



The Accelerated Schools  
Investment Policy Statement  
June 1, 2023

## **I. Purpose & Scope**

The purpose of this Investment Policy Statement is to foster a clear understanding of the overall investment objectives, policies, and guidelines among all relevant parties and of the governance activities related to the management of the investment policies of The Accelerated Schools (the “School”). The School’s investment portfolio currently consists of private funds primarily made possible by private sector gifts that the Board has designated for investment (the “Board Designated Portfolio”). In the future the School may also have donor-designated endowment funds (the “Endowment Fund” and, together with the Board Designated Fund, the “Portfolio”). The provisions of this policy shall apply to the Portfolio, provided that certain terms herein shall apply only to the Endowment Fund, as indicated below. Deviations from this policy must be promptly communicated to, and approved by, the Finance Committee of the School’s Board of Directors (the “Board”).

## **II. Definition of Duties**

The Policy is designed to:

- A. Designate responsibility for investing and reporting and provide appropriate authorizations to those individuals to whom responsibility has been delegated
- B. Provide investment parameters and limitations

The following designees are assigned certain roles and responsibilities:

- A. The Board  
The members of the Board are responsible, as Trustees and fiduciaries, for the proper oversight of the School’s investment-related activities. The Board intends to maintain a long-term investment focus and recognizes that investments are subject to short term volatility.
- B. Chief Financial Officer/Treasurer  
The CFO’s primary responsibility is to supervise and direct the operations of the investments in accordance with Board resolutions.
- C. Investment Managers  
Any authorized investment manager’s primary responsibility is to monitor and invest the Portfolio in accordance with this Investment Policy Statement.

## **III. Objectives**

The Portfolio is to be invested in a manner that:

- A. Preserves capital
- B. Provides liquidity
- C. Maintains appropriate diversification
- D. Generates returns relative to these guidelines and prevailing market conditions

Any Endowment Fund shall, in addition, be invested in accordance with any terms expressed in the gift letter establishing the Endowment Fund and shall, unless otherwise provided in the gift instrument, have permanent duration.

#### **IV. Strategic Asset Allocation Framework**

The Portfolio shall be maintained in a manner that minimizes risk of the invested capital. These risks include credit risk, interest rate risk and concentration risk (e.g. geographic; asset class; industry; etc.) The Portfolio shall also generate a reasonable return given the risk and liquidity guidelines. The primary goal of the Policy and all investments governed by it, is to support the current operations of the School, to preserve and provide long-term growth of the investments. The chosen investment manager will be overseeing the Portfolio.

#### **V. Investment Objectives and Considerations**

The Schools' primary investment objectives, in order of priority, are the following:

- 1) Safety - the preservation of principal
- 2) Liquidity - maintaining enough liquidity to meet its cash flow needs, and
- 3) Yield - achieving a reasonable rate of return on the funds, while minimizing the potential for capital losses.

The Board does not expect that this investment objective will be achievable in every year and, as a result, will normally measure investment performance over rolling three- and five-year periods. The Board also recognizes that some level of investment risk, including volatility, is necessary to achieve the long-term investment objectives of the School.

#### **VI. Prudent Management**

In managing and investing the Portfolio, all of the following factors, if relevant, must be considered:

1. General economic conditions
2. The possible effect of inflation or deflation
3. The expected tax consequences, if any, of investment decisions or strategies (including unrelated business taxable income)
4. The role that each investment or course of action plays within the overall Portfolio
5. The expected total return on income and the appreciation of assets
6. Other resources of the School
7. The needs of the School and of the Portfolio to make distributions and to preserve capital
8. An asset's special relationship or special value, if any, to the charitable purposes of the School

Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the Portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Portfolio and to the School.

#### **VII. Responsible Investing**

It is the responsibility of the Finance Committee of the Board (the "Committee"), which shall serve as the School's investment committee, to ensure that the social and ethical goals of the School are reflected in the Portfolio. The Committee may issue periodic restrictions of specific investments.

#### **VIII. Spending Policy With Respect to Donor-Designated Endowment Funds**

Subject to the intent of a donor expressed in the gift instrument, the School may appropriate for expenditure or accumulate so much of any Endowment Fund as the School determines is prudent for the uses, benefits, purposes and duration for which the Endowment Fund is established. Unless stated otherwise in the gift instrument, the assets in any Endowment Fund are donor-restricted assets until appropriated for expenditure by the School. In making a determination to appropriate or accumulate, the School shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider if relevant, all of the following factors:

1. The duration and preservation of the Endowment Fund
2. The purposes of the School and of the Endowment Fund

3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the School
7. This Investment Policy Statement

The appropriation for expenditure in any year of an amount greater than seven percent (7%) of the fair market value of an Endowment Fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made, creates a rebuttable presumption of imprudence.

#### **IX. Spending Policy With Respect to the Board Designated Portfolio**

The spending policy will take into account the Board Designated Portfolio's Total Return. That is, income will include not only interest and dividends but also increases and/or decreases in the market value of the assets. Market value fluctuations are included as an integral part of investment returns. This Spending Policy also separates or de-links the investment decisions regarding asset allocation of the Board Designated Portfolio from the identified cash flow needs. The School, through its authorized parties, may withdraw or add funds to the Board Designated Portfolio at its discretion.

#### **X. Monitoring and Review Process**

The Committee shall assist in the fulfillment of the Board's fiduciary responsibilities to safeguard the assets of the School while maximizing the return on those assets.

The specific responsibilities of the Committee include, but are not limited to:

- A. Review and evaluate Portfolio composition and performance.
- B. Provide investment direction to the Chief Financial Officer (CFO) and/or investment manager(s) for the Portfolio.
- C. Review status of the Portfolio and report investment performance to the Board at least quarterly.
- D. Monitor compliance with all investment policies of the School.
- E. Interview, recommend and discuss retention of potential Investment Managers when deemed appropriate.
- F. Review this Investment Policy Statement on an annual basis, or more often as necessary, to ensure continued accuracy, appropriateness and consistency with the mission and financial goals of the School.

#### **XI. Investment Managers**

The Board may engage professional Investment Managers to manage and supervise investment assets in accordance with the objectives and parameters of this Policy. All Investment Managers are hired and discharged by the Board in consultation with the Finance Committee. Every Investment Manager shall manage and invest the Portfolio in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

#### **XII. Responsibilities of Investment Managers**

- A. Adherence to this Investment Policy Statement
- B. Investment Manager is required to observe the specific limitations, guidelines, attitudes, and philosophies stated herein or as expressed in any written amendments or instructions;
- C. Investment Managers' acceptance of the responsibility of managing all or any portion of the Portfolio will constitute a ratification of this Investment Policy Statement, affirming its belief that it is realistically capable of achieving the investment guidelines and limitations stated herein.
- D. Investment Managers may be authorized to act on the School's behalf, with full or limited discretion, in the following areas:
  - a. Determination of Portfolio composition through the selection, purchase and sale of securities;
  - b. Selection and use of sub-advisors as needed to build a diversified Portfolio;
  - c. Broker-dealer selection for securities transactions and custody; voting securities and executing

proxies.

- d. Investment Managers are directed to keep all transactions related to the Portfolio confidential, not disclosing any information to any party not affiliated with the Investment Manager without prior consent of the Committee or Board.

### **XIII. Investment Manager Performance Monitoring and Reporting Responsibilities**

Investment Managers will provide monthly statements of activity related to the Portfolio to the CFO, Identified Members of the Board and Identified party at ExEd. The status of the Portfolio shall always be available to those parties. Reports will include a complete listing of the securities held, market price, purchase price, maturity dates, credit ratings and yield analysis.

Upon request Investment Managers will meet with the Committee to:

- A. Review past, present and prospective economic and market conditions, review the impact of these influences on the Portfolio and performance, and discuss the positioning of Portfolio investments to manage risk and maximize return.
- B. Review the Portfolio's investment philosophy considering current and perceived economic and market conditions and discuss any suggestions where appropriate.
- C. Review any significant changes in personnel, management or ownership of the Investment Manager.
- D. Disclose any conflicts of interest.

Each Investment Managers will be expected to keep the School informed on a timely basis of major changes in its investment outlook, investment strategy, asset allocation, and other matters affecting its investment policies or philosophy.

All investment management fees shall be clearly spelled out in writing.

### **XIV. Acknowledgement**

We recognize the importance of adhering to the mission and strategies detailed in this Investment Policy Statement and agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability.

### **XV. Custody**

All institutions with whom the School is permitted to place investments are eligible to provide custodial services. The School will use custody services provided by the investment manager.

Prior to contracting for custodial services, the external investment manager, broker-dealer or third-party custodian must agree to provide reporting as required by the School in this Investment Policy Statement along with an annual SAS 70 or similar statement.

#### **The School:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

#### **Accepted by (Investment Manager)**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Appendix: Asset role strategy statement**

The following investment types, minimum credit ratings, percentage limitations and maturity restrictions are approved:

**I. Asset Allocations**

Category	Investment Policy Statement Range
Cash & Equivalents	0 - 20%
Fixed Income	30 - 75%
Equities	25 - 70%

**II. Prohibited Instruments or Transactions Account**

Investment Managers shall have powers of investment discretion within the guidelines set forth in this Investment Policy Statement. However, the following assets and/or transactions are prohibited and may not be consummated without prior written authority of the Board.

- A. Private placements, limited partnerships, or unregistered securities.
- B. Below investment-grade debt instruments.
- C. Equity securities of any company with a record of less than three (3) years continuous operations, including the operations of any predecessor. (Spin-offs from existing publicly-traded entities are permitted).
- D. Direct purchase of commodity contracts, including futures contracts, or options on commodity contracts.
- E. Purchase of investments on margin.
- F. Short sale of securities or holding short positions.
- G. Contracted Investment Managers acting as principal in any transaction.
- H. Investment Managers dealing in their own interest or for their own account.
- I. Investment Managers shall not act in any capacity in any transaction involving the School's portfolio assets on behalf of any other party whose interests are harmful to the interests of the School.
- I. Investment Managers shall not receive any compensation for their own accounts from any party as a result of performing a transaction or series of transactions on the School's investments account or accounts.

**Out of Compliance Investments**

Investment Managers must inform the CFO and Board Chair within 10 days if any investment not in compliance with the above guidelines is made by, or held in, the Portfolio. Any such investment will be assessed on an individual basis. Corrective action, if any, may range from immediate disposition of the investment to continued holding and monitoring of the security and will be determined by the CFO in consultation with the Treasurer. The Committee must be notified within 10 days of the date of noncompliance.