



Nonviolent Peaceforce

Investment Policy

Passed by Board of Directors March 3, 2019

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PART 1

PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy is to provide a clear statement of Nonviolent Peaceforce's ("NP") investment objective, to define the responsibilities of the Board of Directors and any other parties involved in managing NP's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

INVESTMENT OBJECTIVE

The overall investment objective of NP is to maximize the return on invested assets while minimizing risk and expense to the organization. This will be done through prudent investment and planning, as well as through the maintenance of a diversified portfolio.

GENERAL PROVISIONS

- All transactions shall be for the sole benefit of NP.
- The Board shall consider updating NP's investment policy on an annual basis.
- The Board shall conduct an annual review of NP's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of NP's financial statements.
- Any investment type that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.
- The Board will endeavor to operate NP's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.

DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS

- The Board of Directors has ultimate responsibility for the investment and management of NP's investment assets.
- The Board may delegate authority over NP's investments to a properly formed and constituted Investment Committee, being comprised of Trustees and NP Senior Staff members.
- The Board or Board Committee may hire outside experts as investment consultants or investment managers. These will be available to provide advice to the Board or Board Committee and may be asked to attend formal Board or Board Committee meetings, but this will be in an advisory capacity only and they will not have any voting rights.
- The Board may also establish an advisory committee (which may include non- Trustees) to provide investment advice to the Board or to the Board Committee. Advisory committees have no authority to act for the Board, but may monitor compliance with

the investment policy, recommend changes, and assist the Board or Board Committee in selecting and retaining Investment Managers to execute this Investment Policy.

- The Executive Director (or her designee) will recommend the value to be held in the Operating Fund and Capacity Building Fund.

RESPONSIBILITIES OF THE BOARD, OR IF AUTHORITY IS DELEGATED, THE INVESTMENT COMMITTEE

- The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the various investment funds assets on behalf of NP. The specific responsibilities of the Board or the Investment Committee, as applicable, include:
 1. Communicating NP's financial needs to the appointed Investment Managers on a timely basis.
 2. Determining NP's risk tolerance and investment horizon and communicating these to the appropriate parties.
 3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
 4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
 5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
 6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

RESPONSIBILITIES OF INVESTMENT MANAGERS

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:
 1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 2. Reporting, on a timely basis, monthly investment performance results.

3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
4. Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Board, or if authority is delegated, the Investment Committee, on behalf of NP.
6. Administering NP's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to NP.

GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to all Investment Managers.
- NP is a tax-exempt organization; this tax-exempt status should be taken into consideration when making investments.
- Transactions shall be executed at a reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

- No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase.
- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.

INVESTMENT CONSIDERATIONS

In accordance with NP's directions, selected investment managers must consider the broader purposes of NP in managing and investing institutional funds. All individuals responsible for managing and investing NP's funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to the expenditure of institutional funds, each of the following factors must be considered, and properly documented, in the minutes or other records of the applicable decision-making body:

- general economic conditions;
- possible effect of inflation or deflation;
- expected tax consequences, if any, of investment decisions or strategies;

- the role that each investment or course of action plays within the overall investment portfolio;
- expected total return from the income and appreciation of investments;
- other resources of NP;
- the needs of the organization

DIVERSIFICATION

- NP will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed 5% of the portfolio nor shall the total securities position (debt and equity) in any one company exceed 10% of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than 25% of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.
- As an ethical investor, NP will not invest the following industry sectors: arms trade; tobacco and alcohol.

ASSET ALLOCATION

The asset allocation policy shall be predicated on the following factors:

- Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
- The correlation of returns among the relevant asset classes.
- The perception of future economic conditions, including inflation and interest rate assumptions.
- Liquidity requirements for the projected grants and other charitable expenditures.
- The relationship between the current and projected assets of NP and projected liabilities.
- Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

DONOR RESTRICTIONS

In all instances, donor intent shall be respected when decisions are rendered concerning the investment or expenditure of donor restricted funds. If a donor, in the gift instrument, has directed that appreciation not be spent, NP (and its appointees) shall comply with that directive and consider it when making decisions regarding the management and investment of the Fund.

RESERVE FUND EXPENDITURES

Each year, NP is authorized to withdraw up to 5% of the total market value of the total investment (market value to be determined as of the last business day of the preceding year) for NP's operating purposes.

The dollar amount and timing of any distribution(s) from the investments held will be left up to the discretion of the Trustees, in conjunction with the Chief Executive Officer and the Director of Finance and Operations.

PART 2: FUND DESCRIPTIONS

1. Operating Fund

The purpose of the Operating Fund is to provide cash as required to meet the day-to-day financial obligations on NP in a timely manner:

The investment objectives of the Operating Fund are:

- Preservation of Capital
- Liquidity / availability of funds
- Optimization of investment return within the constraints defined

Allowable Investments:

- Interest bearing savings accounts
- Money market funds
- Interest bearing checking accounts

Investment Horizon:

Investments for the Operating Fund should be planned with a maturity horizon of 12 months or less.

Reporting Requirement:

The Executive Director and her designee will prepare the following reports for presentation on a quarterly basis to the Investment Committee:

- Schedule of investments
- Interest income year to date
- Anticipated income to end of year

2. Capacity Building Fund

The purpose of the Capacity Building Fund is to fund the growth of the organization and to meet expenses associated with unanticipated activities.

The investment objectives of the Capacity Building Fund are:

- Preservation of Capital
- Liquidity / availability of funds
- Optimization of investment return within the constraints defined

Allowable Investments:

- Interest bearing savings accounts
- Certificates of Deposit at insured commercial banking institutions
- Money market funds which invest in US government backed securities
- Interest bearing checking accounts
- Mutual Funds

Investment Horizon:

Investments for the Capacity Building Fund should be planned with an average maturity horizon of 36 months or less, with a maximum maturity horizon of 60 months.

Reporting Requirement:

The Executive Director and her designee will prepare the following reports for presentation on a quarterly basis to the Investment Committee:

- Schedule of investments
- Interest income year to date
- Anticipated income to end of year

3. Sustainability Fund

The purpose of the Sustainability Fund is to provide secure long-term funding for the senior staff leadership of NP. The assets of the Sustainability Fund shall be managed in such a way as to facilitate the organization's goals and objectives related to leadership priorities. Expenditure of the principal must be approved by the Investment Committee, unless otherwise stipulated by donor(s) in part or in whole. At the discretion of the Investment Committee, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

The investment objectives of the Sustainability Fund are:

- Emphasis on Total Return (the aggregate return from capital appreciation, dividend and interest income)
- Long-term growth of capital – the long-term growth of principal whilst avoiding excessive risk. Short-term volatility consistent with normal market behavior is anticipated, but management should seek to contain this.

- Preservation of Purchasing Power – to achieve returns on investment which exceed the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is considered a key element in the investment of Trust assets.

Allowable Investments:

The Sustainability Fund requires all investment assets to be invested in marketable securities, defined as securities which can be traded quickly and efficiently to meet the needs of the Fund:

- Certificates of Deposit at insured commercial banking institutions
- Money market funds which invest in US government backed securities
- Mutual Funds that invest in securities as permitted in this policy.
- Preferred Stock
- Mortgage-backed bonds
- Equity securities such as common stocks, convertible notes and bonds, convertible preferred stocks.

Investment Horizon:

Investments for the Sustainability Fund should be planned with an average maturity horizon of 72 months or less, with a maximum maturity horizon of 120 months.

Reporting Requirement:

The Sustainability Fund will be evaluated at least semi-annually on a total return basis, against stated investment goals. This report will be prepared by the Treasurer for presentation to the Investment Committee, who will present to the Board of Trustees at least annually.