



CA-AFCS Extended Education Fund (EEF)

Investment Policy Statement

CA-AFCS Mission Statement

Provide leadership and support to professionals whose work assists individuals, families, and communities in making informed decisions about their well-being, relationships, and resources to achieve optimal quality of life.

CA-AFCS Vision Statement

Individuals, families, and communities are achieving optimal quality of life assisted by competent, caring professionals whose expertise is continually updated through AAFCS.

EEF Investment Accounts

The investment portfolio of the EEF is maintained in two separate accounts, an Investment Account and a Checking Account.

- The Investment Account has been accumulated over the years through member donations, bequests and donations from affiliated groups. Funds in the Investment Account may be used for scholarships and grants that will further the purpose of CA-AFCS, as well as to support the executive functioning of the EEF as outlined in the EEF annual budget.
- The Checking Account should hold no more that is needed for the annual expenses of EEF as well as awarded scholarships and grants. Checking Account funds are drawn from the Investment Account.

EEF Investment Objectives

EEF seeks to earn a 5-year average return that preserves the purchasing power of its principle. Investment objectives are to:

- Earn a five-year average return that meets or exceeds a total return of 5% (net of investment management fees).
- Generate operational revenue to maintain a balanced EEF budget.
- Provide sufficient income, including the cost of administration, to support grants and scholarships.

General Investment Management Guidelines

- Invest for long-term growth of capital.
- Limit proprietary mutual funds of the investment advisor's firm that have high expense ratios.
- Purchase securities that fit a moderate growth risk tolerance profile for all accounts.
- Review quarterly investment performance reports and compare them to benchmark market indexes.

Investment Policies

- **Passive Investments are Preferred Over Active Investments:** Mutual funds or exchange-traded funds that track a market index are preferred over actively-managed funds. Actively-managed funds may be selected if they demonstrate excess return, without commensurate excess risk, compared to appropriate benchmark indices.
- **Index Funds are Preferred Over Individual Security Selection:** Index funds are preferred to individual securities to reduce complexity and to avoid the increased cost, management, industry and firm analysis, and monitoring required for individual securities.
- **Low-Expense Securities Should be Selected:** Funds, either active or passive, with lower expenses are preferred over similar funds with higher annual expenses. Ideally, expense ratios should be below 0.5% and at a minimum be below 1%. Funds above 1% must demonstrate excess return without excess risk.
- **Certain High-Risk Investment Assets are Expressly Prohibited:** Prohibited transactions or holdings include the following: margin purchases, derivative securities, private placements, commodities, futures options, and foreign issues, unless they are traded on a U.S. exchange or market.
- **The Portfolio Should be Rebalanced Regularly:** The EEF investment portfolio should be rebalanced annually at a minimum. At any time, if an individual fund exceeds its target allocation by 20%, the portfolio should be immediately rebalanced to return to the target portfolio weightings listed below.
- **Maintain a Stable Target Asset Allocation:** Ongoing investment decisions will be made by the EEF Committee. The investment portfolio target asset allocation for the Investment Account will reflect a moderate investment approach:
 - Fixed Income: 40% (+/- 5%) [e.g., government bonds, corporate bonds, bond index funds]
 - Domestic Equities 45% (+/- 5%) [e.g., U.S. based stocks, stock index funds]
 - International Equities 10% (+/- 5%) [e.g., foreign stocks, convertible bonds and preferred stock]
 - Cash 5% (+/- 5%) [e.g., money market funds, Treasury bills, short-term CDs]
- **Avoid Conflicts of Interest:** EEF Committee members should disclose any investment relationships that might present a potential or actual conflict of interest. Specifically, a conflict of interest could arise when a member of the Committee has a material ownership interest in, or is directly employed by, a potential investment advisory firm or when a Committee member is a client of a potential or existing investment advisor.
- **Maintain Confidentiality:** Members of the EEF Committee are expected to maintain the confidentiality of information obtained by virtue of their positions. This does not include annual financial statements that are routinely shared with CA-AFCS members (e.g., in Contempo).
- **Financial Review:** The EEF financial records should be reviewed annually by two CA-AFCS members appointed by the President, excluding the EEF treasurer.
- **The Investment Policy Statement Will be Reviewed Regularly:** The EEF Investment Policy Statement will be reviewed and revised (if necessary) by the EEF Committee on at least an annual basis to ensure consistency with the investment objective listed above.