

# Investment Policy Statement for Trusts and Corporation Assets

(Effective October 1, 2022)

## Purpose of Statement

This statement is intended to provide guidance to Disabled and Alone Life Services for the Handicapped, Inc. (hereafter referred to as *Life Services*) with respect to the investment management of its investment asset. This statement is intended to protect the investment portfolio from ad-hoc revisions to a sound, long – term policy.

## 1) Funds In Trust for Others

### a) Investment Objectives

- i) Return Requirements: It is desired that the total annual return on investments be a competitive rate of return in excess of the rate of inflation (and/or return required to provide for growth in principal). In determining the annual total returns, the rate of inflation is based on the Consumer Price Index.
- ii) Risk Tolerance: Because of the desire to provide a prudent measure of safety from losses to the principal as well as the potential for growth, and given the range of risk from very low to very high, assets, in the total portfolio, which carries no more than a moderate level of risk.
- iii) Asset Allocation: In keeping with the objectives regarding return, risk level, liquidity (distribution) and time horizon, it is desired that the following approximate mix of invested assets be maintained, unless otherwise requested in writing by the Investment Committee of the Board of Directors:

(1) Equity	50-70%
(2) Fixed Income	25-45%
(3) Cash	1-3%

- iv) Asset Allocation Exclusion: Any real property owned by the trust that the trust beneficiary is residing in.

### b) Constraints For All Trusts

- i) Time Horizon: The time horizon is long.
- ii) Laws And Regulations: The assets will be managed in accordance with the “Prudent Investor Standard,” in order to provide the necessary flexibility as well as the proper diversification.
- iii) Portfolio Limitation:
  - (1) Fixed income individual securities (bonds) should carry a rating of Investment Grade or Higher.
  - (2) For High Yield Bond Funds or High Yield Bond Fund ETF’s, they should carry a B Investment Grade or higher.

## 2) Retained Funds (Remainder Funds from First Party Trust Accounts)

### a) Investment Objectives

- i) Return Requirements: It is desired that these investments are focused on generating higher income and dividends versus growth.
- ii) Risk Tolerance: Because of the desire to provide a prudent measure of safety from losses to the principal as well as the potential for growth, and given the range of risk from very low to very high, assets, in the total portfolio, which carries no more than a moderate level of risk.
- iii) Asset Allocation: In keeping with the objectives regarding income and dividends, risk level, liquidity (distribution) and time horizon, it is desired that the following approximate mix of invested assets be maintained, unless otherwise requested in writing by the Investment Committee of the Board of Directors:

(1) Equity	30-50%
(2) Fixed Income	45-65%
(3) Cash	1-3%

b) **Constraints**

- i) Time Horizon: The time horizon is long.
- ii) Laws And Regulations: The assets will be managed in accordance with the “Prudent Investor Standard,” in order to provide the necessary flexibility as well as the proper diversification.
- iii) Portfolio Limitation:
  - (1) Fixed income individual securities (bonds) should carry a rating of Investment Grade or Higher.
  - (2) For High Yield Bond Funds or High Yield Bond Fund ETF’s, they should carry a B Investment Grade or higher.

3) **Representative Payee Assets**

For individuals that Life Services is serving as Representative Payee, all these assets shall be held in a separate account(s) conforming to Social Security Administration Regulations (cash or cash equivalency) and shall be kept separate from all Life Services funds or other funds held in trust.

4) **Corporation Assets**

- a) Operating Funds: Assets totaling up to six months of operating expenses for the agency shall be invested in cash, money market accounts or accessible equivalent assets.
- b) Reserve and Other Funds: Assets in excess of six months operating expenses shall be held invested under the following guidelines:
  - i) **Return Requirements**: It is desired that the total annual return on investments be a competitive rate of return in excess of the rate of inflation (and/or return required to provide for growth in principal). In determining the annual total returns, the rate of inflation is based on the Consumer Price Index.
  - ii) **Risk Tolerance**: Because of the desire to provide a prudent measure of safety from losses to the principal as well as the potential for growth, and given the range of risk from very low to very high, assets shall be placed in investments carrying no more than a moderate level of risk.
  - iii) **Asset Allocation**: In keeping with the objectives regarding return, risk level, liquidity (distribution) and time horizon, it is desired that the following approximate mix of invested assets be maintained, unless otherwise requested in writing by the Investment Committee of the Board of Directors:
 

(1) Equity	50-70%
(2) Fixed Income	25-45%
(3) Cash	1-3%

5) **Miscellaneous**

- a) The assurance of proper management of the assets of the Investment Portfolio shall be the ongoing responsibility of the Investment Committee, as delegated by the Board of Directors.
- b) Investment results will be evaluated at least quarterly. Comparative data are to be compiled to form the basis for longer-term evaluations. Investment results on all assets held directly by *Life Services* will be evaluated at least quarterly.
- c) The benchmark for equity securities will be a blended benchmark, comprised of the following indexes: Large Cap (S&P 500); Mid Cap (S&P 400); Mid Cap (S&P 600); Developed International (FTSE Dev Ex US All Cap); Emerging Markets (FTSE Emerging Markets).
- d) The benchmark for fixed income securities will be the Barclays U.S. Aggregate Bond Index.
- e) The liquidity constraint will be closely monitored to assure that the proper flow of funds is attained to meet the stated needs.
- f) This investment Policy Statement shall be reviewed at least annually by the Investment Committee, and then, with specific references to any changes, shall be presented to the Board of Directors for approval.
- g) All investments shall be reviewed at least annually to ensure that the Organization’s policies, procedures and investment limitations and/or restrictions are not violated.