

# Board Approves Investment Policy

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The ASA Board of Directors approved a new investment policy during its annual meeting at the 2015 convention in Nacogdoches, Texas.

The policy is printed below and is also available on the ASA Web site, [www.azaleas.org](http://www.azaleas.org), under the Archives menu, Financials tab. You must be a registered member to view the policy online.

## 1. Roles and Responsibilities

The Finance Committee will establish and approve all investment objectives and policies for the Endowment Fund ("EF") and the Azalea Research Fund ("ARF") and review the allocation of assets, the performance of the investments, and the performance of the investment managers at least annually.

The Finance Committee will be responsible for the day-to-day operation of the investment portfolio, review of the financial performance of investments, selection of any mutual funds for investment and determination of amounts to be invested in each such mutual funds, and determination of the amount and types of investments in other instruments including CDs at depository institutions and U.S. government securities. The Finance Committee will submit a report of investment performance to the ASA Board and the Azalea Research Committee at least annually, and more often when appropriate. In addition, the Finance Committee will submit quarterly investment statements from brokerage accounts to the Executive Committee and Azalea Research Committee.

The Treasurer will execute purchases and sales of investments as directed by the Finance Committee, oversee the safekeeping of the investments, and receive financial statements for all investments.

All investments in common and preferred stocks will be made through mutual fund managers.

The Board Executive Committee shall approve in advance all depositories, Investment Advisors, and investments in common and preferred stocks.

## 2. Investment Objectives and Guidelines

The investment objectives and performance of the EF and the ARF are to be measured in terms of total return, which is defined as interest plus dividends plus realized, and unrealized net capital gains and losses. The investment objectives of the EF and ARF are long-term growth of capital and preservation of purchasing power. The investment objectives should be pursued as a long-term goal, and the ASA board and committees need to recognize that returns on common stocks will vary from year to year based in large part on stock market conditions and may be negative some years.

## 3. Permissible Investments

The Finance Committee shall be authorized to invest the EF and ARF assets in the following instruments. Any investment not listed below is not permitted.

### Cash & Equivalents

Insured bank accounts  
Money market funds  
Certificates of deposit  
Repurchase agreements  
Commercial Paper rated A1/P1 or higher  
Cash accounts at brokerage firms

### Fixed Income

Debt securities issued by the U.S. Government and its agencies.

Debt securities and convertible bonds issued by U.S. Corporations rated BBB/BAA or better by Standard and Poor's or Moody's.

Mutual funds or exchange traded funds investing in the above.

### Equities

Common or preferred stocks of U.S. and foreign corporations, through mutual funds investing in such common and preferred stocks, subject to the following asset allocation and diversification limitations:

**Diversification.** No more than 10% (at market) of the EF or the ARF may be invested in the securities of any one issuer, with the exception of obligations of the U.S. Government and its agencies and instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government and its agencies and instrumentalities; federally insured certificates of deposit; mutual funds; and exchange traded funds. No more than 20% (at market) of the equity portion of the EF or ARF may be invested in any one industry.

**Asset Allocation.** A maximum of 40% of the assets of the EF and a maximum of 60% of the assets of the ARF may be invested in common or preferred stocks of U.S. or foreign corporations. The portfolio's asset allocation will be monitored regularly, at least annually. In the event that percentage of stocks in the Endowment Fund or the ARF exceeds the maximum percentage, the portfolio will be rebalanced to bring the allocation back in line with the maximum allocation. A minimum of 25 percent of the ARF and 30 percent of the EF will be invested in cash & equivalents, insured bank accounts, money market accounts, certificates of deposits, repurchase agreements, Commercial paper rated A1/P1 or higher, cash Accounts at brokerage firms, debt securities issued by the US Government and its Agencies.