

NAEC INVESTMENT POLICY STATEMENT AND GUIDELINES
Approved June 22, 2016

Purpose and Mission Statement

The National Association of Epilepsy Centers' (NAEC's) investment account was created to be an additional fund for future expenditures in service of the NAEC's mission to support epilepsy centers by setting standards of care, advocating for access to high quality epilepsy center services, and providing knowledge and resources to its member centers.

The NAEC investment fund priorities are to: (i) Preserve capital sufficient to operate and carry out the current goals and objectives of the organization. (ii) Allow for investment as stipulated in the policy below to generate funds to be used to offset the cost to Association members of future projects. The account shall incorporate features which allow flexibility in response to the ever-changing needs of our work.

Investment Policy

The NAEC Executive Committee, composed of the Association's Officers, shall make investment decisions within the parameters of this investment policy and guidelines, which will be reviewed on an annual basis by the full NAEC Board. The assets shall be invested with skill, prudence and diligence under the guidance of a qualified investment firm.

The NAEC Executive Committee and Board will evaluate the Investment Portfolio annually on a total return basis as well as periods of 3 years and 5 years. Returns will be compared to nationally recognized indices measuring the performance.

Investment Guidelines

The composition of assets shall include equities and fixed income investments.

A diversified portfolio shall be maintained by ascertaining that:

1. No less than 15% nor more than 60% of the portfolio assets shall be in common stock or common stock equivalents (i.e. equity mutual funds or commingled funds).
 - a. The shares of speculative investments shall comprise no more than 15% of the equity holdings.
 - b. The balance of the equity investments shall be in large-capitalization (blue-chip/NYSE) stocks.
2. No less than 45% nor more than 80% of the portfolio shall be in fixed income investments.
 - a. No more than 30% of the fixed income holdings shall be long-term (maturity of more than 10 years).
 - b. Intermediate (2-7 year) maturity and short-term (6 months to 2 years) maturity fixed income investments will comprise the balance.
3. Cash reserves (0-6 months' maturity) shall equal at a minimum, the previous year's operating expenses.

4. Bonds selected for purchase shall have an "A" rating or better based on Standard & Poor or an equivalent rating service. Any security falling below an "A" rating shall be sold as soon as deemed prudent.
5. No one holding, other than the Federal Government securities, its agencies, FDIC, or FSLIC insured deposits, shall constitute more than 20% of the market value of the portfolio.
6. No one industry shall represent more than 20% of the portfolio.

The NAEC Executive Committee shall not invest assets in venture capital companies nor in securities of companies which have not been in existence for a sufficient period of time to develop a track record allowing a prudent investor to determine their probable worth. No investments shall be made in letter stock, private placements, short positions, commodities, oil and gas exploration contracts, or any further speculative investment.

The NAEC Executive Committee and Board recognize that capital markets are dynamic and any statement of guidelines and objectives prepared at any one time may not be totally appropriate, applicable or meaningful at various times in the future. The NAEC Executive Committee and Board shall not be held accountable for investment fluctuations which may occur.