



INVESTMENT POLICY STATEMENT

Amended July 25, 2023

- I. **MISSION:** The Nevada Humane Society is a charitable, non-profit organization whose mission is to care for pets, find them homes, and save their lives.
- II. **PURPOSE:** The purpose of this document is to define the investment objectives and policies, to delineate the duties and responsibilities of the entities involved in the investment process, and to direct the prudent investment of the portfolio in a manner consistent with the investment objectives and NHS's mission.

This Investment Policy Statement (the "IPS") governs the management of invested assets (collectively referred to in this IPS as the "Portfolios" or individually as "Portfolio") of the Nevada Humane Society (hereinafter, "NHS") as approved by the Finance Committee ("Committee"), a standing committee of the Board of Directors of the NHS. The Committee and the Board of Directors of NHS have ratified this IPS, which may be amended from time to time as deemed appropriate.

- III. **OBJECTIVE:** The goal is to achieve a positive rate of asset growth in the Portfolio in order to preserve long-term real purchasing power. In order to measure this objective, the Committee shall use a blended relative benchmark return comprised of the stated target allocation of each asset class in the Portfolio and its corresponding benchmark. Additionally, it is the expectation of the Committee that the Portfolios outperform the general market over a full market cycle. The NHS has three investment Portfolios governed by this IPS, comprised of the following:
 - A. Nevada Humane Society Board Designated Endowment Fund
 - B. Nevada Humane Society Donor Restricted Fund
 - C. Nevada Humane Society Operating Fund

Board Designated Endowment Fund assets are cash balances set aside by the Board of Directors to provide financial security while generating income for NHS. Both the corpus and earnings may be spent at the discretion of the Board of Directors; however, the investment of endowed funds is designed to preserve the purchasing power of the corpus over the long term with spending in the standards of prudence and spending policies described in this document. These assets are considered long-term and can accept a higher level of investment risk, with long-term defined as more than five years.

Donor Restricted Fund assets are non-endowed contributions by donors, restricted for a specific time and/or purpose, the restrictions of which are anticipated to be satisfied beyond one year from the date of contribution. Contributions that are expected to meet donor restrictions within one year are held in cash and cash equivalents and are outside the scope of this IPS. Typically, the corpus and earnings in the Donor Restricted Fund will be expended within a short or intermediate period of time, with short-term defined as the distribution within 1-3 years and intermediate within 3-7 years.

Operating Fund assets are short-term investment balances set aside by the Board of Directors to provide potential short-term financial support for NHS while generating income for NHS. These assets are considered shorter-term and targeted to a lower level of investment risk.

IV. SPENDING POLICY: The spending policy for each fund is outlined below.

- A. Board Designated Endowment Fund: The amount of assets available for distribution during a calendar year shall be based on a total-return-based spending policy, meaning distributions will be from net investment income defined as dividends plus interest plus realized and unrealized capital gains ("Total Return").

The annual spending objective is a maximum of 4% of the average market value of the Board Designated Endowment Fund, calculated based on 12 rolling calendar quarters ending September 30 of the prior calendar year.

- B. Donor Restricted Fund: Spending of amounts in the Donor Restricted Fund will follow the specific requirements of the applicable donor restriction.
- C. Operating Fund: The operating fund shall hold any excess reserves in addition to the funds allocated in the annual budget from the Board Designated Endowment Fund. The NHS Executive Director/CEO and CFO have the authority to transfer funds from the operating fund into the operating account in accordance with the approved budget and annual funding needs. Any withdrawals in excess of the amount allocated in the budget shall require notification by the CEO/CFO to the Finance Committee and Board of Directors.

V. ROLES AND RESPONSIBILITY: The Board of Directors and Committee and its individual members are not liable for investment decisions made by the Investment Manager if they obtain a qualified Investment Manager, establish proper Investment Objectives and Policies, and monitor the Investment Manager.

A. Nevada Humane Society:

1. The accounts established by the Investment Manager to invest the Portfolios are legally structured as corporate accounts with NHS Chief Executive Officer and designated Board Officer as legal signatories.
2. Each member of the Board of Directors and Committee shall discharge duties with respect to the Portfolios solely in the interest of the NHS and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use

in the conduct of an enterprise of a like character and with like aims.

B. Board of Directors:

1. Approve the investment policy, objectives, and administrative procedures related to the investment of NHS assets.
2. Delegate management of the Portfolio to the Committee and authorize the Committee to further delegate investment management and authority to a qualified financial advisor(s) and/or investment manager(s) (“Investment Manager”).

C. Committee:

1. Make investment decisions recognizing the Portfolio’s funding requirements and in accordance with these Investment Objectives and Policies or adopt necessary revisions.
2. Employ an Investment Manager to ensure that the Portfolio’s funds are invested effectively and with proper risk control.
3. Review the Portfolio’s Investment Objectives and Policies at least annually and recommend any revisions to the NHS Board of Directors.
4. Conduct performance reviews of the Investment Manager at least every 3 – 5 years or on an as-needed basis, and provide recommendations to the Board of Directors for continuance and/or changes in the Investment Manager.
5. Monitor the Investment Manager. The Committee will receive from and review with the Investment Manager quarterly reports on Portfolio performance, asset allocation, and adherence to IPS guidelines via Committee meetings.

D. Investment Manager:

1. Provide advice and recommendations on all investment matters and discharge their investment duties solely in the interest of the NHS with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Implement investment strategies consistent with that described in these policies, including buying and selling investment vehicles that meet the investment criteria as defined in these policies.
3. Utilize appropriate investment discretion, and delegate appropriate discretion to Investment Manager, as defined in these policies, in an effort to maximize risk/return results within the context of the Portfolio’s investment objectives.
4. Prepare necessary revisions to Investment Objectives and Policies for consideration and adoption and effectively implement the Policies.

5. Ensure that monitoring programs are in place to adequately inform the Committee so that Committee members can reasonably be expected to make prudent investment policy decisions. This shall include regular updates on investment performance and Portfolio status. The investment custodian shall provide monthly statements of account positions and activity as well as online access to account information.
6. Ensure that a qualified custodian is retained to oversee all custody operations for the Portfolio, including monthly reporting, trade settlement operations, dividend and income collection, etc.
7. Discuss asset allocation and investment strategy with the Committee as necessary, including a review of the market environment and investment education.

VI. ASSET ALLOCATION STRATEGY

- A. Board Designated Endowment Fund: asset allocation target ranges shall be as follows: Investment Manager shall utilize discretion to adjust asset class exposures to maximize the fund's expected risk/return profile. The Portfolio will include a target exposure of between 10% to 55% lower risk assets such as U.S. treasury bonds, investment grade bonds, and money market funds. Between 45% and 85% of the Portfolio will be invested in a diversified mix of risk assets such as U.S. stocks and international stocks.

Specific policy ranges for each asset class include:

	Target Allocation	Range	Benchmark
Equities	70%	45%-85%	MSCI-ACWI
Domestic	45%	35%-70%	
International	25%	15%-35%	
Fixed Income	30%	10%-55%	Bloomberg Global Fixed Income
Cash (Money Market Funds)	0%	0%-10%	US Treasury Bills

- B. Donor Restricted Fund: asset allocation target ranges shall be as follows: Investment Manager shall utilize discretion to adjust asset class exposures to maximize the fund's expected risk/return profile. The Portfolio will include a target exposure of between 10% to 55% lower risk assets such as U.S. treasury bonds, investment grade bonds, and money market funds. Between 45% and 85% of the Portfolio will be invested in a diversified mix of risk assets such as U.S. stocks and international stocks.

Specific policy ranges for each asset class include:

	Target Allocation	Range	Benchmark
Equities	70%	45%-85%	MSCI-ACWI
Domestic	45%	35%-70%	
International	25%	15%-35%	
Fixed Income	30%	10%-55%	Bloomberg Global Fixed Income
Cash (Money Market Funds)	0%	0%-10%	US Treasury Bills

- C. Operating Fund: asset allocation target ranges shall be as follows: Investment Manager shall utilize discretion to adjust asset class exposures to maximize the fund's expected risk/return profile. The Portfolio will include a target exposure of between 50% to 90% lower risk assets such as U.S. treasury bonds, investment grade bonds, and money market funds. Between 10% and 50% of the Portfolio will be invested in a diversified mix of risk assets such as U.S. stocks and international stocks.

Specific policy ranges for each asset class include:

	Target Allocation	Range	Benchmark
Equities	30%	10%-55%	MSCI-ACWI
Domestic	18%	10%-30%	
International	12%	0%-20%	
Fixed Income	70%	45%-85%	Bloomberg Global Fixed Income
Cash (Money Market Funds)	0%	0%-10%	US Treasury Bills

- VII. **INVESTMENT DIVERSIFICATION**: Diversification across and within asset classes is the primary means by which the Committee expects the Portfolios to avoid undue risk of significant losses over long time periods. To protect the Portfolios against unfavorable outcomes within an asset class due to the assumption of significant risks, the Committee will take reasonable precautions to avoid excessive investment concentrations in a single fund or security with the guidance of the Investment Manager as follows:

- A. NHS will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.

- B. Equities: Equity securities approved for investment include diversified equity mutual funds, common stocks, convertible and nonconvertible preferred stocks, Exchange Traded Funds (ETFs), derivatives, and American Depository Receipts of foreign securities. Equities will be diversified by industry, sector, and company, and no individual equity issue will exceed 10% of the total equity portfolio (at market). All dividend proceeds from concentrated positions will be reinvested according to the IPS allocations.
- C. Fixed Income: Fixed income securities approved for investment are diversified fixed-income mutual funds, U.S. government obligations, federally sponsored credit agency securities, collateralized mortgage obligations (CMOs), corporate bonds, money market funds, short-term investment funds, commercial paper or any other short-term securities rated investment grade. Fixed-income securities will be diversified by industry, sector, and company, and no individual bond issue (except issues of the U.S. Government) will exceed 10% of the total fixed-income portfolio (at market).
- D. Alternative Investments: Investments in diversified hedge funds, private equity funds, and other limited partnerships should be readily marketable.
- E. The Portfolio should not be a blind pool; each investment must be available for review.
- F. The Investment Manager should attempt to minimize the fee structure of the Portfolio.