

**INVESTMENT POLICIES
AMERICAN ASSOCIATION OF UNIVERSITY WOMEN CALIFORNIA
SPECIAL PROJECTS FUND**

It is the intent of the American Association of University Women California Special Projects Fund (hereinafter referred to as "SPF") to invest the monies held by SPF in a manner that will provide an acceptable investment return for both growth and income with minimal risk. The purpose of these policies is to provide a clear understanding of the guidelines and objectives related to the total investment portfolio of SPF for the SPF Board of Directors, Finance and Investments Committee, investment manager(s) and/or advisor(s) and others. Related activities provided by this Investment Policy include good cash management, control of disbursements, and cost-effective banking relations.

I. Delegation of Authority/Financial Authority

The delegation of authority is defined in SPF Bylaws Article VIII. Committees, Section 5. Standing Committees, B. Finance and Investments Committee.

II. Scope

These Investment Policies apply to all investment assets of SPF. All investments shall be pooled into one investment account, with three sub-accounts: SPF Administration Sub-Account, AAUW CA Branch Projects and Scholarships Sub-Account, and AAUW CA State Projects Sub-Account provided the fund balance for each sub-account is maintained in the SPF general ledger. All sub-accounts may be pooled to provide for more advantageous investment opportunities provided the fund balance for each sub-account is maintained in the SPF general ledger.

III. Definition of Accounts

A. SPF Administrative Sub-Account

This account is the operational account for the activities of SPF. It receives its funding from the fees charged to State and Branch Projects and Scholarships as well as a portion of the interest earned by the balances in the State and Branch Projects and Scholarships sub-accounts.

B. AAUW CA Branch Projects and Scholarships Sub-Account

This account is funded by deposits from approved AAUW CA Branch Projects and Scholarships. For a Branch to receive a portion of the income earned on the balances held in this sub-account, the Branch must have a minimum of \$5,000 in the Branch account for a minimum of twelve (12) consecutive months.

C. AAUW CA State Projects Sub-Account

This account is funded by deposits from approved AAUW CA State Projects. The AAUW CA SPF TJT (Toby Johnson Trust Account) along with the AAUW CA SPF LA (Los Angeles Branch) account will be included with the State Projects Sub-Account until their individual balances have been consumed by the specific restrictions for each account.

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For AAUW CA Projects Sub-Account to receive a portion of the income earned on the balances held in this sub-account, the State Project must have a minimum of \$5,000 in the account for a minimum of twelve (12) consecutive months.

IV. Prudence

Investments shall be made with reasonable judgment and care which persons of reasonable prudence, discretion and intelligence exercise in the management of their personal affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. SPF Finance and Investments Committee members and investment managers and/or advisors, acting in accordance with the SPF Investment Policies, and exercising due diligence, shall be relieved of personal responsibility for an individual account's security credit risk or market price changes provided deviations from expectations are reported in a timely fashion to the Executive Committee and appropriate action is taken to control adverse developments excepting therefrom gross negligence or willful misconduct of such persons.

V. Investment Guidelines

A. Objectives

1. Preservation of capital on an absolute basis
2. Generation of income to enhance the work of SPF and its clients
3. Growth of asset value at a rate greater than inflation (as measured by the Consumer Price Index [CPI])
4. Provide market (Standard & Poor's 500) equivalent income

Achieving these objectives will require a moderate level of risk, a long-term investment horizon and diversification among assets. The funds will be invested to maximize total return (capital appreciation, interest and dividend income) consistent with a prudent level of risk.

B. Liquidity

Due to the irregularity (time and amounts) of withdrawals from the investment pool for project specific requirements, 10% must be available for immediate withdrawal.

C. Authorized and Suitable Investments

SPF Investments Committee, a subcommittee of the Finance and Investments Committee, will direct our investment manager(s) and/or advisor(s) to invest the funds with socially responsible investment instruments consistent with AAUW's mission and objectives.

VI. Asset Allocation

The total assets of SPF can be managed as a single investment pool. The board of directors has established the following asset allocation guidelines. Any deviation of 15% or more of the total portfolio beyond these allocation limits in any category requires approval from the Finance and Investments Committee. Rebalancing of the investments should be performed at least annually.

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- A. Cash and Equivalents (10% – 30%)
Short-term investments (one year or less) shall consist of obligations of the U.S. Government, U.S. Agencies and corporate issues rated A, and the two highest grades of commercial paper. Additionally, a money market fund or comparable investment with like investments may be used.
- B. Fixed Income (25 – 75%)
All fixed income securities held in the portfolio shall not be rated less than A by Standard & Poor's or Moody's. Maximum ownership of any one issue, exclusive of US Government issues, shall not exceed 15% of the fixed income portfolio at cost.
- C. Equities (0 – 50%)
The portfolio may hold common stocks publically traded on US Exchanges, NASDAQ listed stocks and securities convertible into such stocks. Equity investments in any Standard & Poor's sector classification shall not exceed 20% of the market value of the total equity portfolio. Equity investments in any single issue shall not exceed 10% of the equity portfolio at market value.
- D. Prohibited Transactions
SPF prohibits the following types of investment activities: Margin Purchases, Private Placements or other restricted securities, and Foreign Issues, unless traded on US Exchanges or Markets.

VII. Return Objectives and Benchmarks

- A. Returns
The SPF compound annual total return objective for the total portfolio is an absolute return after all expenses of the CPI plus at least 3% of the beginning year asset value adjusted for withdrawals. Returns will be measured over three-year moving time periods. The goals are long term; however, performance and activities of the investment manager(s) and/or advisor(s) will be evaluated at least semi-annually.
- B. Standards of Performance
 1. Expected minimum net total return (appreciation plus income) should exceed inflation by 3% for equities and 2% for fixed income over a three year period.
 2. Expected total return compared to the market should equal or exceed applicable equity or fixed income indexes.
 3. A ranking in the top 35% of similar "style" equity and fixed investment managers in a database on 3-year and 5-year time horizons.
 4. Losses over a three year period should be limited to 10% of the beginning value or maximum value, whichever is greater, in the equity portfolio and 5% in the fixed income portfolio.

VIII. Ethics and Conflicts of Interest

SPF board members are required to sign a "Conflict of Interest" disclosure upon becoming a member of the SPF Board of Directors. They shall further disclose to the Executive Committee any personal/financial investment positions over \$100,000 in a single investment product that could be related to the performance of the investments of SPF.

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IX. Internal Control

A. Oversight

The Executive Committee shall review the investments, procedures and adherence to the Investment Policy and decide what actions will be required. The Finance and Investments Committee shall provide to the Executive Committee information it receives from the investment manager(s) and/or advisor (s) and/or third party custodians to provide a clear picture of the status of the portfolio.

B. Communications and Reporting

SPF will require the following type and frequency of communication and reporting from its investment manager(s) and/or advisor(s).

1. Monthly

Monthly statements showing current cash balances, all activity for the previous period, expected yields on the current portfolio, total account equity and prices and values for all securities held at month-end.

2. Semi-Annually

Semi-annual portfolio presentations to the Finance and Investments Committee which will include reports of the portfolio status, time-weighted returns in accordance with association for investment management and research performance measurement standards, performance comparisons to appropriate benchmarks, economic outlook, investment strategies and other related matters that would be of interest to the Finance and Investments Committee.

3. On-Going

On-going communication by phone, letter or personal consultation will be required as deemed necessary by the investment manager(s) and/or advisors(s) and/or the Finance and Investments Committee.

C. Changes and Deviations

The Finance and Investments Committee places trust in and emphasis on the investment strategy employed by the investment manager(s) and/or advisor(s). Any material changes to or deviations from an investment manager(s) and/or advisor(s) approach must be communicated and justified to the board of directors of AAUW-CA SPF. The board requires the investment manager(s) and/or advisor(s) to communicate any significant changes in management or investment personnel immediately.

X. Investment Policies Review and Adoption

A. Adoption

The SPF Board of Directors shall adopt the SPF Investment Policies.

B. Review

It shall be the duty of the Investments Subcommittee and the Finance and Investments Committee to review the policies at least annually to assure that they remain valid and relevant and recommend any changes in writing to the Board of Directors.

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The statement set forth herein shall be effective as of January 11, 2014 until otherwise amended in writing by the board of AAUW-CA SPF.

Signed this _____ day of _____, 2013

Signature _____ President (Print Name) _____ Elva Vollbrecht _____

Signature _____ Vice President (Print Name) _____ Amy Harbin _____

Signature _____ Secretary (Print Name) _____ Constance Harney _____

Signature _____ Treasurer (Print Name) _____ Jane Stanley _____