

Investment Policy Statement – Sample

The purpose of this document is to provide a sample format for developing an Investment Policy. Values noted in some section (e.g., “Equities: 40-60%”, “Fixed Income: 30-50%”) are for example purposes only and do not necessarily suggest recommended or general business practice.

Investment Policy for [Nonprofit Organization Name]

1. Purpose

The purpose of this Investment Policy (the “Policy”) is to establish guidelines for the prudent management of [Nonprofit Name]'s investment assets. The aim is to preserve and grow the organization's financial resources in a manner that supports its long-term sustainability, mission, and programs while managing risk effectively. This policy is intended to be used as a guideline rather than a rigid statement of policy.

2. Organization Mission and Portfolio

[Nonprofit Name] was established in 2000 as a non-profit corporation under the State of California and governed by the [Board]. [Insert Nonprofit Mission here]

3. Investment Objectives

The primary investment objectives are:

- **Capital Preservation:** Safeguard principal while generating reasonable returns.
- **Growth:** Achieve long-term capital appreciation to meet financial goals.
- **Income Generation:** Provide consistent income streams to support ongoing financial needs.
- **Liquidity:** Maintain sufficient liquidity to meet short-term obligations.

Risk Tolerance The investment portfolio will be managed with a risk profile that aligns with the financial objectives and time horizon of the investor. Factors influencing risk tolerance include:

- Investment time horizon
- Financial obligations
- Market conditions
- Inflation considerations

Asset Allocation The portfolio shall be diversified across multiple asset classes to balance risk and return. The target asset allocation is as follows:

- **Equities:** 40-60%

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- **Fixed Income:** 30-50%
- **Alternative Investments:** 0-10%
- **Cash & Equivalents:** 5-15%

Periodic reviews and rebalancing will be conducted to maintain the desired allocation.

Investment Guidelines To ensure prudent investment practices, the following guidelines will be adhered to:

- Investments must align with ethical and regulatory standards.
- Diversification across industries and geographic regions is required.
- No speculative investments or excessive leverage.
- Selection of investments based on fundamental and technical analysis.

Performance Monitoring and Reporting The portfolio performance will be reviewed on a quarterly basis against established benchmarks. Reports shall include:

- Portfolio valuation and returns
- Asset allocation status
- Performance relative to benchmarks
- Compliance with IPS guidelines

7. Roles and Responsibilities The following parties are responsible for managing the investment portfolio:

- **Investor:** Defines financial goals and risk tolerance.
- **Investment Advisor:** Provides strategic guidance and portfolio management.
- **Custodian:** Safeguards assets and ensures accurate record-keeping.