

Externally-Managed Investment Policy
for
Weed Science Society of America

Purpose

The purpose of this plan is to provide an understanding of the investment policy, guidelines and objectives for externally managed funds of the Weed Science Society of America (“the Society”) for the Board of Directors (“the Board”), investment advisor(s)/manager(s), and others. This policy applies only to the designated investment account(s) of the Society and does not include any internally managed funds.

Background

The Weed Science Society of America is a non-stock membership organization incorporated in the state of Illinois; it exists to further the discipline of weed science. As a not-for-profit organization, it is exempt from Federal Income Tax. The Society’s revenue is derived largely from member dues, subscriptions, publication sales, individual contributions to the endowment fund and profit from the annual meeting.

Process and Responsibilities

The *Board* is responsible for:

- Identifying purposes of investments and establishing investment objectives
- Providing broad guidelines for composition of the investment portfolio
- Specifying limitations on investments

The *Finance Committee* is responsible for:

- Proposing changes in the Investment policy for Board approval
- Selecting an investment manager(s)
- Monitoring investment performance

No individual may select investments or execute investment transactions on behalf of the organization except as specified in this policy.

Objectives

- Preserve the capital investment, i.e. the principal
- Grow asset value at the rate greater than inflation, as measured by the Consumer Price Index

Achieving these objectives will require assuming a moderate level of risk, a long-term investment horizon, and diversifying assets. The current size of the fund to be managed is approximately \$800,000 (\$200,000 in the Endowment fund and \$600,000 in the General Fund).

Guidelines and Investment Policy

Time Horizon

The Society's compound annual rate of return objective for the total portfolio is an absolute return greater than the inflation rate, as measured by the Consumer Price Index. Rates of return will be reviewed on an annual basis and measured over a five year period.

Performance Expectations

The desired investment objective is a long-term rate of return on assets that is at least 5% greater than the inflation rate, after fees, as measured by the Consumer Price Index. The Board recognizes that market performance varies and that a 5% real rate of return may not be achievable during some periods.

Risk Tolerance and Asset Allocation

General Fund

For general monies, 50 to 100% are to be placed in low-risk (cash/cash equivalent or fixed-income) investments, and the remainder are to be placed in moderate risk (equities) investments.

Endowment Fund

Fifty (50) to 100% of Endowment funds are to be placed in low-risk (cash/cash equivalent or fixed-income) investments; the remainder are to be placed in moderate risk (equities) investments.

The Society's risk and liquidity posture are, in large part, a function of asset class mix. Any deviation of five (5) percentage points or more of the total portfolio beyond these limits in any asset category requires approval from the Finance Committee.

For accounting purposes, interest gained from endowment fund and general fund monies must be able to be separated or calculated separately.

Securities Guidelines

Cash and Cash Equivalents

All cash or cash equivalent investments shall be made in U.S. Treasury bills, money market funds or certificates of deposit.

Domestic Fixed-income

All fixed-income securities held in the portfolio shall have a Moody's or Standard & Poor's quality rating of A or better. Unrated securities of the U.S. Treasury and U.S. government agencies qualify for inclusion in the portfolio.

The exposure of the portfolio to any one company, other than securities of the U.S. government, shall not exceed 10% of the market value of the portfolio.

Holdings of individual securities shall be large enough for easy liquidation.

Domestic Equities

Equity holdings in any one company should not exceed more than 20% of the market value of the Fund portfolio. Not more than 20% of the market value of the portfolio should be invested in any one industry category, and the portfolio must have a minimum average quality rating of A.

Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the New York or NASDAQ Exchange.

Prohibited Transactions

The following transactions are prohibited: investments in letter stock and other unregistered securities; commodities or other commodity contracts; short sales or margin transactions; collectibles; securities lending, options and futures; foreign issues, unless traded on U.S. exchanges or markets; private placements or other restricted securities.

Communication and Review

All investment transactions directed by the Society are to be agreed to by the Treasurer, and submitted in hard copy or facsimile followed by hard copy, to the investment manager(s). All deviations from the investment policy shall be approved by a majority of the Board, and signed by the Treasurer and President or President-Elect, and submitted in hard copy or facsimile followed by hard copy, to the investment manager(s).

The investment manager(s) shall review these guidelines with the finance committee at least annually to ensure that they remain valid and relevant. Any recommended changes are to be submitted to the Finance Committee, in care of the Treasurer, in writing.

A summary of investment performance should be provided to the Treasurer at least quarterly, for further dissemination to the Finance Committee and Board.

This statement shall be effective as of the date below until otherwise amended in writing by the Board.

Signed:

Date: February 9, 1998 Calvin G. Messersmith
Calvin Messersmith, President

Date: Feb 9, 1998 F. Dan Hess
F. Dan Hess, President-Elect

Date: Feb. 9, 1998 Stephen O. Duke
Stephen O. Duke, Past President

Date: February 9, 1998 Jodie S. Holt
Jodie S. Holt, Secretary

Date: Feb. 9, 1998 Joan A. Dusky
Joan A. Dusky, Treasurer

Date: Feb 9, 1998 Anne Legere
Anne Legere, Director of Publications

Date: Feb. 9, 1998 Horace D. Skipper
Horace D. Skipper, Chair, Constitution & Operating Procedures

Date: Feb 9, 1998 David M. Wiley
David Wiley, Executive Secretary