

**AARP Funds**  
**AARP Portfolios**  
**(each a “Trust” and, together, the “Trusts”)**

**GOVERNANCE COMMITTEE CHARTER**  
**(“Charter”)**

The Boards of Trustees (“Board”) of the Trusts have adopted this Charter to govern the activities of the Governance Committee of the Board. This Charter supersedes the Nominating and Governance Committee Charter previously adopted by the Board.

**I. PURPOSE**

The primary functions of the Governance Committee are to oversee the effective functioning of the Board and its committees and to identify and recommend individuals for membership as independent members on the Board.

**II. COMPOSITION**

The Governance Committee of each Trust (“Committee”) shall be composed solely of Trustees who are not “interested persons” (as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (“1940 Act”)) of the Trust, its investment advisers or principal underwriter and who do not receive any consulting, advisory or other compensatory fees from the Trust (“Independent Trustees”). Such Independent Trustees must also be free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the Committee.

Once constituted, the Committee shall appoint one of its members to serve as the Chairman of the Committee (“Chair”) to serve until such time that he or she resigns from such position, is no longer a member of the Committee or is removed by a majority vote of the members of the Committee or the Independent Trustees. The Committee shall promptly appoint a replacement to fill any vacancy in the position of the Chair.

**III. MEETINGS**

The Committee shall meet at such times as set forth in the Recurring Agenda of the Board, as amended from time to time, and at such other time or times as the Committee or Board may determine appropriate or necessary. The Committee shall ordinarily meet in person but members may attend meetings telephonically. The Committee may act by written consent, to the extent permitted by law and the Trusts’ by-laws. Special meetings may be called by the Chair or a majority of the members of the Committee upon reasonable notice to the other members of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The action of a majority of the members present at any meeting at which a quorum is present shall be the action of the Committee. Any action permitted to be taken by the Committee may be taken by written action signed by at least a majority of the members of the Committee. The Committee shall maintain minutes of its meetings.

#### IV. RESPONSIBILITIES

The Committee shall have the following specific responsibilities:

A. **Selection and Nomination of Independent Trustees.** The Committee shall periodically review the size and composition of the Board to determine whether it may be appropriate to add individuals with different backgrounds or skills from those already on the Board. The Committee shall nominate persons for election or appointment as Independent Trustees (i) as additions to the Board, (ii) to fill vacancies that, from time to time, may occur in the Board, and (iii) for election by shareholders of the Trusts at meetings called for the election of trustees, all in accordance with the procedures set forth in Appendix A entitled “Procedures for Nomination of Independent Trustees.” AARP Financial Inc. shall make recommendations for nominee candidates for Trustees who are not Independent Trustees.

B. **Chair of the Board.** The Committee shall nominate the Chair of the Board of the Trust.

C. **Board Evaluation.** The Committee shall review and evaluate at least annually the functioning of the Board and its various committees, including Board governance procedures, the effectiveness of the committee structure and the number of funds on whose boards the Trustees serve, and make recommendations to the full Board with respect thereto.

D. **Compensation.** The Committee shall review and make recommendations to the Board from time to time, regarding the compensation, if any, payable to the trustees and officers of the Trusts and to any other person whose compensation is required by law, rule, regulation or order to be approved or determined by the Board or a committee thereof. The Committee shall annually review such compensation, if any, and make any appropriate changes.

E. **Legal Counsel.** The Committee shall consider and oversee the selection and retention of outside independent legal counsel to the Independent Trustees in accordance with Rule 0-1(a)(6) and Rule 0-1(a)(7)(iii) under the 1940 Act. In making such selection, the Committee will examine and monitor such outside legal counsel’s client relationships in order to ascertain legal counsel’s continued independence

F. **Insurance.** At least annually, the Committee shall review the Trusts’ fidelity bond for appropriateness of the type and amount of coverage as well as the premium and the terms of any joint allocation agreement. At least annually, the Committee shall review the Trusts’ directors and officers errors and omissions insurance coverage for appropriateness of the type and amount of coverage as well as the premium and the terms of any joint allocation agreement.

G. **Proxy Voting.** At least annually, the Committee shall review the proxy voting policies and procedures of the Trusts.

**H. Shareholder Correspondence.** The Committee will review shareholder correspondence to the Board periodically and determine how to respond. Shareholders wishing to communicate with the Board should submit communications in written form to the attention of the Trusts' Secretary, at 650 F Street, N.W., Washington DC 20004. The Trusts' Secretary will maintain a copy of any such communication and promptly forward each such communication to the Committee. The Board will receive a quarterly summary of all shareholders correspondence to the Board received during the prior quarter, which summary shall specifically identify the substance of all such communications.

## **V. OTHER POWERS AND RESPONSIBILITIES**

- 1.** The Committee shall have the resources and authority appropriate to discharge its responsibilities, including authority to meet privately, to admit non-members individually by invitation and to retain special counsel and other experts or consultants at the expense of the appropriate funds.
- 2.** The Committee shall review this Charter periodically and recommend to the Board any revisions or modifications to this Charter that the Committee deems necessary or appropriate for the effective discharge of its responsibilities.

Adopted: May 15, 2009

## **APPENDIX A**

### ***Procedures for Nomination of Independent Trustees***

To qualify as a nominee for the Board, individuals, at the time of nomination, should:

- have substantial expertise, work experience or relationships that would contribute to the overall effectiveness of the Board, including the oversight of the Trusts and the protection of the interests of the Trusts' shareholders; and
- have a degree from an accredited university or college in the United States or the equivalent degree from an equivalent institution of higher learning in another country or a certification as a public accountant.

The Committee will disqualify nominee candidates that would cause the Trusts, as determined by the Committee in consultation with outside legal counsel to the Funds or the Independent Trustees, to be in violation of or not in compliance with:

- any applicable law, regulation, or regulatory interpretation,
- the applicable Funds' organizational documents, or
- any general policy adopted by the Board regarding the percentage of Board that would be comprised of Independent Trustees.

### ***Means of Evaluating Candidates***

In evaluating nominee candidates, the Committee may interview the nominee candidate and any references offered by the nominee candidate, and may use such other legal means as it deems helpful and appropriate. The Committee may also engage one or more third parties to conduct reference and background inquiries on nominee candidates. Each nominee candidate will be asked to complete an eligibility questionnaire that requests such information as may be necessary to determine the individual's eligibility to serve as an Independent Trustee, and his or her relationship with the Trusts and the Trusts' service providers, and any other facts that may be required to be disclosed in filings to be made with the Securities and Exchange Commission.

### ***Evaluation of Independence***

The Committee shall evaluate the qualifications of nominee candidates and their independence from any investment adviser or other principal service provider to the Trusts. The Committee shall also consider the effect of any relationships beyond those delineated in the 1940 Act that might impair or appear to impair the independence of a prospective Independent Trustee.

### ***Additional Qualifications***

In assessing the qualifications of a potential candidate for membership on the Board as an Independent Trustee, the Committee may consider the candidate's potential contribution in terms of experience and background to the operation of the Board and its committees; the candidate's other commitments and the impact such commitments may have to his/her service to the Trusts;

whether the Independent Trustee could qualify as an “audit committee financial expert” (“ACFE”); and any such other factors as it may deem relevant. All equally qualified nominees will be treated equally in consideration by the Committee.

***Consideration of Candidates Recommended by Shareholders - Minimum Qualifications of Nominees***

Nominees put forth by shareholders of the Trusts must comply with the requirements set forth below before the Committee will consider them.

Shareholders may submit for the Committee’s consideration, recommendations regarding potential Independent Trustee nominees. Each eligible shareholder may submit no more than one Independent Trustee nominee each calendar year.

In order for the Committee to consider shareholder submissions, the following requirements must be satisfied regarding the nominee:

- The nominee must satisfy all qualifications provided herein and in the applicable Trust’s organizational documents, including qualification as a possible Independent Trustee.
- Neither the nominee nor any immediate family member of the nominee is permitted to have accepted directly or indirectly, during the year of the election for which the nominee’s name was submitted, during the immediately preceding calendar year, or during the year when the nominee’s name was submitted, any consulting, advisory, or other compensatory fee from the nominating shareholder.
- A shareholder may not submit for consideration a nominee who has previously been considered by the Committee.

In order for the Committee to consider shareholder submissions, the following requirements must be satisfied regarding the shareholder submitting the proposed nominee:

- Any shareholder submitting a proposed nominee must beneficially own the applicable Trust’s securities that are eligible to vote both at the time of submission of the nominee and at the time of the Board member election. In addition, such securities must continue to be held through the date of the meeting. The nominating shareholder must also bear the economic risk of the investment and the securities cannot be held “short.”
- The nominating shareholder must also submit a certification which provides the number of shares which the person has (a) sole power to vote or direct the vote; (b) shared power to vote or direct the vote; (c) sole power to dispose or direct the disposition of such shares; and (d) shared power to dispose or direct the disposition of such shares.

Shareholders submitting proposed nominees must substantiate compliance with the above requirements at the time of submitting their proposed nominee as part of their written submission

to the attention of the Committee. This submission should be provided no later than the first calendar quarter of the current year and must include:

- The shareholder's contact information;
- The nominee's contact information and the number of applicable Trust shares owned by the proposed nominee;
- All information regarding the nominee that would be required to be disclosed in solicitations of proxies for elections of directors required by Regulation 14A of the Securities Exchange Act of 1934; and
- A notarized letter executed by the nominee, stating his or her intention to serve as a nominee and be named in the applicable Trust's proxy statement, if so designated by the Committee and the Trust's Board.

It shall be in the Committee's sole discretion whether to seek corrections of a deficient submission or to exclude a nominee from consideration.