

Mascoutah Historical Society

Investments Policy

Article I – Purpose

The purpose of the Investments policy is to establish guidelines to responsibly and actively manage the assets of the Mascoutah Historical Society.

Article II – Responsibilities

Mascoutah Historical Society shall have a standing Oversight Committee appointed annually by the Executive Board. This committee shall consist of the Treasurer and one other member of the Board.

Responsibilities of the Board. The Executive Board shall ensure that its fiduciary responsibilities concerning the proper management of the Society’s funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures.

The Board shall:

- approve investment policies and objectives that reflect the long-term investment-risk orientation of the organization as determined by the Board
- determine that institutional funds are prudently and effectively managed with the assistance of investment consultants and / or other outside professionals
- monitor and evaluate the performance of any investment consultants on an annual basis
- annually evaluate whether current policies, investment activities, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of the Society’s funds.

Responsibilities of the Oversight Committee. Members of the Oversight Committee shall not be held accountable for less than desired outcomes, rather for adherence to procedural prudence, or the process by which decisions are made in respect to assets.

The Committee shall:

- develop and propose policy recommendations to the Board with regard to the management of all assets
- recommend the retention or dismissal of investment consultants and / or other outside professionals
- receive and review reports from investment consultants and / or other outside professionals on a monthly basis
- annually meet with investment consultants and / or other outside professionals to review the investment account performance

- regularly review the performance of the investment account and status of other financial assets of the Society, and to report to the Executive Board on a quarterly basis
- recommend adjustments to the Guidelines for Investing on a yearly basis

Article III – Guidelines for Investing

All individuals responsible for managing and investing the Society's funds shall do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

The percentage of the investments shall be subject to market conditions; as such, it will fluctuate from time to time. However, the following guidelines shall apply to the three main investment asset classes:

Money Market Funds: Allowable range: Minimum 15%; Maximum 20% of total assets.

A quality money market fund shall be utilized for the liquidity needs of the portfolio whose objective is to see as high a current income as is consistent with liquidity and stability of the principal.

Equities: Allowable range: Minimum 40%; Maximum 80% of total assets.

The equity component of the portfolio shall consist of high-quality equity securities traded on the New York, NASDAQ, or American Stock exchanges. The securities shall be screened for above average financial characteristics such as price-to-earnings, return-on-equity, debt-to-capital ratios, etc.

No more than 5% of the equity portion of the portfolio shall be invested in any one issuer. Not more than 20% of the equity portion of the portfolio shall be invested in stocks contained within the same industry.

It shall be acceptable to invest in mutual funds adhering to the investment characteristics identified above, as long as it is a no-load fund, without 12(b)(1) charges, which maintains an expense ratio consistent with those other funds of similar investment styles as measured by the Lipper and / or Morningstar rating services.

Fixed Income: Allowable range: Minimum 0%; Maximum 20% of total assets.

Bond investments shall consist solely of taxable, fixed income securities that have an investment-grade rating (BBB or higher by Standard & Poor's and BAA or higher by Moody's) that possess a liquid secondary market. If the average credit quality rating disagrees among the two rating agencies, then the lower of the two shall be used as a guideline.

No more than 5% of the fixed income portion of the portfolio shall be invested in corporate bonds of the same issuer. As well, not more than 20% of the fixed income portion of the portfolio shall be invested in bonds of issuers in the same industry.

The maximum maturity of certificates of deposit shall be 5 years.

The maximum average maturity of the fixed income portion of the portfolio shall be 10 years.

Article IV – Prohibited Investments

Prohibited equity investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures, crypto currency and margined transactions. Prohibited fixed income securities investments include: private placements, derivatives, margined transactions, crypto currency and foreign denominated bonds.

Article V – Performance Standards

The investment goal of the Mascoutah Historical Society is to achieve a total return (income and appreciation) of 5% - 7% after inflation, over a full market cycle (3-5 years). The benchmarks to be used in evaluating the performance of the Equities and Fixed Income asset classes will be:

Equities: S & P 500 Index or similar

Fixed Income: Barclays Capital U.S. Aggregate Bond Index or similar

Initial Investments Policy adopted July 3, 2022

Annie Holmes, Secretary