

The Radburn Association Investment Policy Statement

Introduction

This statement of investment policy was adopted by the Board of Trustees of **The Radburn Association** on December 3, 2015, to provide for the creation of, and guidelines for the management of, various investment funds held by the organization. These policies supersede any and all prior actions regarding investment policies.

The positions and titles of The Manager (Manager), Treasurer (Treasurer), and Finance Committee (Finance Committee) are all defined in the Bylaws and documents of the **Radburn Association**.

For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools.

1. Short-term Reserve Fund
2. Long-term Reserve Fund
3. Endowment Fund

Procedures

The following procedures will be followed to ensure the investment policy statement is consistent with the mission of **The Radburn Association** and accurately reflects current financial conditions:

1. The Finance Committee shall review this investment policy annually.
2. The Finance Committee will recommend any changes in this policy to the Board of Trustees.

The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.

1. The Treasurer will recommend to the Board of Trustees the dollar amounts to be held in the Short-term Reserve Fund.
2. The Finance Committee will recommend to the Board of Trustees the dollar amounts to be held in the Long-Term Reserve Fund and Endowment Fund.

The Treasurer will make sure quarterly performance reports are prepared on all funds. The report will be presented to the Finance Committee at least semiannually. The Finance Committee will present an annual report to the Board of Trustees by October 31 of each year showing YTD (9/30/xx) and annual income and performance amounts. All funds will be evaluated at least semi-annually on a total return basis. The evaluation will be based on the stated investment goals

Delegation of Authority

The Finance Committee is responsible for directing and monitoring the investment management of the various investment fund assets on behalf of **The Radburn Association**. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Registered Investment Advisor (RIA), Investment Management Consultant, Investment Manager, Custodian, Financial Advisor, and additional specialists.

It is anticipated that the services of an RIA, or other specialist may be sought to manage portions of the Short-Term Reserve, Long-term Reserve and/or Endowment Funds. The following procedure shall be followed to engage a new or replace a current investment manager:

1. The Finance Committee will recommend the hiring or replacing of an investment professional to the Board of Trustees.
2. The Finance Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
3. The Finance Committee will review proposals and interview candidates to determine appropriate investment professional(s).
4. The Finance Committee will make the hiring recommendation to the Board of Trustees, who shall have the final approval.

Investment Objectives

The overall investment objectives are:

1. Income and growth at a reasonable price;
2. Liquidity; and
3. To optimize the investment return within the constraints listed.

Short-term Reserve Fund

Purpose

The purpose of the Short-term Reserve Fund (STRF) is to meet the expenses occurring as a result of unanticipated activities and capital expenditures and to improve the return on the funds held for expenditure for up to five years. 50% of the yearly dividend and interest will be utilized to reduce **The Radburn Association** Fund Charge in the following calendar year.

Investment Objectives

The investment objectives of the STRF are:

1. Preservation of capital;
2. Liquidity; and
3. To optimize the investment return within the constraints above.

Investment Guidelines

The Manager and Treasurer, together, may direct or invest the STRF, in any or all of the following;

1. Interest bearing savings account;
2. Certificates of Deposit (CD) in institutions insured by the FDIC held in a Bank or Brokerage institution. The FIS rating of the CD's must be less than 2.0, or have an IDC rating of greater than 150;
3. Money market funds that invest in government backed securities;
4. Insured interest bearing checking accounts;
5. Direct obligations of the U.S. Government, its agencies and instrumentalities;
6. Mutual funds and/or Exchange Traded Funds (ETF) that invest in direct obligations of the U.S. Government, its agencies and instrumentalities.

Maturity

The STRF shall have a weighted average maturity of three years or less. The maximum maturity of any individual investment shall be 5 years. Mutual funds/ETFs must have an average maturity of less than 5 years.

Long-term Reserve Fund

Purpose

The purpose of the Long-term Reserve Fund (LTRF) is to provide secure long-term funding for the mission of **The Radburn Association**. The assets of the (LTRF shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Trustees. Expenditure of the principal is board designated in part or in whole. 50% of the yearly dividend and interest will be utilized to reduce **The Radburn Association** Fund Charge in the following year.

Investment Objectives

In order to meet its needs, the investment strategy of the LTRF is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the LTRF shall be:

1. Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
2. Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of assets.

Risk control is an important element in the investment of assets.

Investment Guidelines

General Principles

1. The Manager and Treasurer, together, may direct or invest the LTRF
2. in the interest of **The Radburn Association** The assets shall be invested using what is referred to as the Prudent Investor Rule.
3. Cash should be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

Specific Investment Goals

Over the investment time horizon established it is the goal of the Long-term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index. The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

Diversification

Investment management of the assets of the Long-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	60%
Fixed Income	30%	60%
Cash Equivalents	0%	20%

The Finance Committee will meet annually to monitor and reevaluate investment allocations, in reference to the LTRF asset classes.

Allowable Investments

The LTRF requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Long-term Reserve Fund, with minimal impact on market price.

1. Cash Equivalents

- a. Treasury bills/notes;
- b. Money market funds;
- c. Insured savings accounts;
- d. Commercial paper;
- e. Certificates of Deposit (CD) in institutions insured by the FDIC held in a Bank or Brokerage institution. The FIS rating of the CD's must be less than 2.0, or have an IDC rating of greater than 150.

2. Fixed Income Securities

- a. U.S. Government and Agency securities;
- b. Corporate notes and bonds (investment grade, rated by Moody's at least BBB);
- c. Mortgage-backed bonds;
- d. Preferred stock rated by Moody's at least BBB or better;
- e. Taxable Municipals rated by Moody's at least BBB or better.

3. Equity Securities

- a. Common stocks (US or International);
- b. Convertible notes and bond;
- c. Convertible preferred stocks (rated BBB by Moody's or better);
- d. American Depository Receipts of non-US companies (ADRs).

4. Mutual Funds or Exchange Traded Funds (ETFs) that invest in securities as allowed in this statement

To ensure marketability and liquidity, equity investments shall be executed through US nationally recognized exchanges such as the New York Stock Exchange, Euronext and NASDAQ.

Endowment Fund

Purpose

The purpose of the Endowment Fund (EF) is to provide permanent funding for the mission of **The Radburn Association**. The assets of the EF shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Trustees. The principal and earnings are permanent and irrevocable; thus it can never be spent.

Investment Objectives

In order to meet its needs, the investment strategy of the EF is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of the Endowment Fund shall be:

1. Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index anticipated, though management should strive to contain it.

2. Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets.

Risk control is an important element in the investment of assets.

Investment Guidelines

General Principles

1. The Manager and Treasurer, together, may direct or invest the EF, in the interest of **The Radburn Association**
2. The assets shall be invested using what is referred to as the Prudent Investor Rule.
3. Cash should be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return

Specific Investment Goals

Over the investment time horizon established it is the goal of the EF assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index.

The goal of the RIA shall be to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principles stated above.

Diversification

Investment management of the assets of the EF shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	60%
Fixed Income	30%	60%
Cash Equivalents	0%	20%

The Finance Committee will meet annually to monitor and reevaluate investment allocation in reference to the EF asset classes.

Allowable Assets

The EF requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently with minimal impact on market price.

1. Cash Equivalents

- a. Treasury bills/notes
- b. Money market funds
- c. Commercial paper
- d. Certificates of Deposit (CD) in institutions insured by the FDIC held in a Bank or Brokerage institution. The FIS rating of the CD's must be less than 2.0, or have an IDC rating of greater than 150.

2. Fixed Income Securities

- a. U.S. Government and Agency securities;
- b. Corporate notes and bonds (investment grade, rated by Moody's at least BBB);
- c. Mortgage-backed bonds;
- d. Preferred stock rated by Moody's at least BBB or better;
- e. Taxable Municipals rated by Moody's at least BBB or better.

3. Equity Securities

- a. Common stocks (US or International);
- b. Convertible notes and bond;
- c. Convertible preferred stocks (rated BBB by Moody's or better);
- d. American Depository Receipts of non-US companies (ADRs).

4. Mutual Funds or Exchange Traded Funds (ETFs) that invest in securities as allowed in this statement

To ensure marketability and liquidity, equity investments shall be executed through US nationally recognized exchanges such as the New York Stock Exchange, Euronext and NASDAQ.