The Accelerated Schools
Investment Policy Statement
draft October 2019

I. Purpose & Scope

The purpose of this Investment Policy Statement is to foster a clear understanding of the overall investment objectives, policies and guidelines among all relevant parties, and govern the activities related to the management of The Accelerated Schools' investment portfolios. The provision of this policy shall apply to all funds invested by the School. Deviations from this policy must be promptly communicated to and approved by the Finance Committee of the School's Board of Directors.

II. Definition of Duties

The Policy is designed to:

A. Designate responsibility for investing and reporting and provide appropriate authorizations to those individuals
B. Provide investment parameters and limitations

The following designees are assigned certain roles and responsibilities:

A. The Board of Trustees
The members of the Board are responsible, as Trustees and fiduciaries, for the proper oversight of the Schools' investment-related activities. The Board recognizes that event though investments are subject to short-term volatility, the Board intends to maintain a long-term investment focus.

B. Chief Financial Officer/Treasurer
The CFO's primary responsibility is to supervise and direct the operations of the investments in accordance to Board resolutions.

C. Investment Managers
The Investment manager's primary responsibility is to monitor the Schools' investment portfolios in accordance with the Investment Policy Statement.

III. Objectives

To set forth the purpose, goals and guidelines regarding the investment of operating funds for the School. These funds are to be invested in a manner that:

A. Preserves capital
B. Provides liquidity
C. Maintains appropriate diversification
D. Generates returns relative to these guidelines and prevailing market conditions

IV. Strategic Asset Allocation Framework

The School's investment portfolio shall be maintained in a manner that minimizes risk of the invested capital. These risks include credit risk, interest rate risk and concentration risk (e.g. geographic; asset class; industry; etc.) The portfolio shall also generate a reasonable return given the risk and liquidity guidelines. The primary goal of the Policy and all investments governed by it, is to support the current operations of The School, to preserve and provide long-term growth of the investments. To accomplish this, funds will be segregated into three categories:

A. Short-term (savings) Account
The primary objective of this account is to meet the day-to-day operational needs of the School. At least 3

months of operating costs shall be invested in these accounts. The CFO shall have authority to transfer these funds as needed to the Schools' Operating Accounts in order to meet daily operational needs. At least two signatures are required to transfer funds out of these accounts.
All funds in this account should be invested for capital preservation and liquidity.

B. Reserve Account/Intermediate Account
The primary objective of this account is to fund special projects, planned plant improvements and unforeseen or unplanned expenditures, as deemed by the Board.
The Finance Committee shall review the accounts at least on a semi-annual basis. Board authority is required to transfer funds out of these accounts.

C. Long-term Investment Portfolio
The primary objective of this account is to achieve long-term growth of principal while minimizing risk. The volatility of the portfolio should be consistent with the School's investment approach, asset allocation, the volatility of the comparable market index, and the long-term strategy for growth.
The Finance Committee shall review these accounts on an semi-annual basis. Board authority is required to transfer funds in and out of these accounts.

V. Investment Objectives

The Schools' primary investment objectives, in order of priority, are:
1) Safety - the preservation of principal
2) Liquidity - maintaining enough liquidity to meet its cash flow needs, and
3) Yield - achieving a reasonable rate of return on public funds, while minimizing the potential for capital losses.

A. Safety: Preservation of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate credit or default risk, interest rate risk, and market risk, as summarized below.

Credit or Default Risk – The risk of loss due to the failure of the security issuer and/or guarantor, or backer, may be mitigated by:

1. Limiting purchases to the safest types of investments,
2. Diversifying the investment portfolio among a variety of securities offering independent returns to minimize any potential losses on individual securities,
3. Avoiding the concentration of investments in any one specific security type or asset class, in any one financial institution, or in any one specific geographic area or industry,
4. Pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisers with which the School does business and ensuring competitive transaction pricing.

Interest Rate Risk – The risk that the market value of securities will fall as interest rates rise in the general market may be mitigated by:

1. Holding individual securities to maturity: i.e. structuring the investment portfolio to match the timing of cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
2. Employing a laddering strategy: i.e. staggering maturities of individual securities to provide incremental liquidity over a time horizon;
3. Investing an appropriate level of operating funds in money market mutual funds, or similar investment pools, which provide for same or next day access to cash.

Market Risk - The risk of market value fluctuations or volatility may be mitigated by:

1. Purchasing securities which are readily tradable in active secondary markets, rather than in thinly traded markets;
2. Maintaining prudent duration levels;
3. Staggering investment maturity dates over a desired overall duration target.

For more guidance please refer to Appendix Part II.

B. Liquidity: The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements. This is accomplished by structuring the portfolio so that securities mature concurrently with the anticipated operational demands. Furthermore, since all possible cash demands cannot be anticipated, it is recommended that a portion of the portfolio consist of money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds, and/or securities with active secondary or resale markets.

C. Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. In so far as the School generally maintains a "Buy-and-Hold" investment posture (one that avoids disposing of security positions prior to scheduled maturity) securities shall not be sold prior to maturity with the following exceptions:
   1. A declining credit security which could be sold early to minimize loss of principal;
   2. Liquidity needs of the portfolio that require the security be sold;
   3. A capital gain that would be realized to better position the overall portfolio to achieve investment policy goals.

VI. Responsible Investing

It is the responsibility of the Finance Committee to ensure that the social and ethical goals of the School are reflected in the portfolio. The Committee may issue periodic restrictions of specific investments.

VII. Spending Policy

This Spending Policy recognizes the definition of income as the Total Return concept. Income will include not only interest and dividends, but also include increases and/or decreases in the market value of the endowed assets. Market value fluctuations are included as an integral part of investment returns. This Spending Policy also separates or de-links the investment decisions regarding asset allocation of the portfolio from the identified cash flow needs.

Distribution from any newly created Long-Term Investment Fund will not commence prior to obtaining a minimum of $100,000 in assets in the Fund.

Spending rates may be adjusted, or distributions ceased in poor investment years.

The School is authorized to distribute 5% of a three-year moving average of the market value of the fund. Based on expectations for long-term returns and inflation, the general investment guideline for the funds will be in, or the equivalent of, an asset allocation portfolio equal to approximately 60% in equities and 40% in fixed income in Reserve and Long-Term portfolios.

VIII. Monitoring and Review Process

The School's' Finance Committee (the "Committee") shall serve as the Investment Committee of the Board of Trustees (the "Board") and shall assist in the fulfillment of the Board's fiduciary responsibilities to safeguard the assets of the School while maximizing the return on those assets.

The specific responsibilities of the Committee include, but are not limited to:

A. Review and evaluate investment portfolio composition and performance.
B. Provide investment direction to the Chief Financial Officer (CFO) and/or investment manager(s) for funds.
C. Review status of the investment portfolio quarterly and report investment performance to the Board at least twice annually.
D. Monitor compliance with all investment policies of the School.
E. Make recommendations to the Board regarding investment policy, including risk tolerance and asset allocation, and allocation of investments between the Enhanced Liquidity Portfolio and the Long-term Investment Portfolio.
F. Interview, recommend and discuss retention of potential Investment Managers when deemed appropriate.
G. Review the Policy on an annual basis, or more often as necessary, to ensure continued accuracy, appropriateness and consistency with the mission and financial goals of the School.
H. Under the direction of the Committee, the School's CFO shall have the authority to act on behalf of the School to communicate and authorize investment transactions with all financial institutions in accordance with this Policy.

Investment Managers

The Board may engage professional Investment Managers to manage and supervise investment assets in accordance with the objectives and parameters of this Policy. All Investment Managers are hired and discharged by the Board in consultation with the Finance Committee.

Responsibilities of Investment Managers

A. Adherence to this Policy
B. Investment Manager is required to observe the specific limitations, guidelines, attitudes, and philosophies stated herein or as expressed in any written amendments or instructions;
C. Investment Managers' acceptance of the responsibility of managing these funds will constitute a ratification of this Policy, affirming its belief that it is realistically capable of achieving the investment guidelines and limitations stated herein.
D. Investment Managers may be authorized to act on the organization' s behalf, with full or limited discretion, in the following areas:
    a. Determination of portfolio composition through the selection, purchase and sale of securities;
    b. Selection and use of sub-advisors as needed to build a diversified portfolio;
    c. Broker-dealer selection for securities transactions and custody; Voting securities and executing proxies.
    d. Investment Managers will provide the Committee with its written proxy policy and annually submit a report to the Finance Committee regarding outcomes of votes.
    e. Investment Managers are directed to keep all transactions related to the School's portfolio and investments confidential, not disclosing any information to any party not affiliated with the Investment Manager without prior consent of the Finance Committee or Board.

Investment Manager Performance Monitoring and Reporting Responsibilities
Investment Managers will provide monthly statements of activity related to the School's portfolio to the CFO. The status of the investment portfolio shall always be available to the CFO. Reports will include a complete listing of the securities held, market price, purchase price, maturity dates, credit ratings and yield analysis.

On a quarterly basis, Investment Managers will meet with the Finance Committee to:

A. Review past, present and prospective economic and market conditions, review the impact of these influences on the portfolio and performance, and discuss the positioning of portfolio investments to manage risk and maximize return.
B. Review the portfolio's investment philosophy considering current and perceived economic and market conditions and discuss any suggestions where appropriate.
C. Review any significant changes in personnel, management or ownership of the Investment Manager.
D. Disclose any conflicts of interest.

Investment Managers will be expected to keep the School informed on a timely basis of major changes in its investment outlook, investment strategy, asset allocation, and other matters affecting its investment policies or philosophy.

All investment management fees shall be clearly spelled out in writing.

IX. Acknowledgement

We recognize the importance of adhering to the mission and strategies detailed in this policy and agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability.

Custody

All institutions with whom the School is permitted to place investments are eligible to provide custodial services. The School will use custody services provided by [investment manager].
Prior to contracting for custodial services, the external investment manager, broker-dealer or third-party custodian must agree to provide reporting as required by the organization in this policy along with an annual SAS 70 or similar statement.

The School:	**Accepted by** (Investment Manager)
By:____________________________________	By:____________________________________
Name:_________________________________	Name:_________________________________
Title:__________________________________	Title:__________________________________

Appendix: Asset role strategy statement

The following investment types, minimum credit ratings, percentage limitations and maturity restrictions are approved:

I. Asset Allocations

		LIQUIDITY LEVEL		
ALLOCATION	ASSET CLASS	HIGHLY LIQUID / LIQUID	SEMI-LIQUID / ILLIQUID	HIGHLY ILLIQUID
Equity				
20.0%	Global equity	100%	0%	0%
5.0%	Emerging markets equity	100%	0%	0%
Fixed income				
8.0%	Core fixed income	100%	0%	0%
2.0%	Global fixed income	100%	0%	0%
2.5%	Cash and cash equivalents	100%	0%	0%
5.0%	Global high yield debt	100%	0%	0%
5.0%	Emerging markets debt	100%	0%	0%
Alternatives				
5.0%	Long / short hedge funds	100%	0%	0%
15.0%	Non-directional hedge funds	50%	50%	0%
4.0%	Commodities	100%	0%	0%
3.0%	Global listed infrastructure	100%	0%	0%
3.0%	Global listed real estate	100%	0%	0%
7.5%	Private equity	0%	20%	80%
15.0%	Private real estate	0%	60%	40%
100%	TOTAL WEIGHTED AVERAGE	70%	18%	12%

	PORTFOLIO ROLE	STRATEGIC ASSET ALLOCATION	APPROVED RANGES
Growth		55.0%	45% – 70%
Asset class	U.S. equity	20.0%	15% – 25%
Asset class	Non-U.S. equity developed	15.0%	10% – 15%
Asset class	Emerging markets equity	6.0%	0% – 10%
Asset class	Hedge funds: Long / short equities	5.0%	0% – 10%
Asset class	Infrastructure: Listed	5.0%	0% – 5%
Asset class	Real estate: Listed	4.0%	0% – 5%
Return enhancement		15.5%	0% – 35%
Asset class	High yield fixed income	5.0%	0% – 5%
Asset class	Emerging markets debt	0.0%	0% – 5%
Asset class	Distressed debt	0.0%	0% – 5%
Asset class	Real estate: Private non-core real estate	0.0%	0% – 5%
Asset class	Hedge funds: Event driven hedge funds	2.5%	0% – 5%
Asset class	Private capital	8.0%	0% – 10%
Risk reduction / diversification		29.5%	5% – 30%
Asset class	U.S. core fixed income	10.0%	5% – 15%
Asset class	Global fixed income	5.0%	0% – 10%
Asset class	Real estate: Private core real estate	7.0%	0% – 10%
Asset class	Commodities	5.0%	0% – 5%
Asset class	Hedge funds: Relative value, tactical trading	2.5%	0% – 5%
Asset class	Cash / short duration	0.0%	0% – 5%
	PORTFOLIO TOTAL	100.0%	

II. Prohibited Instruments or Transactions Account

Investment Managers shall have powers of investment discretion within the guidelines set forth in this Policy. However, the following assets and/or transactions are prohibited and may not be consummated without prior written authority of the Board.

A. Private placements, limited partnerships, or unregistered securities.
B. Securities of the Investment Manager, its parent, affiliates or subsidiaries.
C. Equity securities of any company with a record of less than three (3) years continuous operations, including the operations of any predecessor. (Spin-offs from existing publicly-traded entities are permitted).
D. Direct purchase of commodity contracts, including futures contracts, or options on commodity contracts.
E. Purchase of investments on margin.
F. Short sale of securities or holding short positions.
G. Contracted Investment Managers acting as principal in any transaction
H. Investment Managers dealing in their own interest or for their own account.
I. The lending or hypothecating of any securities in the portfolio.
J. Investment Managers shall not act in any capacity in any transaction involving the School's portfolio assets on behalf of any other party whose interests are harmful to the interests of the School
K. Investment Managers shall not receive any compensation for their own accounts from any party as a result of performing a transaction or series of transactions on the School's investments account or accounts.

III. Out of Compliance Investments

Investment manager must inform the CFO within 10 days if Investments that fall out of compliance with the above guidelines will be assessed on an individual basis. Corrective action, if any, may range from immediate disposition of the investment to continued holding and monitoring of the security and will be determined by the CFO in consultation with the Treasurer. The Finance Committee must be notified within 10 days of the date of non-compliance.