and up.  |
| Executive Committee  | Exceeding THB 30 mil. (≈USD 1 mil.) up to Maximum Value of THB 100 mil. (≈USD 3.33 mil.).  |
| Investment Committee | Maximum Value of THB 30 mil. (≈USD 1 mil.).<br><br>This excludes any Investment Proposals involving Derivatives, Derivative-Related Investments, Structured Investments or Leverage. |

| Exception Authority                       |  |
|---|--|
| Board of Directors or Executive Committee | <ul style="list-style-type: none"> <li>The Authority to Approve All Investment Proposals involving Derivatives, Derivative-Related Investments and Structured Investments as well as All Investment Proposals involving Leverage (in each case subject to the Maximum Authority Level Limits indicated above).</li> </ul>  |
| Investment Committee                      | <ul style="list-style-type: none"> <li>The Authority to Approve Investment Proposals up to the total amount of Investable Assets if the Investments are <i>solely in riskless Domestic Cash Assets, specifically in Short-Term, Fixed Income Instruments Issued by the <b>Thai Government</b> (i.e. Government of Thailand and Bank of Thailand).</i></li> </ul> |

### **13. INVESTMENT PERFORMANCE REVIEW**

Investment Performance Reports shall be prepared and reviewed by the Investment Committee for all Investable Assets. These investment performance reports shall be communicated in a timely manner to the Executive Committee and Risk Management Office for their reviews.

The investment performance of the total Investable Assets, as well as asset class components, shall 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 and guidelines as set forth in this statement.

Finally, to assure continued relevance of the objectives and policies as established in this statement of investment policy, the Investment Committee shall review the Investment Policy Statement annually and propose changes, if any, to the Board of Directors for its approval.

## **Appendix 1: Name List of The Investment Committee Members**

The Investment Committee and Secretary consist of the following persons:

| <b>No.</b> | <b>Investment Committee and Secretary's Names</b> | <b>Positions</b>                      |
|------------|---|---------------------------------------|
| 1          | Dr. Vivat Vithoontien                             | Chief Executive Officer (CEO)         |
| 2          | Mr. Chalermchai Sirinopawong                      | Chief Financial Officer (CFO)         |
| 3          | Mr. Saringkarn Sutaschuto                         | Executive Committee Member            |
| 4          | Mr. James Landi                                   | EVP-Risk Management Office            |
| 5          | Ms. Kanda Bunthammatit                            | Secretary to the Investment Committee |

## **Appendix 2: Information Content of Investment Proposals**

Investment Proposals shall, at a minimum, contain the following basic information.

|  |
|--|
| <ul style="list-style-type: none"><li>• Rational for the investment</li></ul>  |
| <ul style="list-style-type: none"><li>• Investment Meets all Constraints on Asset Allocation; Allowed Investment Instruments; Minimum Investment Quality Criteria; Investment Concentration Limits</li></ul>   |
| <ul style="list-style-type: none"><li>• Purchase Price, Recommended Size and Expected Holding Period of the Investment</li></ul>   |
| <ul style="list-style-type: none"><li>• Liquidity/Marketability of the Investment, especially for Investment in the Alternative Asset Class (i.e. Real Estate, Real Estate Funds, Private Equity Funds, Hedge Funds, etc.)</li></ul>   |
| <ul style="list-style-type: none"><li>• Proposed Exit Strategy: Predetermined Price or Investment Return Targets Above (<i>Sell Discipline to Realize Profit</i>) and Below (<i>Sell Discipline to Limit Loss - Stop/Loss</i>) the Purchase Price of the Investment.</li></ul> |
| <ul style="list-style-type: none"><li>• Expected Return on Investment</li></ul>  |
| <ul style="list-style-type: none"><li>• Analysis of All Risk Factors of the Investment, including Credit, Market, Foreign Currency, and Interest Rate Risks, among other Risks</li></ul>   |
| <ul style="list-style-type: none"><li>• Historical Returns on Similar Investments (i.e. Quarterly Returns and Standard Deviation of Returns for Past 3 Years)</li></ul>  |

The above Information Content of Investment Proposals may be changed from time to time depending on the requirements of the Investment Committee.

### **Appendix 3: List of Group of 20 (G-20) Countries and Currencies**

| <b>Regions</b>                 | <b>G-20 Country</b>  | <b>Currency</b>  |
|--------------------------------|--|--|
| <b>Africa</b>                  | <ul style="list-style-type: none"> <li>• South Africa</li> </ul>   | <ul style="list-style-type: none"> <li>• Rand</li> </ul>   |
| <b>North America</b>           | <ul style="list-style-type: none"> <li>• Canada</li> <li>• Mexico</li> <li>• United States</li> </ul>                              | <ul style="list-style-type: none"> <li>• Canadian Dollar</li> <li>• Mexican Peso</li> <li>• U.S. Dollar</li> </ul> |
| <b>South America</b>           | <ul style="list-style-type: none"> <li>• Argentina</li> <li>• Brazil</li> </ul>  | <ul style="list-style-type: none"> <li>• Argentine Peso</li> <li>• Brazilian Real</li> </ul>                       |
| <b>East Asia</b>               | <ul style="list-style-type: none"> <li>• China</li> <li>• Japan</li> <li>• South Korea</li> </ul>                                  | <ul style="list-style-type: none"> <li>• Yuan</li> <li>• Yen</li> <li>• Won</li> </ul>                             |
| <b>South / South East Asia</b> | <ul style="list-style-type: none"> <li>• India</li> <li>• Indonesia</li> </ul>   | <ul style="list-style-type: none"> <li>• Rupee</li> <li>• Rupiah</li> </ul>  |
| <b>Middle East</b>             | <ul style="list-style-type: none"> <li>• Saudi Arabia</li> </ul>   | <ul style="list-style-type: none"> <li>• Riyal</li> </ul>  |
| <b>Eurasia</b>                 | <ul style="list-style-type: none"> <li>• Russia</li> <li>• Turkey</li> </ul>   | <ul style="list-style-type: none"> <li>• Ruble</li> <li>• Turkish Lira</li> </ul>                                  |
| <b>Europe</b>                  | <ul style="list-style-type: none"> <li>• Europe Union (including France, Germany &amp; Italy)</li> <li>• United Kingdom</li> </ul> | <ul style="list-style-type: none"> <li>• Euro</li> <li>• British Pound</li> </ul>                                  |
| <b>Oceania</b>                 | <ul style="list-style-type: none"> <li>• Australia</li> </ul>  | <ul style="list-style-type: none"> <li>• Australian Dollar</li> </ul>  |

**Source:** [www.g20.utoronto.ca](http://www.g20.utoronto.ca)

**Appendix 4: Quality Criteria Definitions and Credit Ratings**  
**Definitions**

| Moody's   |            | S&P       |            | Fitch             |            |  |
|-----------|------------|-----------|------------|-------------------|------------|--|
| Long-term | Short-term | Long-term | Short-term | Long-term         | Short-term |  |
| Aaa       | P-1        | AAA       | A-1+       | AAA               | F1+        | Prime  |
| Aa1       |            | AA+       |            | AA+               |            | High grade                                   |
| Aa2       |            | AA        |            | AA                |            | Upper medium grade                           |
| Aa3       |            | AA-       | AA-        |                   |            |  |
| A1        |            | A+        | A-1        | A+                | F1         |  |
| A2        | P-2        | A         | A-2        | A                 | F2         | Lower medium grade                           |
| A3        |            | A-        |            | A-                |            |  |
| Baa1      | P-3        | BBB+      | A-3        | BBB+              | F3         | Non-investment grade speculative             |
| Baa2      |            | BBB       |            | BBB               |            |  |
| Baa3      |            | BBB-      |            | BBB-              |            |  |
| Ba1       | Not prime  | BB+       | B          | BB+               | B          | Highly speculative                           |
| Ba2       |            | BB        |            | BB                |            |  |
| Ba3       |            | BB-       |            | BB-               |            |  |
| B1        |            | B+        | B+         | Substantial risks |            |  |
| B2        |            | B         | B          |                   |            |  |
| B3        |            | B-        | B-         |                   |            |  |
| Caa1      | Not prime  | CCC+      | C          | CCC               | C          | Extremely speculative                        |
| Caa2      |            | CCC       |            |                   |            | In default with little prospect for recovery |
| Caa3      |            | CCC-      |            |                   |            |  |
| Ca        |            | CC        |            |                   |            | C  |
| C         | Not prime  | D         | /          | DDD               | /          | In default                                   |
| /         |            |           |            | DD                |            |  |
| /         |            |           |            | D                 |            |  |

*Minimum LT Credit Rating is A1 / A+*

*Minimum ST Credit Rating is P-1/A-1/F1*

**Source:** Moody's, S&P and Fitch corporate websites

## **Appendix 5: Morningstar Ratings**

### **Morningstar Ratings**

**Morningstar Rating for Funds:** Morningstar rates mutual funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods--three-, five-, and 10 years--and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

**Morningstar Risk:** An assessment of the variations in a fund's monthly returns in comparison to similar funds, with an emphasis on downward variation. The greater the variation, the larger the risk score. If two funds have the exact same return, the one with greater variations in its return is given the larger risk score. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average, and the top 10% High. Morningstar Risk is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

**Morningstar Return:** Morningstar return is an assessment of the fund's excess return over a risk-free rate (the return of the 90-day Treasury bill) in comparison to similar funds, with an emphasis on downward variation. Therefore, if two funds have precisely the same return, the one with greater variations in its return is given the larger risk score. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return, the next 22.5% Above Average, the middle 35% Average, the next 22.5% Below Average, and the bottom 10% Low. Morningstar Return is measured for up to three time periods (three-, five-, and 10-years). These separate measures are then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

Source: [www.morningstarthailand.com](http://www.morningstarthailand.com)