

**Harmonia Collaborative Care, Inc.**

**STATEMENT OF INVESTMENT POLICY, OBJECTIVES AND GUIDELINES**



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**Harmonia Collaborative Care, Inc.**

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## **Harmonia Collaborative Care, Inc.**

### **STATEMENT OF INVESTMENT POLICY, OBJECTIVES AND GUIDELINES**

#### **GENERAL INFORMATION**

Mission of Investment Policy: To secure permanent funds to enrich and ensure the current and future needs of the community and to further the goals of Harmonia Collaborative Care, Inc. (Herein HCC).

#### **Scope of this Investment Policy**

This statement of investment policy reflects the investment policy, objectives and constraints of HCC.

#### **Purpose of this Investment Policy Statement**

This statement of investment policy is set forth by the Board of Directors of HCC to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of the organization's assets.
3. Offer guidance and limitations to all investment advisors regarding the investment of HCC assets.
4. Establish a basis for evaluating investment results.
5. Manage assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which assets will be managed.
7. The purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. Actions taken or contemplated by this policy shall follow appropriate law. Included under this requirement is that all activities shall be deemed appropriate within the relevant sections of The Internal Revenue code dealing with applicable tax requirements for 501 (c) (3) .

#### **Delegation of Authority**

The Investment Committee is charged with carrying out the investment policy. The committee must communicate to the Board of Harmonia Collaborative Care, Inc. major policy issues. The Investment Committee of HCC is a fiduciary, and responsible for establishing the Investment Policy and directing and monitoring the investment management of the agency assets. The Board of Directors, through the Investment committee, is authorized to delegate certain responsibilities to professionals in various fields. These include, but are not limited to:

**Custodian:** The custodian (bank or brokerage firm) will physically (or through agreement with a sub-custodian) maintain possession of securities owned by HCC, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales.

**Investment Advisor:** The Advisor may assist the Board of Directors in: Establishing investment policy, objectives, and guidelines; selecting investment performance; and other tasks as deemed appropriate. The Investment Advisor will have the discretion to purchase, sell or hold the specific securities that will be used to meet the agency investment objectives, as enumerated in investment guidelines and asset allocation guidelines.

## **ASSIGNMENT OF RESPONSIBILITY**

### **Responsibility of the Investment Committee**

The Investment Committee will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

The Committee shall be defined as follows:

- Chairman
- Executive Director
- Board Members
- Accountant

Specific responsibilities of the Investment Committee include:

1. Discretionary investment management including decisions to buy, sell, and hold individual securities.
2. Voting proxies, if requested by The Board of Directors, on behalf of the agency, and communicating such voting records to the Board of Directors on a timely basis.
3. Maintain meeting minutes of all investment transactions.

### **Responsibility of Investment Advisor**

1. Shall have a minimum of 5 years verifiable consulting experience in advising pensions, trust, foundations and non-pension investment portfolios.
2. Stewarding the investment policy design process, including advising the committee in its asset and style allocation.
3. Advising the agency through its Investment Committee as to selection of and allocation to investment managers and/or mutual funds.
4. Reporting and evaluating on a timely basis quarterly investment performance, informing the investment committee regarding any qualitative change to investment management organizations. Examples include changes in portfolio management personnel, ownership situation, investment philosophy, etc.
5. Attend periodic meetings with the investment committee.
6. No conflicts of interest, such as receiving additional compensation, perks or benefits over and above allowed by industry standards (prospectus).

### **Responsibilities of the Executive Director (or delegate)**

The Executive Director, or designated delegate such as the organization's accountant, shall be responsible for:

1. Maintaining complete records of all investment transactions subject for review by independent auditors, government regulators etc.

2. Maintaining the organization's investment accounts according to GAAP (Generally Accepted Accounting Principals) and providing accurate financial statements to internal management and the Board of Directors in a timely basis.

## **GOALS AND OBJECTIVES**

### **General Investment Principles**

1. Investments shall be made solely in the interest of the beneficiaries of the agency.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in the capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Investment Committee may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity and return.

### **Investment Objectives**

The investment strategy of HCC is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for the agency assets shall be:

Long-term growth of capital: to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

## **ASSET CLASS DEFINITIONS AND GUIDELINES**

### **Liquidity**

Internal management and the Investment Committee will determine the amount of readily available cash, working capital, needed. Working capital funds may be needed on short notice and must be readily available.

To maintain the ability to deal with unplanned cash requirements that might arise. The Board of Directors requires that a minimum of 5% of agency assets under consultants control and discretion shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury Bills.

### **Marketability of Assets**

The Board of Directors require that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the agency with minimal impact on market price.

## Investment Guidelines

Allowable assets:

### 1. Cash Equivalents

- Treasury Bills
- Money Market Funds
- STIF Funds
- Commercial Paper
- Banker's Acceptance
- Repurchase Agreements
- Certificates of Deposit

### 2. Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Preferred stock
- Fixed income Securities of Foreign Governments and Corporations

### 3. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADR's of Non-U.S. Companies)
- Stocks of Non-U.S. Companies (Ordinary Shares)

### 4. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement

### 5. Money Managers

- Independent, licensed, investment managers which invest in securities allowed by this statement

## Asset Allocation Guidelines

Investment management of the assets of HCC shall be in accordance with the following asset allocation guidelines:

- Assets should be reviewed by the Investment Advisor on a regular basis and reallocated as soon as practical, if any of the asset classes fall outside the parameters stated in this policy for a period of ninety (90) days or more.
- Investment Allocation Parameters will be developed with the investment advisor.  
Example:

<b>Category/Style</b>	<b>Idea</b>	<b>Minimum</b>	<b>Maximum</b>
Large Cap Growth	15%	5%	20%
Large Cap Value	15%	10%	20%
International Large Cap	15%	10%	20%
Bond	25%	10%	35%
Money Market	10%	5%	50%

Small/Med Cap Value	15%	5%	20%
Small/Med Cap Growth	5%	0%	10%

- If a combination of managers is utilized for the agency assets, the objective shall be to select managers of varying styles so that the total portfolio diversification is maximized, total portfolio efficiency is enhanced, and whose investment methodologies are most compatible with the agency's risk/return parameters.
- Allocations among custodians will be adjusted to remain in compliance with the general asset allocation policy. Allocations may also be made in order to remain consistent with any risk analysis associated with a review of this Policy, which will occur at least every other year.

## **GUIDELINES FOR INVESTMENT ADVISORS**

### **Diversification for Investment Managers**

In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 10% of each mutual fund or money manager's portfolio and no more than 10% of each mutual fund or managed portfolio should be invested in any one industry or position.

### **Guidelines for Fixed Investments and Case Equivalents**

1. Plan assets may be invested only in investment grade bonds rated BBB or better. Weighted Average Portfolio maturity should not exceed 7 years exclusive of the agency.
2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

### **Investment Performance Review and Evaluation**

Performance reports shall be provided to the Investment Committee at quarterly. The investment performance of total portfolios, as well as class components, will be measured against commonly accepted performance benchmarks and appropriate industry peer group weightings.

Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines set forth in this policy. The Investment Committee will evaluate the Investment Advisor over at least a three (3) year period and reserves the right to terminate the Advisor for any reason including the following:

- a. Investment performance which is significantly less than anticipated given market conditions
- b. Failure to adhere to any aspect of this policy including reporting requirements
- c. Significant qualitative changes to the Investment Manager's organization