SAMPLE INVESTMENT POLICY STATEMENT

***Disclaimer:*** *This IPS is presented as a sample document and is hypothetical and presented for informational purposes only. Please consult with your legal counsel and financial advisor(s) when drafting your IPS.*

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**[COMPANY NAME] [COMPANY LOGO]**

**Investment Policy Statement**

**[DATE]**

**Investment Objectives**

The company’s primary investment objectives for its strategic capital are, in order of importance:

1. Preservation of capital and safety of funds and investments
2. Sufficient liquidity to avoid unreasonable risks
3. A total return consistent with the designated benchmark

**Roles and Responsibilities**

The company’s Board of Directors, Chief Executive Officer, and Chief Financial Officer will review the company’s cash flow requirements and determine the amount of liquidity required for working capital. Funds in excess of that liquidity requirement will be designated strategic cash and will be invested in a managed portfolio of fixed income securities according to the guidelines established below.

The company’s Board of Directors, Chief Executive Officer, and Chief Financial Officer will review the investment policy statement annually to ensure it is consistent with company goals. Changes to the policy statement must be approved by the Board of Directors and the Chief Executive Officer.

The company may employ the services of a Registered Investment Advisor to direct some or all of the investments according to the requirements of this investment policy. The Chief Financial Officer will review and recommend any outside investment management services, and final approval will rest with the Board of Directors and the Chief Executive Officer. The performance of any outside investment management will be reviews no less than four times annually by the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer. The Board of Directors and the Chief Executive Officer must approve the opening or closing of any investment accounts.

The Chief Financial Officer or any individual designated by the Chief Financial Officer will be responsible for execution of the investment policy statement and adhering to the requirements set forth in it.

**Investment Guidelines**

Funds will be invested only in instruments denominated and payable in US dollars.

Approved investments include:

* Obligations of the US government and its agencies
* Money market repurchase agreements
* Money market funds registered according to SEC Rule 2a-7 of the Investment Company Act of 1940

Prohibited investments include:

* Commercial paper
* Corporate bonds
* Asset-backed securities
* Municipal obligations
* Collateralized debt or loan obligations
* Auction rate securities

Credit standards

* At purchase, short-term credit instruments must be rated A-1, P-1, F1 at a minimum by at least one Nationally Recognized Statistical Ratings Organizations (NRSROs).
* Money market funds must be rated AAA/Aaa/AAA by at least one NRSRO.
* If securities or funds are downgraded below the minimum ratings noted above, the company must be notified within two business days of the downgrade and provided with a recommended action.
* Repurchase agreements will be 102% collateralized with securities issued by the US Government or its agencies.

**Asset Allocation Requirements**

At least 95% of the company’s overall portfolio must be invested in US Treasury and US government agency securities.

**Liquidity Requirements**

All securities held must be readily marketable with publicly available pricing and liquidity provided on a daily basis.

**Maturity Requirements**

* At time of purchase, the maturity of each security in the portfolio will not exceed 397 days.
* The weighted average of any mutual funds held by the company will not exceed 397 days.

**Performance Measurement**

* The investment manager must verify compliance with the CFA Institute’s Global Investment Performance Standards (GIPS).
* The portfolio total return performance should be consistent with Lipper Institutional Money Market Fund Average.
* The investment manager will meet with the company no less than four times annually and will be available for regular telephone contact.
* The investment manager will provide monthly statements of transactions and market valuation of portfolio assets.

**Transparency**

Assets are to be held in a third-party custodial account with a separate agreement between the custodian and the company. The custodian will provide an annual SSAE 16 report.

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**Name and Title Date**