

**Externally-Managed Investment Policy
For
Weed Science Society of America**

Purpose

The purpose of this plan is to provide an understanding of the investment policy, guidelines and objectives for externally managed funds of the Weed Science Society of America ("the Society") for the Board of Directors ("the Board"), investment advisor(s)/manager(s), and others. This policy applies only to the designated investment account(s) of the Society and does not include any internally managed funds.

This statement of investment policy was updated by the board on February 9, 2019. These policies supersede any and all prior actions regarding investment policies.

Background

The Weed Science Society of America is a non-stock membership organization incorporated in the state of Illinois; it exists to further the discipline of weed science. As a not-for-profit organization, it is exempt from Federal Income Tax. The Society's revenue is derived largely from member dues, subscriptions, publication sales, individual contributions to the endowment fund and profit from the annual meeting.

Process and Responsibilities

The *Board* is responsible for:

- Identifying purposes of investments and establishing investment objectives
- Providing broad guidelines for composition of the investment portfolio
- Specifying limitations on investments

The *Finance Committee* is responsible for:

- Proposing changes in the Investment policy for Board approval
- Selecting an investment manager(s)
- Monitoring investment performance

No individual may select investment or execute investment transactions on behalf of the organization except as specified in this policy.

Objectives

- Preserve the capital investment, i.e. the principal
- Grow asset value at the rate greater than inflation, as measured by the Consumer Price Index

Achieving these objectives will require assuming a moderate level of risk, a long-term investment horizon, and diversifying assets. The current size of the fund to be managed is approximately \$1,562,249.26 (\$455,124.03 in Endowment and \$1,107,125.23 in the General Fund [Dec. 31, 2018]).

Guidelines and Investment Policy

Time Horizon

The Society's compound annual rate of return objective for the total portfolio is an absolute return greater than the inflation rate, as measured by the Consumer Price Index. Rates of return will be reviewed on an annual basis and measured over a five-year period.

Performance Expectations

The desired investment objective is a long-term rate of return on assets that is at least 5% greater than the inflation rate, after fees, as measured by the Consumer Price Index. The Board recognizes that market performance varies and that a 5% real rate of return may not be achievable in some periods.

Risk Tolerance and Asset Allocation

General Fund

Purpose -

The purpose of the General Fund is to provide permanent funding for the mission of the Society. The assets of the General Fund shall be managed in such a way as to facilitate the organizations goals and objective as outlined by the board.

Specific Investment Goal -

The goal of the investment manager is to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principals stated above.

Asset Allocation -

Following are the permitted asset allocation ranges:

	<u>Min.</u>	<u>Max.</u>
Equities	0%	65%
Large Cap*	20%	100%
Mid Cap*	0%	25%
Small Cap*	0%	15%
International*	0%	25%
*Percent of total equity		
Cash/Fixed Income	35%	100%
Other	0%	10%

Endowment Fund

Purpose -

The primary purpose of the Endowment Fund is to provide funding for the WSSA Student Research Awards. Secondly, the assets of the Endowment Fund shall be managed in such a way as to facilitate the organizations goals and objectives as outlined by the board for this fund.

Specific Investment Goal -

The goal of the investment manager is to meet or exceed the market index selected and agreed upon by the Finance Committee that most closely corresponds to the general principals stated above.

Asset Allocation -

Following are the permitted asset allocation ranges:

	<u>Min.</u>	<u>Max.</u>
Equities*	0%	60%
*International Equities may make up 15% of the total		
Cash/Fixed Income*	40%	100%
*MLPs may make up 15% of total		
Other	0%	10%

For accounting purposes, interest gained from endowment fund and general fund monies must be able to be separated or calculated separately.

Securities Guidelines

Cash and Cash Equivalents

All cash or cash equivalent investments shall be made in U.S. Treasury bills, money market funds or certificates of deposit.

Domestic Fixed-Income

Investments may be in the form of individual securities, mutual funds, exchange traded funds, index funds, or separately managed accounts. High yield bonds will be no more than 30% of the fixed income allocation. Foreign bonds will be no more than 20% of the fixed income allocation. Managers employing negative duration strategies will be no more than 10% of the fixed income allocation.

The exposure of the portfolio to any one company, other than securities of the U.S. Government, shall not exceed 5% of the market value of the portfolio.

Holdings of individual securities shall be large enough for easy liquidation.

Domestic Equities

Investments may be in the form of individual securities, mutual funds, exchange traded funds, index funds or separately managed accounts. International equity investments may be made in both developed and emerging market companies of all capitalization sizes.

Equity holdings in any one company should not exceed more than 5% of the market value of the Fund portfolio. Not more than 15% of the market value of the portfolio should be invested in any one industry category.

Individual equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the New York or NASDAQ Exchange.

Other

Permitted asset classes include commodities, real estate, master limited partnerships, multi-manager strategies, long / short equity strategies and strategies utilizing leverage or derivatives. All investments in the category will be in a form that provides daily liquidity. When the allocation to the OTHER asset class is at the maximum of 10% then no individual security within the category will represent more than 10% of the total allocation to OTHER.

Prohibited Transactions

The following transactions are prohibited: investments in letter stock and other unregistered securities; commodity contracts; short sales or margin transactions; collectibles; securities lending, options and futures; foreign issues, unless traded on U.S. exchanges or markets; private placements or other restricted securities.

Communication and Review

All deviations from the investment policy shall be approved by a majority of the Board, and signed by the Treasurer and President or President-Elect, and submitted in hard copy, facsimile, or email, followed by hard copy, to the investment manager(s).

The investment manager(s) shall review these guidelines with the finance committee at least annually to ensure that they remain valid and relevant. Any recommended changes are to be submitted to the Finance Committee, in care of the Treasurer, in writing.

A summary of investment performance should be provided to the Treasurer at least quarterly, for further dissemination to the Finance Committee and Board