



North Valley Animal Disaster Group Standard Operating Guidelines

Title: INVESTMENT POLICY

Objective: The primary investment objective of North Valley Animal Disaster Group is to preserve and protect its assets by earning a total return for each fund (e.g., Operating Reserve, Board-designated reserve, Other Reserve, etc.) appropriate to each fund's time horizon, liquidity needs, and risk tolerance.

Description:

This Investment Policy is recommended and approved by the Board of Directors of North Valley Animal Disaster Group to provide a clear understanding of its investment objectives. All parties involved in managing the investments of North Valley Animal Disaster Group are expected to act in a prudent manner consistent with the best interests of North Valley Animal Disaster Group and have authority to maximize investment opportunities within the limitations of these guidelines. All funds of North Valley Animal Disaster Group are held by the Board of Directors as a fiduciary for the sake of carrying out North Valley Animal Disaster Group's mission and purpose. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship.

The Board of Directors has delegated supervisory authority over its financial affairs to the Executive Director. The Executive Director is responsible for regularly reporting on investments to the full board. In carrying out its responsibilities, the Executive Director will act in accordance with these Investment Policies and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise the Investment Policy. The Board may also grant exceptions to the Investment Policy when appropriate.

In discharging this authority, the Executive Director shall prudently and diligently select qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s). The Executive Director can act in the place and stead of the Board and may receive reports from, pay compensation to, and enter into agreements with an Investment Manager or Investment Consultant.

Investment Objectives

To accomplish North Valley Animal Disaster Group's investment objectives, the Executive Director is authorized to utilize portfolios of fixed-income securities, short-term (cash)

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investments, and equity securities (common stocks and convertible securities). As a guide to accomplishing these objectives, the Executive Director shall remain within the ranges provided in Exhibit A. These ranges can be modified from time to time by the Executive Director with approval by the Board.

Asset Mix and Quality

1. Common stocks-The Executive Director may invest in any unrestricted, publicly traded common stock that is listed on a major exchange or a national, over-the-counter market that is appropriate for the portfolio objectives, asset class, and/or investment style of the fund that is to hold such shares.
2. Convertible preferred stock and convertible bonds-The Executive Director may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be A- or better, as rated by Standard & Poor's, or A3 or better, as rated by Moody's. The common stock into which both may be converted must satisfy the standard specified in #1.
3. Fixed-income securities-The quality rating of bonds and notes must be "A" or better, as rated by Standard & Poor's or Moody's. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with maturities of seven years or less.
4. Cash/Cash equivalents-The quality rating of commercial paper must be A-1, as rated by Standard & Poor's, P-1, as rated by Moody's, or better. The assets of any money market mutual funds must comply with this standard and/or the quality provisions for fixed-income securities.

Asset Diversification

As a general policy, the Executive Director will maintain reasonable diversification at all times. The Executive Director may not allow the investments in the equity securities of any one company to exceed 5 percent of the portfolio or the total securities position (debt and equity) in any one company to exceed 10 percent of the portfolio. The Executive Director shall also maintain reasonable sector allocations and diversification. In that regard, no more than 25 percent of the entire portfolio may be invested in the securities of any one sector.

All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity transactions.

Investment Criteria Based on Mission or Social Responsibility

North Valley Animal Disaster Group desires to invest in companies whose business conduct is consistent with North Valley Animal Disaster Group's goals and beliefs. Therefore, the Executive Director will use their best efforts to avoid investing directly in the securities of any company known to participate in businesses the Board deems to be morally or socially offensive.

Reporting Requirements

Monthly Reports: The Executive Director will provide the Board of Directors with a monthly written report containing all pertinent transaction details for each separately managed portfolio for the preceding month, including:

- a. The name and quantity of each security purchased or sold, with the price and transaction date;
- b. An analysis for each security of its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market; and
- c. An analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed-income securities, and cash reserves).

Annual Reports: The Executive Director will provide an annual summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio, to the full Board of Directors.

Exhibit A

Acceptable Ranges of Investment per Fund or Category

Investment Fund

	Equities	Fixed-income securities	Cash/Equivalents
Operating Reserves	0%	0%	100%
Board Designated Reserves	0-30%	0-30%	30-100%

Related Documents Attached: n/a

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