

**INVESTMENT POLICY**  
**MARYLAND DEAF SENIOR CITIZENS (MDSC)**  
**Approved by MDSC Board 2/25/2025**

**PURPOSE OF INVESTMENT POLICY**

The purpose of this Investment Policy is to provide a clear statement of MDSC's investment objective, to define the responsibilities of the Board and any other parties involved in managing MDSC's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

**INVESTMENT OBJECTIVE**

The overall investment objective of MDSC is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

**GENERAL PROVISIONS**

- All transactions shall be for the sole benefit of MDSC.
- The Board shall consider updating MDSC's investment policy on an annual basis.
- The Board shall conduct an annual review of MDSC's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of MDSC financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.
- The Board will endeavor to operate MDSC's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.

**DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS**

- The Board has ultimate responsibility for the investment and management of MDSC's investment assets.
- The Board will form an Investment Management Committee (IMC) which will be composed of the IMC Chair, the MDSC Treasurer, and two MDSC members. The IMC will serve as an advisory committee to provide investment advice to the Board. The IMC

will monitor compliance with the investment policy, recommend changes and assist the Board in selecting and retaining Investment Managers to execute this Investment Policy.

- The Board or IMC with the approval of the Board may hire outside experts as investment consultants or investment managers.
- The IMC has no authority to act for the Board unless prior approval has been granted.

### **Responsibilities of the Board**

The Board is charged with the responsibility of managing the investment assets of MDSC. The specific responsibilities of the Board include:

1. Communicating MDSC's financial needs to the Investment Managers on a timely basis.
2. Determining MDSC's risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
4. Prudently and diligently selecting one or more qualified investment professionals, including investment manager(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

### **Responsibilities of Investment Managers**

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy.

Specific responsibilities of investment manager(s) include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, monthly investment performance results.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of the investment process.

4. Informing the Board, or if authority is delegated, the Investment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Board, or if authority is delegated, the Investment Committee, on behalf of MDSC.
6. Administering MDSC's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to MDSC. Fee schedule will be provided to the Board.

### **GENERAL INVESTMENT GUIDELINES**

- A copy of this Investment Policy shall be provided to all Investment Managers.
  - MDSC is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making MDSC investments.
  - MDSC is expected to operate in perpetuity; therefore, a 10 year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective. [The foregoing may or may not be included, as applicable, depending upon MDSC's liquidity requirements.]
  - A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for anticipated expenses.
  - Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
  - The MDSC President and IMC chair will be listed as account holders on all investment accounts. Only these individuals can contact the account manager and request transactions. Confirmation of all transactions will be provided to the MDSC President and IMC Chair.
  - Permitted investments include: Cash and cash equivalents, marketable securities including equities and fixed income securities, Certificate of Deposits (CDs), Mutual Funds, Exchange Traded Funds (ETFs), and Closed End Funds (CEFs).
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- No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
    1. BBB by Standard & Poors for straight bonds and convertibles
    2. Baa3 by Moody's Investor Service for straight bonds and convertibles
    3. A1 by Standard & Poors for short term securities
    4. P1 by Moody's Investor Service for short-term securities

5. AAA for money market accounts

- The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock, and crypto currency.

**DIVERSIFICATION**

- MDSC will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

**ASSET ALLOCATION**

- The asset allocation policy shall be predicated on the following factors:
  1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
  2. The correlation of returns among the relevant asset classes.
  3. The perception of future economic conditions, including inflation and interest rate assumptions.
  4. Liquidity requirements for the projected grants and other charitable expenditures.
  5. The relationship between the current and projected assets of MDSC and projected liabilities.

**ALLOCATION RANGE**

[Note: MDSC should determine its own allocations, based on its investment objectives and cash needs. The following allocation schedule is only a sample and is not recommended for use without review by investment counsel.]

Asset Allocation Range	Goal	High	Low
Cash & Equivalents	5%	20%	0%
Fixed Income	25%	50%	20%

Equities	70%	80%	50%
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- Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

### **PERFORMANCE**

- Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Organization and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three to five year basis to allow for market fluctuations and volatility.

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