

**AMERICAN IRIS SOCIETY
PROPOSED INVESTMENT POLICY**

Up to \$500,000 Investment Funds -

The Investment Policy of the American Iris Society (the Society) is adopted by the Board of Directors for the purpose of establishing investment management policies to fulfill the Society's goals and objectives and executed by the AIS Finance Committee.

GOALS AND OBJECTIVES

The investment goal is to achieve moderate growth and current income over time. Annual investment earnings will be used for the Society's general unrestricted operations unless so designated by the Board. Any capital gains will be returned to investment capital and will not be considered a part of earnings.

The investment objective is a real (after inflation) total return of 5% per annum over a five-year rolling period.

Asset allocation will be a significant factor in meeting the Society's objectives. Excluding an amount of cash reserved for paying operating expenses, the allocation of investments into a diversification of asset types will be set to generate a real total annual return of 5%.

Assets will be diversified into different asset classes and investment styles (i.e. value, growth, dividend stocks, large-cap, mid-cap, small-cap etc.) by the AIS Finance Committee.

ALLOCATION POLICY

The dollar amount of investable assets will be determined annually by the Society's Finance Committee and ratified by the Board of Directors.. Assets will be invested into mutual funds, equity securities, fixed income securities, and cash and cash equivalents meeting the criteria described below.

ALLOCATION RANGE TABLE

INVESTMENT TYPE	ALLOCATION RANGE ¹
Cash	0 to 20%
Income	0 to 50%
Growth and Income	0 to 75%
Growth	0 to 35%
Aggressive	0 to 15%

The categories may grow an additional 10% above the allocation range before the AIS Finance Committee **must** opt to sell some of the holdings within that category to bring it back down within the allocation range.

DEFINITIONS OF INVESTMENT TYPES

Cash: Cash or cash equivalents such as Treasury Bills, Money Market Funds, and Certificates of Deposit.

Income: U.S Government and Agency securities, Corporate Notes and Bonds, Preferred stock and Bond funds containing government bonds, municipal bonds, corporate bonds or predominantly investment grade bonds.

Growth and Income: Common Stock, Convertible Notes and Bonds, Convertible Preferred stock, and Stock funds of primarily large cap stocks that pay a relatively significant dividend, “balanced funds” composed of stocks and bonds.

Growth: Stock funds of large cap stocks that pay no dividend or a relatively insignificant dividend

Aggressive: Stock funds of midcap or small cap stocks, bond funds containing primarily high yield bonds or other funds deemed to be of high risk by the Board of Directors.

MUTUAL FUND SELECTION CRITERIA

1. The Board of Directors will not delegate discretionary authority to any broker/dealer or bank. The AIS Treasurer and President will have joint authority to approve purchase and or sale of investments. These two officers together may elect to replace or liquidate any mutual fund at any time for any reason deemed consistent with the goals and objectives of the Society. In the event one of these officers is unavailable, the AIS 1st Vice President will fill in.
2. No more than 25% of total mutual fund investments will be in any single fund.
3. A majority of the AIS Finance Committee will determine the suitability and quality of the investments with an emphasis on long-term track record (i.e. 5 years or more) and over short-term track record (i.e. 1 year or less) and risk.
4. At least annually, or more frequently as market conditions dictate, the AIS Finance Committee will formally review all current investments for suitability and quality. Any individual mutual fund that has had its Morningstar Fund Overall Rating or Morningstar Category Rating reduced will be subject to particular scrutiny. Each mutual fund invested will have had a Morningstar rating of 3 stars or better at any point during the trailing 12 month period. Any investment that has fallen out of compliance with this policy will be considered for disengagement, and will be disengaged if compliance is not achieved within 6 to 12 months of falling out of compliance.

REVIEW POLICY

The Investment Allocation Range is to be reviewed annually by the AIS Finance Committee and rebalanced as agreed upon by a majority of its members and ratified by the AIS Board of Directors.

Dated 10-30-19