

ALMA FUERTE PUBLIC SCHOOL INVESTMENT POLICY

Revised and approved on 02.26.2024

The purpose of this Investment Policy is to provide a clear statement of the overall investment objectives, policies and guidelines for Alma Fuerte Public School (the "School") and to govern the activities related to the management of the School's investment portfolio(s). The provision of this policy shall apply to all funds invested by the School.

The purpose of this Investment Policy Statement is to establish guidelines for the Fund's investment portfolio (the "Portfolio"). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio's investment program and for evaluating the contributions of the manager(s) if hired on behalf of the Fund, and its beneficiaries. It is the intention of this policy to be sufficiently specific to be meaningful, yet flexible enough to be practical.

At the time of the adoption of this Investment Policy, the School will not engage any Investment managers due to the high cost of retaining these services. As such, until this policy is revised, no investment manager is to be retained. Investment activities will be limited to Mutual Funds, Certificates of Deposits and high yield Savings Accounts.

Additionally, there is no Finance or Investment Committee. As such, any investment opportunities will be discussed with the School's Board and the Executive Director and the School's Board shall have the responsibility for all decisions and activities performed under this Policy. The Executive Director shall have the authority to allocate resources or delegate responsibilities as necessary to optimize the safety and liquidity of the investment portfolio and to implement this investment Policy.

Objective

To set forth the purpose, goals and guidelines regarding the investment of operating funds for the School. These funds are to be invested in a manner that:

- A. Preserves capital
- B. Provides liquidity
- C. Maintains appropriate diversification
- D. Generates returns relative to these guidelines and prevailing market conditions

Strategic Asset Allocation Framework

At all times, the School shall invest, reinvest, purchase, acquire, exchange, sell, and manage assets of the School pursuant to the requirements of Government Code Section 53600 *et. seq.*

The School's investment portfolio shall be maintained in a manner that minimizes risk of the invested capital. These risks include credit risk, interest rate risk and concentration risk (e.g. geographic; asset class; industry; etc.) The portfolio shall also generate a reasonable return given the risk and liquidity guidelines. The primary goal of the Policy and all investments governed by it is to support the current operations of The School, to preserve and provide long-term growth of the investments. To accomplish this, funds will be segregated into three categories:

- A. Short-term (savings) Account
 - a. The primary objective of this account is to meet the day-to-day operational needs of the School. The Director of Operations and/or Executive Director shall have the authority to transfer these funds as needed to the School's operating accounts in order to meet daily cashflow needs.

- B. Certificate of Deposit (CD)
 - a. The primary objective of this account is to achieve medium term growth of principal while also minimizing risk.

Investment Objectives

The School's primary investment objectives, in order of priority are:

- 1) Safety – the preservation of principal
- 2) Liquidity – maintaining enough liquidity to meet its cash flow requirements and
- 3) Yield – achieving a reasonable rate of return on public funds, while minimizing the potential for capital losses.

Responsible Investing

It is the responsibility of the Board and the Executive Director to ensure that the fiscal and ethical goals of the School are reflected in the portfolio, Investments will be made in compliance with covenants, bonds, state and federal regulations. The Board and Executive Director may issue periodic restrictions of specific investments.

Other Investment Policies

Unless expressly authorized by the Board, the Portfolio and any investment managers are prohibited from:

- 1) Purchasing securities on margin or executing short sales.
- 2) Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
- 3) Purchasing or selling of derivative securities for speculation or leverage.
- 4) Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objective of their Portfolio.

Monitoring Portfolio Investments and Performance

The Board will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Board, it will formally assess the Portfolio and the performance of its underlying investments as follows:

- 1) The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
 - a. The Portfolio's absolute long-term real return objective.
 - b. Review and evaluate investment portfolio composition and performance.
 - c. Review the status of the investment portfolio quarterly
 - d. Monitor compliance with this Policy.
 - e. Periodically assess risk tolerance
 - f. Interview, discuss retention of investment managers if appropriate.
 - g. Review this Policy on an annual basis
 - h. Executive Director shall have the authority to act on behalf of the School to communicate and authorize investment transactions with all financial institutions in accordance with this Policy.