

Investment Policy Statement for American Radio Relay League, Inc. Regular & Life Membership Program Funds

Revised July 2012, July 2019

Introduction

The investment portfolio has been established to support the activities of the American Radio Relay League (ARRL) and its Life Membership Program (LMP). The investment of funds will be made for the exclusive use of the ARRL. The Board of Directors has the ultimate responsibility for the funds. The Administration & Finance Committee (A&FC), appointed annually by the President, has the responsibility for overseeing the activities of the Investment Advisor/Manager (IAM). The Treasurer can also act as the IAM.

The Board, based on the recommendation of the A&FC, approves the Investment Policy Statement (IPSSStatement) which is issued for the guidance of the A&FC and the IAMinvestment advisor/manager. The IPSSStatement is intended to set forth an appropriate set of goals and objectives for the assets managed and to define guidelines within which the IAMinvestment advisor/manager may formulate and execute ~~its~~ investment decisions. In addition to reviewing this IPSSStatement periodically, the Board may amend it both upon their initiative and upon consideration of the advice and recommendation of the A&FC and the IAMinvestment advisor/manager. It is the responsibility of the A&FC to review these goals and objectives periodically and communicate any material changes to the Board and the IAMinvestment advisor/manager.

Statement of Goals and Objectives

1. Assets shall be invested to provide reasonable assurance that principal is preserved and enhanced over time. A co-equal goal is Total Return, consistent with prudent investment management. ~~The total return target is 7.00% net compounded annually.~~ Total return includes income as well as realized and unrealized gains and losses.
2. A ~~total real rate of~~ return of at least 34% per year (after inflation) should be earned to protect and enhance purchasing power of the assets.
3. For purposes of performance evaluation, total return will be compared to appropriate indices comprised of similar investments.
4. The A&FC realizes that there will be deviations from these performance targets. Normally, results are evaluated over a three- to five-year time horizon, but shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the ARRL.

Investment Guidelines

Full discretion, within the parameters of the guidelines described herein, is granted to the IAMinvestment advisor/manager regarding asset allocation, the selection of securities, and the timing of transactions. See Appendix I for the Asset Allocation Policy.

The IAMmanager shall normally be fully invested, subject to the Asset Allocation Policy and the guidelines contained in the following paragraphs.

1. Equity investments (i.e., common and preferred stocks, convertibles, warrants and rights) are permitted. The IAMmanager should determine that the securities are investment grade. American Depository Receipts (ADR's), which are dollar--denominated foreign securities traded on the domestic U.S. stock exchanges, may be held.
2. The maximum amount that may be invested in any one company is 4% of portfolio at market.
3. The overall average quality of the fixed-income portfolio shall be "A" or better (Moody's/S&P) or "A2" (Moody's) at the time of purchase. Below investment grade issues may comprise no more than 1520% of the fixed-incomethis sector of the portfolio. International securities may comprise up to 10% of the fixed-incomethis sector of the portfolio.
4. Fixed-income securities of an individual issuer, except for U.S. Treasury securities and U.S. Government and Agencyies securities backed by the full faith and credit of the U.S. Government, shall not constitute more than 2% of the total investment portfolio. Fixed-income securities of an individual issuer rated AA (S&P) or Aa2 (Moody's) or better may constitute up to 3% of the total investment portfolio.
5. The IAMmanager may invest in Mutual Funds and Exchange Traded Funds that are, in his or her opinion, in compliance with all other aspects of this IPS Statement.
6. The IAMmanager may maintain reserve and cash equivalent investments. These investments should be made on the basis of safety and liquidity and secondarily by yield.
7. Derivatives (securities) are not permitted, unless specifically approved by the A&FC.
8. The disposition of Gifts of eligible securities will be determined by the IAMinvestment advisor/manager consistent with these policies, subject to restrictions on disposition of publicly traded securities by the donor.
9. Excess operating cash, of a temporary nature, not transferred to the Investment Portfolio may be invested by the CFO following guidelines established by this IPSStatement.

Ineligible Investments

Unless specifically approved by the A&FC, the followingertain securities, strategies and investments are not eligible for inclusion within the ARRL Portfolio.

- Direct investments in cCommodities. Publicly-traded equity investments which are intended to hold commodities as a material percentage of assets are a permissible investment; however, in aggregate, such investments shall not constitute more than 5% of the total investment portfolio.
- Privately placed or other non-marketable debt.

- Lettered, legend or other so-called restricted stock.
- ~~Short sales.~~
- Direct investment in private placements, real estate, oil and gas and venture capital, or funds comprised thereof.

Gifts of ineligible investments must be reviewed and may be retained only at the discretion of the A&FC.

Spending Policy

The portfolio is used to support the operations of the ARRL. Withdrawals from the portfolio in accordance with this section are permitted, but not required. For budgeting purposes, the annual draw from the portfolio may not exceed 34% of the average of the prior two fiscal year end market values of the investment portfolio- Regular Portfolio assets. In addition, the ARRL may draw from the portfolio the annual cost of the LMP for each such member. As needs arise, the amount drawn on an annual basis may exceed the previously set limits with prior approval of the A&FC.

Roles and Responsibilities

ADMINISTRATION & FINANCE COMMITTEE

The A&FC shall review the entire investment program, approve the IPSS statement and provide overall direction to the IAM investment advisor/manager. Any deviation from this IPSS statement shall be approved in advance by this Committee and those of a material nature must be promptly reported to the Board.

INVESTMENT ADVISOR/MANAGER shall:

1. Manage the assets under his or her management in accordance with policy guidelines and the objectives expressed herein.
2. Exercise investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, sell or hold securities in amounts and proportions reflective of the IAM manager's current strategy and compatible with the investments objectives.
3. Comply with all provisions pertaining to the IAM investments manager's duties and responsibilities as a fiduciary. Assets should be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of ARRL assets.
4. Use best efforts to ensure that transactions are placed on a "best execution" basis, while taking into account the relationship with broker(s) supplying reports and research.

5. Exercise ownership rights through proxy solicitations, doing so strictly for the economic benefit of the ARRL.

6. Meet with the A&FC at least annually to review investment matters. Quarterly reports should be submitted in writing within 30 days of the end of each calendar quarter.

~~7. Buy and sell orders signed by the investment manager shall be forwarded to ARRL staff and the custodian on a timely basis.~~

~~78.~~ Acknowledge, in writing, the IAMmanager's intent to operate in compliance with the IPSSStatement.

~~89.~~ Not use Ieveraged transactions.

~~940.~~ Monitor corporate actions including, but not limited to, proxy solicitations, dividend options, exchanges, etc. Any and all corporate actions fall within the purview of the IAM Investment Manager who shall exercise his responsibility as such and as Treasurer as appropriate, solely for the benefit of the ARRL.

CUSTODIAN(S)

The Custodian(s) shall be responsible for performing the following functions:

~~Accept instructions from designated investment staff.~~

1. ~~Accept instructions from designated investment staff.~~

~~1.2.~~ Provide a monthly accounting of all investment transactions for the month.

~~2.3.~~ Provide a monthly market valuation report and performance analysis.

~~3.4.~~ Notify ~~the IAM~~investment manager of proxies, tenders, rights, fractional shares or other dispositions of holdings.

~~4.5.~~ Resolve any problems that designated investment and accounting staff may have relating to the custodial account.

~~5.6.~~ Safekeeping securities.

~~6.7.~~ Collect interest and dividends.

~~7.8.~~ Process IAMinvestment manager transactions on a delivery vs. payment basis.

~~8. Acquire dual authority to move or accept any securities without payment.~~

9. Collect proceeds of maturing securities and pay downs relating to holdings.

10. Work with the IAMinvestment management and ARRL staff to ensure accuracy in reporting.

IMPLEMENTATION

All monies invested by the IAMmanager after the adoption or revision of the IPSSStatement shall conform with its content.

Approved by: Administration & Finance Committee
Date: ~~April~~ July 19, 20192

Approved by: Board of Directors
Date: July ~~___~~ 20, 20192

Accepted by: Investment Advisor/Manager
Date: July ~~___~~ 20, 20192

APPENDIX I

Investment Policy Statement

American Radio Relay League, Inc.

ASSET ALLOCATION POLICY

The asset allocation set forth below should be reviewed at least annually. Typically, readjustment of the portfolio will occur when a weighting is outside its target range; but of course the A&FC may adjust the range itself.

Asset Class	Target	Range
Common Stock	50%	40% - 60%
Fixed Income	45 <u>57</u> %	35% - 58%
Cash*	5 <u>3</u> %	2% - 8 <u>5</u> %

*Cash includes cash and funds temporarily deployed in money market funds and money market instruments.

The allocation percentages noted above do not apply to those assets which have been set aside for a specific purpose, ~~such as those assets set aside with respect to termination of the pension plan.~~ Exclusions and applicable allocation percentages must be specifically identified by the Board of Directors or the A&FC~~Administration and Finance committee~~.