

Investment Policy Statement

(rev. 022825)

Purpose

The purpose is to provide financial stability and income to support the mission of the North Shore - Barrington Association of REALTORS® (NSBAR).

Investment Parameters

Objective: attempt to maintain a diversified portfolio with an emphasis on capital preservation and capital growth.

Definitions

- Investment Funds
 - o Managed by our Investment Company (currently Merrill Lynch)
 - o Not required for "Operations"
 - o Need for stability
 - o These are the only funds covered under this policy
- Operating Funds
 - o Cash derived and needed for Operations
 - o Highest in late fall, highly variable monthly, weekly
 - o Not managed by our Investment Company

Objectives

- Invest in a manner that creates minimal exposure.
- Maintain sufficient liquidity to meet daily and projected cash needs.
- Assess and establish the association's investment risk posture quarterly.

Investment Authorization

Transfers of cash between NSBAR's Operating Funds and Investment Funds shall not be done without pre-authorization from NSBAR's Board of Directors. When effectuated, said transfers shall be reported through the CEO of the Association to the Secretary/Treasurer and ultimately reported to the Officers and Directors.

Delegation of Responsibilities

The Board of Directors has a direct oversight role regarding all decisions that impact NSBAR's institutional funds. The Board has delegated supervisory responsibility for the management of our institutional funds to the Finance Committee. Specific responsibilities of the various bodies and individuals responsible for the management of our institutional funds are set forth below.

Responsibilities of the Board

The Board shall ensure that its fiduciary responsibilities concerning the proper management of NSBAR's Institutional funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures. Based on the advice and recommendations of the Finance Committee, the Board shall:

- select, appoint and remove members of the Committee.
- approve investment policies and objectives that reflect the long-term investment-risk orientation of the endowment

Prohibited Investments

- unregistered or restricted stock
- private placements
- Initial Public Offerings
- Options
- futures trading
- short sales
- margin trading
- cryptocurrency

A. The investment policy is administered by the Finance Committee. The Secretary/Treasurer and CEO have joint authority for day-to-day investment decisions, based on the specific guidelines outlined in this policy.

B. The basic investment objective shall be to provide maximum returns at minimum risk with short term (less than or equal to 12 months) liquidity being maintained.

C. Possible investments may include, but are not limited to:

- Money Market Funds
- Certificates of Deposit, Federally Insured
- Equity Securities
 - o Equity allocation target: 50%
 - o +/- 10% or 40% - 60% range to allow for market fluctuations
 - o **The range may be exceeded by up to 5% (to 65%), for a period of up to 90 days, before any reallocation is required.**
- Bonds, Rated BBB or higher

D. All reserve funds shall be placed in federally insured accounts.

E. Fixed income instruments should not exceed a duration of 5 years; longer terms may be considered on a case-by-case basis.

F. All maturities should be laddered. The Secretary/Treasurer and CEO shall cooperate with the Finance Committee to ensure adequate and timely funding of future obligations.

- G. When possible, all Association monies shall be deposited in interest bearing accounts.
- H. All Investment Funds' Interest and Dividends shall be reinvested as Investment Funds.
- I. The investment policy shall be reviewed annually by the Finance Committee for any recommended revisions.
- J. The Board of Directors will have final approval of the dollar amounts placed in specific investment vehicles.
- K. NSBAR will maintain a six (6) month operating reserve.