

# Investment Policy

Wisconsin FFA Alumni Association, Inc.

(April 25, 1998)

All investments should be governed by the prudent man investment rule, meaning that, in general, a safe, conservative approach would be utilized by The Wisconsin FFA Alumni Association, Inc.

## **Purpose and Objective**

The purpose of this investment policy is to establish the guidelines and direction for the implementation of sound investment objectives by the Wisconsin FFA Alumni Association, Inc. The goal is to manage the investment portfolio for maximum return in a manner that is consistent with good investment practices and safety of principal, as well as time remaining until expenditure.

Specifically, the prioritized goals will be structured to the following guidelines:

1. To maximize total returns on all funds invested.
2. To preserve the safety and purchasing power of the funds invested.
3. To provide adequate liquidity through marketability and appropriate schedules of maturing investments, taking into account anticipated cash flow considerations.
4. To provide income for program support.

## **Responsibilities**

The Council is responsible for approving the investment policy. The Council possesses the authority to delegate the investment decisions to the joint Finance/Executive Committees and to authorize the President and Executive Secretary/Treasurer to administer the investment and care of Alumni funds in accordance with this statement of investment policy.

## **Investment Guidelines**

We recognize that establishing a proper asset mix or bond/stock ratio is the most important decision to be made in the investment process. The asset mix impacts both volatility and the actual rate of return on invested assets. The mix shall be established at a range of 30-70% equity-type investments and a range of 30-70% fixed-income-type investments. We recognize that the established asset mix is a framework or goal. However, we also recognize there will be times depending on economics, interest rates, and market projections, when we must temporarily depart from the mix establishment.

The overriding criteria for choosing an acceptable investment will be based on providing for #1 and #2 previously listed under "Purposes and Objectives."

In order to limit the amount of risk that the assets of the Alumni are exposed to, the following limitations are placed upon the investment of Alumni funds:

## **Acceptable Investments**

### Fixed-Income Investments

1. Direct or fully guaranteed obligations of the United States Government and United States Government Agencies.
2. Money market funds for short-term investments.

3. Negotiable obligations of corporations/municipalities such as bonds, debentures and notes of quality not less than "A" as assigned by Moody's Investor Service, the equivalent assigned by Standard & Poor's Corporation.
4. Commercial Paper of a quality not less than "A" as assigned by Moody's Investor Service or Standard & Poor's Corporation.
5. Bank Certificates of Deposit in an FDIC Insured institution.
6. Mutual funds containing debt-type instruments.

#### Equity Investment

1. Mutual funds containing equity-type securities.

#### **Investment Restrictions**

1. Short sales.
2. Purchases on margin.
3. All classes of securities of any corporation providing investment advice or investment services to the fund.
4. Purchase or sale of options.
5. Speculation on foreign currency.
6. Limited partnerships.

#### **Pooling of Funds for Investment**

Unless otherwise specified, all funds forming a part of the investment fund shall be invested on a pooled basis in one or more pooled investment accounts. Each separate fund or sub-account shall participate in the investment income gain or loss of the pooled investment accounts on the basis of the number of investment units held in each pooled account.

#### **Provisions for Exceptions**

In the event market conditions change too rapidly for an exception to be approved by the Council, the joint Finance/Executive Committees shall have discretionary powers as to nonrecurring exceptions to this policy provided all such exceptions are reported to the Council at the next regularly scheduled meeting.

#### **Review Procedure**

To remain current with Alumni financial activities, the Finance Committee shall receive and review all financial and investment reports on a quarterly basis and shall report to the Council with respect to how the financial policies are being implemented, through review of funds received, assets managed, relation of assets to policy, and performance of investments.

The President and Executive Secretary/Treasurer shall converse with the financial advisor on a quarterly basis to monitor investment activities. If required, the President and Executive Secretary/Treasurer shall call a meeting of the Finance Committee to review the investments.

The Finance Committee shall review all investment policies on an annual basis.