

**Academy of Human Resource Development**

**INVESTMENT POLICY STATEMENT**

**I. Purpose**

The purpose of this statement is to provide a clear understanding between the Academy of Human Resources Development (AHRD) and members, donors, investment managers and other interested parties concerning the investment policies and objectives of AHRD assets. This statement outlines an overall philosophy that is specific, but is flexible enough to allow for changes in the economy, securities market and Academy of Human Resources Development. From this point on, AHRD shall be referenced to mean Academy of Human Resources Development.

**II. Delineation of Responsibilities:**

**A. AHRD Board of Directors**

The AHRD Board of Directors is charged with the authority of this policy Statement to hire and fire investment managers with the advice and upon the recommendation of the President of AHRD. The Board is responsible for all investments made by AHRD, but as a practical matter, will delegate day-to-day management of the assets to the Executive Director, investment managers and consultants hired for that purpose.

**B. President and Executive Director**

The AHRD President and Executive Director are charged with the direct oversight of investment managers when hired, asset allocation of the AHRD funds and oversight of outside consultants hired to assist the above.

**C. Consultants**

The Executive Director upon approval of the Board of Directors will designate an investment broker or financial advisor to act as consultant to AHRD regarding the investment of AHRD monetary assets. Their duties are, but not limited to, advice on asset allocation, screening and day-to-day monitoring of investment managers, independent reporting of investment results, custodianship of AHRD assets and any other duties the Board deems appropriate.

**III. Objectives:**

**A. Objectives**

The assets in excess of the Short-Term and the Operating account shall be deemed Long-Term Assets. These assets shall be invested in a prudent manner while allowing for flexibility due to changing market conditions. Annual rebalancing will occur to keep the long-term portfolio true to its determined asset allocation. The amount invested in long-term investments and the current investment strategy will be reviewed during

the year-end financial review at the AHRD Board of Directors meeting, or more frequently as requested by the President and/or Executive Director.

Mutual funds must meet the criteria of Morningstar Benchmarks and must be recommended 3 stars or above. Upon one quarter of lackluster peer performance and failing to continue as a leader in its specific sector, notification will come to the Executive Director and a proper recommendation will be derived. The goal is to maintain investment funds that rank amongst their peers in the upper quartile.

Approximately 40% of AHRD investments must be able to be liquidated within a period of 5 days. The remaining cash after long-term and operating account requirements are met, will be managed in SIPC insured money market or Certificate of Deposit investments.

AHRD will maintain a minimum 12 months of operating expenses in a fully liquid account insured by the Federal Deposit Insurance Corporation (FDIC).

#### **IV. Asset Allocation:**

The President in conjunction with the Executive Director will make the overall allocation of equities, fixed income and cash investments, as they deem appropriate. The investment managers will have discretion, within the guidelines and prohibitions below to make individual security and industry decisions within their own discipline. The prudent person rule will apply to individual securities, asset allocation and industry/sector weightings.

##### **A. Equity Securities**

Equity securities including equity mutual funds must be traded on the United States domestic over-the-counter markets. The investment manager should invest only in publicly traded securities. The use of proper due diligence, asset allocation and screening shall take place to remain compliant with investment objectives.

##### **B. Fixed Income Securities**

Fixed income securities may be U.S. Government and its Agencies, money markets, certificates of deposit, municipal debt, corporate debt, foreign debt, and preferred securities as well as convertible issues of U.S. dollars. The minimum credit quality rating as set by Standard and Poors (S&P) is "BB". Mutual funds conforming to the policy guidelines may be used to implement the investment program. The discretion of a laddered portfolio, maturities and duration are left to the decision of the investment manager in accordance with the objectives in section III.

##### **C. Cash and Equivalents**

Cash and cash equivalents may be invested directly in the money market mutual funds, commercial paper, banker's acceptance notes,

certificates of deposit and corporate notes. All investments must be in U.S. dollars.

**V. Prohibitions:**

The investment manager is prohibited from investing in letter stock, private placements, options, short sales, margin transactions, financial futures, or other specialized activities. No assets should be invested in speculative nature. Investments not specifically addressed by this statement are forbidden without the AHRD's written consent.

The investment policies and restriction presented in this statement serve as a framework to achieve the investment objectives at a level of risk deemed acceptable. These policies and restrictions are designed to minimize interfering with efforts to attain overall objectives, and to minimize excluding any appropriate investment opportunities.

**VI. Communications:**

Meetings between the Executive Director and the investment manager will be held quarterly and on a "when needed" basis. Annually, there will be a meeting between the Board of Directors and Executive Director at a location set by the AHRD. Investment reviews will be sent quarterly to individuals designated by the Executive Director. The investment manager is available for phone consultation on an as needed basis. In such instances that the investment manager is readily not available they will respond within 48 hours via phone call.

**VII. Amendments:**

Amendments to this policy statement are allowed, as needed, by the Executive Committee and Board of Directors. Any such amendment will be forwarded in writing to the investment manager.

*Approved by the AHRD BOD:*