

Section D: Finance

D-10 Investments

Review Responsibility: Board of Directors, Treasurer/Investment Task Force

Policy Statement: ASTA will set an investment policy that provides sufficient cash to meet financial obligations in a timely manner and which provides a mechanism for investing funds held for future expenditure while minimizing market, business, inflation and interest rate risks.

Purpose: The purpose of the investment policy is to provide guidelines for the preservation and investment of funds held by ASTA. For the purposes of optimizing investment returns and managing investment risk, ASTA funds will be divided into two investment groups that are called the “Operating Fund” and the “Long-Term Fund”. The investment objectives of the Operating Fund are preservation of capital and high liquidity of assets. The investment objectives of the Long-Term Fund will be to provide for long-term real growth of principle without undue exposure to risk while maintaining sufficient liquidity of assets; thereby providing a solid reserve fund.

Procedure:

1. This investment policy shall be reviewed annually by the Treasurer, Investment Task Force, and Executive Director to ensure that it reflects the current mission of ASTA and accurately reflects the association’s current financial condition. The Investment Task Force shall be comprised of the treasurer and up to three board members with input from staff and ASTA external money managers. Recommendations for any necessary modifications shall be made to the Board of Directors for approval.
2. Invested funds will be professionally managed with oversight and approval of the Investment Task Force and Executive Committee under the direction of the Treasurer.
3. ASTA funds shall be divided into an Operating Fund and Long-Term Fund as follows:
 - Operating Fund: An amount equivalent to four months of the operating budget shall be maintained as the Operating Fund. Of this amount, a target of \$50,000 shall be maintained in the ASTA checking account on a monthly basis. The remainder shall be maintained in the ASTA Money Market account.
 - Long-Term Fund: All amounts not needed for the Operating Fund shall be available for investment in the Long-Term Fund.
4. The Long-Term Fund must maintain sufficient liquidity to provide for any anticipated withdrawals, and sufficient marketability must be maintained to provide for unexpected withdrawals.

5. To avoid risks associated with speculative, high-risk investments, the association is willing to sacrifice the opportunity for large gains in the Long-Term Fund in favor of a diversified and balanced portfolio.
6. The following options may be considered for investment of ASTA Long-Term Funds:
 - Federally-Insured Certificates of Deposit not to exceed \$250,000 per institution
 - Money Market Funds invested in U.S government securities
 - Direct obligations of the U.S. Government, its Agencies and instrumentalities
 - Collateralized Mortgage Obligations underwritten by Agencies implicitly (Fannie Mae, Freddie Mac) or explicitly (Ginnie Mae) backed by the U.S. Government
 - Investment grade corporate debt rated BBB or higher (as preferred stocks)
 - Mutual fund investments holding income-generating securities rated as investment grade (BBB) or higher by a nationally recognized rating agency
 - Convertible Securities (Bond Funds)
 - Taxable Municipal Bonds (Short-to-intermediate term Bond Funds)
7. The duration of income investments should reflect both current interest rates as well as the expected direction of future interest rates, keeping in mind that the longer the duration, the more sensitive a bond is to rising interest rates.
8. The Treasurer and Executive Director shall provide quarterly reports to the Board showing the schedule of investments, their current market value, and the interest or dividend income year-to-date.
9. The following investments and investment activities are prohibited:
 - Any direct bond investments in ASTA member companies
 - Private Placements
 - Letter stock
 - Derivatives
 - Securities whose issuers have filed a petition for bankruptcy
 - Commodities or commodity contracts
 - Futures or options contracts
 - Short-sale contracts
 - Margin transactions
 - High yield mutual funds
 - Equity mutual funds
 - Real estate funds
 - Individual stocks
 - Any speculative investments, including but not limited to emerging market funds, country funds, precious metal funds, etc.

10. Portfolio Investment Guidelines

The following are suggested guidelines to be used when allocating ASTA's total investable assets among the various investment choices listed above.

Security Allocation Guidelines: reasonable ranges for the types of securities deemed as investable:

Investment Choice	Minimum % of Remaining Investment Balance	Maximum % of Remaining Investment Balance
Cash, CDs	0%	100%
CMOs	20%	40%
Bond Funds	20%	40%
Money Market Funds	0%	20%
Preferred Stocks	20%	45%

Approved: November 2003

Amended: August 2004, April 2010, October 2011, January 2020, July 2021