

Operating Procedure 15A - Investment Policy Statement

Purpose: To establish procedures for operations of the Investment Advisory Group.

WHEREAS, a review of the investment policy for the Associated Schools of Construction (ASC) has been made by the Board of Directors; and

WHEREAS, an Investment Advisory Group (the Committee) has been duly named; and

WHEREAS, the ASC desires to set aside funds that will, if invested prudently, generate income for ASC direction and use, in the future. These ASC set aside funds shall be known as the "Fund" herein.

WHEREAS, the Board of Directors and the Investment Advisory Group jointly deem it to be prudent and appropriate to state, revise or restate such Investment Policy from time to time;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors and the Investment Advisory Group hereby adopt the following Investment Policy that shall supersede and replace in their entirety any policy or operating procedures, regarding the investment of funds, employed prior to this date of September 22, 2016

The ASC Investment Policy

1. Statement of Purpose

- a. The purpose of this statement is to establish clearly the investment objectives and the guidelines for management of the ASC Fund. It is intended to provide general guidance in management of the Fund assets given changing economic, business and investment market conditions.
- b. The fund was established to set aside monies for asset preservation, investment purposes to meet the needs of the ASC for current income as well as long-term growth.
- c. Future annual distributions of cash from the fund to ASC will include, but not necessarily be limited to, 0 % of the entire account, after the fourth quarter of the calendar year, by the Fund. Any and all remaining income shall be reinvested in the Fund.

2. Investment Policies

- a. The Fund in the aggregate is a balanced portfolio comprised of equities, bonds, and cash equivalent securities. The overall asset mix will be targeted (+/- 5%) at 40 % equities, 20 % commodities and 40 % bonds and cash, totaling 100% as determined by the Investment Advisory Group.
- b. An investment manager or managers may be selected by the Investment Advisory Group, approved by the Board of Directors, who is qualified and specializes in the type of asset mix defined in II.a. above. The asset mix target will be considered long-term (greater than one year) rather than tactical or short term, subject to the review of the Investment Advisory Group. Performance measures of the Fund shall be considered by the

Investment Advisory Group relative to certain market indexes and performance measures as agreed to with the investment managers.

- c. In accordance with the investment objectives stated below, assets in the Fund should be managed in a conservative and prudent manner. In this context, conservative refers to such issues as, appropriate indexes, expected long term rates of return, and return volatility, investment vehicles, and diversification among economic sectors and individual securities.
- d. The primary investment objectives are:
 1. Preservation of Capital: - The assets of the Fund should be managed so as to preserve its original value and associated costs.

3. Investment Guidelines:

- a. Investments are to be made consistent with the safeguards and diversity to which a prudent investor would adhere.
- b. The Fund managers or Committee are given full investment discretion consistent within the investment objectives and guidelines of the ASC. The Fund managers or Committee shall have full discretion regarding the purchase and sale of individual securities, but the balance between the equity, commodity, and fixed income or cash securities shall be as set forth in this policy. Once financial instruments are purchased in accordance with the criteria set forth, the Fund manager(s) are not required either to dispose of securities or change asset allocation precipitously in response to imbalances created by price movements or rating changes in individual securities or classes of securities, but shall restore conformity with these guidelines in due course or annually, whichever is the later.
- c. Realization of gains and losses should be viewed solely in terms of investment merit.
- d. All assets in the Fund's portfolio must have a readily ascertainable market value and be marketable i.e., sufficiently liquid and tradable.
 1. Equity Investments:
 - a. The Fund may hold mutual funds, common stocks and convertible preferred stocks, convertible fixed income securities and cash reserves.
 - b. Equities should be well-diversified to avoid undue exposure to any single economic sector, industry group, or individual security. Not more than 5% of the market value of the assets managed by the manager may consist of the equity securities of one issue, nor shall they comprise more than 5% of the equity securities issued by and issuer, unless an explicit exception is made by the Board of Directors and Investment Advisory Group. Exposure to any closely related industry groups should be limited to 20% of the portfolio managed by any investment manager.
 - c. Common stocks and convertible preferred stocks should be of good quality and listed on one of the major US stock exchanges.

2. Bonds / Cash Investments:

- a. Bonds held by the Fund shall consist of debt obligations of the U.S. or Foreign Government or agencies or other debt obligations having, when purchased, at least a Standard and ^{amp} Poor's rating of "BBB" or a Moody's rating of "Baa-1 or Baa" and which are widely distributed in well recognized secondary markets.
- b. Short-term investments shall consist of individual fixed-income securities such as Certificates of Deposit, Commercial Paper, U.S. Treasury Bills, and other similar instruments with maturities of less than one year and/or money market funds (including bank short-term investment funds).

3. General Asset Portfolio Conditions:

The following investment practices or instruments are not appropriate for the Fund:

- a. Margin or Short selling;
- b. Futures, options or warrants, provided that covered call options and protective put options may be employed to the extent they do not exceed 5% of the value of the portfolio managed by the Fund Manager.