

AMERICAN IRIS SOCIETY INVESTMENT POLICY AND IMPLEMENTATION PLAN

This Investment Policy of the American Iris Society is to be adopted at the Fall 2017 Board Meeting. It will replace previous policies which limited the Treasurer to invest available cash in government insured Certificates of Deposit or Mutual Funds which invested solely in those types of instruments. The Society has suffered through about 10 years of low interest rates and continued waiting for rising interest rates doesn't seem productive. In addition with the donation from the Gerald Richardson estate, the Society has cash in excess of its month to month needs.

The investment goal is to achieve moderate growth and current income over time. Annual investment earnings will be used to first make the annual contribution of \$1,800 to the Rainy Day Restricted Fund. Amounts earned in excess of the \$1,800 will be re-invested. Also any capital gains will be re-invested.

The investment objective is to achieve (after adjusting for inflation) a total return of 5% annually over a five year rolling period.

Our funds consist of a: 1) General Fund that is comprised of a number of checking accounts and Edward Jones products and 2) a collection of Restricted Funds where money has been set aside by Board of Directors actions so that the principal is preserved for specified purposes. One of these Restricted Funds has been granted the title "Permanently Restricted". That is the Life Membership Dues Fund. That Fund Balance (as of 9/30/17 \$102,580.74) is to be largely invested in Growth and Income stocks. These will mutual funds that invest in large-cap (greater than \$10 billion in capitalization) There are currently Restricted Funds Investments sufficient to accomplish this and the Life Membership Dues Fund typically doesn't have cash activity unless a new life member is added. That has become quite rare.

The Temporarily Restricted Funds typically have cash activity (in and out) during the year. They are collectively unfunded by about \$35,000 meaning we have drawn down investments in the past to meet cash needs. As part of the implementation of this policy Unrestricted cash will be dedicated to cure this problem. Here Money Market Accounts and Certificates of Deposit will be used in such a way as to earn interest while continuing to meet the cash requirements of the Funds.

Now looking at our General Fund, the cash will be invested into mutual funds, equity securities, fixed income securities and Certificates of Deposit. These will be invested for different durations so as to not incur losses or diminished returns by shorting our cash needs in 2018 and beyond. A wide range of investment styles (value, growth, income producing, large capitalization, mid-cap and small-cap) will be selected to achieve diversification. The goal is to invest around \$400,000 while maintaining six months liquidity in cash and equivalents so as to always pay bills timely.

The American Iris Society Treasurer is to develop an Investment Plan to accomplish the above stated goals by no later than February 1, 2018 and place it before the Board of Directors for a vote.

The American Iris Society Treasurer shall report on the progress of the Investment Plan at each Board of Directors meeting.

