



## **INVESTMENT POLICY**

### **PURPOSE**

The purpose of this Investment Policy is to provide a clear statement of Common Threads' investment objective, to define the responsibilities of the Board of Directors (the "Board") and any other parties involved in managing Common Threads' investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

### **INVESTMENT OBJECTIVE**

The overall investment objective of Common Threads is to maximize the return on invested assets while minimizing risk and expenses.

### **GENERAL PROVISIONS**

- All transactions shall be for the sole benefit of Common Threads.
- At least annually, the Board shall conduct a review of Common Threads' investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of Common Threads' financial statements.
- Any investment that is not expressly permitted, without limitation, under this Policy must be formally reviewed and approved by the Board.
- The Board will operate Common Threads' investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.

## **BOARD RESPONSIBILITIES**

- The Board has ultimate responsibility for the investment and management of Common Threads' investment assets.
- The Board may delegate authority over Common Threads' investments to a Board Committee.
- The Board or Board Committee is authorized to hire investment consultants, investment managers, or other third party investment professionals to assist the Board in its decision making, provided that such parties agree to be bound by this investment policy. The Board or Board Committee is further authorized to terminate its engagement with third party investment professionals in its sole discretion.
- The Board or Board Committee is charged with the responsibility of managing investment assets. The specific responsibilities of the Board or the Board Committee, as applicable, include:
  1. Determining the Organization's risk tolerance and investment horizon and communicating these to the appropriate parties.
  2. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
  3. Prudently and diligently selecting qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s), as the Board deems necessary.
  4. Regularly evaluating adherence to policy guidelines and monitoring investment objective progress.
  5. Developing and enacting proper control procedures.

## **GENERAL INVESTMENT GUIDELINES**

- Common Threads' is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code, which should be taken into consideration when making investments.
- To the extent possible, all investments should be consistent with Common Threads' educational mission and values.

- Common Threads is expected to operate in perpetuity; therefore, a 3-year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
- A cash account, in accordance with the Common Threads Reserve policy, shall be maintained with a very low-risk tolerance to keep cash available for anticipated expenses.
- Transactions shall be executed at a reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- Permitted investments include (without limitation):
  - Cash and cash equivalents: FDIC insured certificates of deposit, FDIC insured money market accounts, U.S. government Treasury bills, corporate commercial paper
  - Securities: mortgage-backed securities issued by US Agencies, municipal bonds rated investment grade or higher by Moody's, S&P, or Fitch
  - Funds that invest solely in eligible securities listed above.
- Permitted investments include (with limitation):
  - Securities: marketable securities including equities and corporate bonds rated investment grade or higher by Moody's, S&P, or Fitch
  - Funds that invest solely in eligible securities listed above.
- The following transactions are prohibited: non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

## **PERFORMANCE**

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Organization and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on annual basis to allow for market fluctuations and volatility.

## **POLICY REVISIONS**

This policy is designed to be dynamic and amendable as the objectives and needs of Common Threads may change over time. This policy will be formally reviewed annually to determine if the objectives, constraints, and allocations are accurate. Additionally, any number of other changes may occur between reviews that would warrant a revision of this policy, including:

- A change in Common Threads' risk tolerance, timeline, tax status, or cash flow expectations
- Introduction of new investment vehicles
- A change in the objective of the portfolio
- The introduction of a new investment manager
- A change in management at Common Threads

## **REVIEW SCHEDULE**

Adopted March 28, 2019

Next review February 2021