



**NATIONAL ASSOCIATION FOR COURT MANAGEMENT (NACM)  
INVESTMENT POLICY STATEMENT**

**I. PURPOSE OF THIS INVESTMENT POLICY STATEMENT**

This statement of investment policy is set forth by the NACM Board of Directors in order to:

- A. Establish a clear understanding for all involved parties of the responsibilities, investment goals, and objectives for the NACM's assets.
- B. Offer guidelines and limitations to all Investment Managers regarding the investment of NACM's assets.
- B. Establish a basis for evaluating investment results.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

**II. IMPLEMENTATION**

- A. The NACM Secretary/Treasurer shall be responsible for the implementation of the Investment Policy Statement.
- C. A review of NACM's investments shall be completed against the Investment Policy Statement by January 31<sup>st</sup> of each year. A report of the findings of that review shall be provided to the NACM Board at the mid-year board meeting.
- C. A review of the investment policy itself shall occur by January 31<sup>st</sup> of every even-numbered year, beginning in 2016. This review shall determine if the policy remains relevant and appropriate for NACM's financial needs. A report of the findings of that review along with a revised investment policy statement, if necessary, shall be provided to the NACM Board at the mid-year board meeting.

**III. INVESTMENT OBJECTIVES**

In order to meet its needs, the investment strategy is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

- A. The primary objective shall be long-term growth of capital while avoiding excessive risk. Short-term volatility will be tolerated in as much as it's consistent with the volatility of a comparable market index.
- B. The secondary objective shall be liquidity, in order to ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.
- C. As a non-profit organization, NACM will strive to maintain the equivalent to six (6) months of its annual budget in reserves at all times.

#### IV. SPECIFIC INVESTMENT GOALS

The goal is to earn a total rate of return (after costs) averaging the Consumer Price Index plus 5% per annum, measured over a three to five year time period, i.e., full market cycle.

Performance will be available for measure on a monthly basis. Although prepared quarterly, the primary measurement period for complete evaluation will be trailing twelve-quarter periods and complete market cycles. Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising stock prices. A declining leg shall usually be defined as a period of two consecutive quarters of declining stock prices. Therefore, the minimum period of evaluation shall be one year and more typically, three to five years. The account performance shall be evaluated relative to custom indices over trailing twelve-quarter periods and full market cycles.

#### V. INVESTMENT GUIDELINES

- A. Types of Assets - All assets selected for the portfolio must have a readily ascertainable market value, and must be readily marketable.

In order to provide the Investment Manager with the flexibility to invest in various types of assets, the following lists of types of assets are approved for investment:

##### Equity Investments

- Common Stocks
- Preferred Stocks
- Convertible Securities including subordinated debentures
- American Depositary Receipts (ADR's) of Foreign Companies
- Exchange Traded Funds (maximum 5% at cost)
- Foreign Convertible Securities (U.S. Dollar Denomination)
- Stocks of non-US Companies (Ordinary shares)

##### Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.
- Exchange-Traded Fund which invests in securities as allowed in this statement.

##### Fixed Income Investments

- U.S. Government and Agency Securities (notes and bonds)
- Certificates of Deposit
- Corporate Bonds
- Collateralized Mortgage Obligations
- Savings Accounts and Money Market Funds
- Principal Protected Investments

- B. The following types of assets or transactions are prohibited:

- Unregistered Letter Stock
- Speculative Securities
- Private Placements (Except 144A convertible securities)
- Stock Options & Warrants
- Purchase of Equity Securities on Margin
- Selling Short on Margin
- Real Estate Mortgages

C. Equity Investments

- No individual holding shall constitute more than 5% of the securities of any single issuer.
- No more than 7% of the assets, measured at time of purchase, may be invested in any one equity security.
- No more than 35% of the assets in the domestic portfolios shall be invested in Foreign Companies ordinary shares.

D. Fixed-Income Investments

- No more than 10% of the assets shall be invested in the securities of any single issuer, with the exception of the U.S. Government and its Agencies
- No individual holding shall constitute more than 10% of the market value of the issue.
- All investments in interest-bearing, nonconvertible obligations of corporations must be rated within the Investment Grade designation of the bond rating services.

E. Asset Allocation

Portfolio Fund Asset Allocation Guidelines are to be reviewed by the investment advisor on an ongoing basis and should be reviewed annually with the secretary/treasurer.

NACM's cash reserve accounts dictate that no minimum, maximum or target asset classes be dictated by this investment policy statement.

## VI. INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Advisors shall be available on a monthly basis via online access or request. Semi-annual performance reviews shall be provided to the secretary/treasurer. The investment performance of the portfolios will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment Advisors intend to evaluate the portfolio(s) over at least a three-year period, but reserve the right to reallocate funds for any reason including the following:

- A. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- B. Failure to adhere to any aspect of this statement of investment policy.
- C. Significant qualitative changes to the investment management organization.
- D. Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

## VII. COMMUNICATIONS

- A. NACM shall inform the Investment Advisors as to the cash needs on annual basis and the Investment Advisor shall maintain such requirements in a form wherein funds are available upon demand.
- B. Performance results, portfolio listings and valuations and transactions summaries should be available via online access or mail. Monthly statements and online account viewing should be provided. Confirmations should be distributed upon the purchase or sale of any security.