

INTERSTATE COMMISSION FOR
ADULT OFFENDER SUPERVISION

# 02-2020 - INVESTMENT POLICY

| POLICY NUMBER | ISSUED | REVISED |
|---|---|---|
| 02-2020 | September 14, 2020 | August 19, 2026 |

Downloaded:

November 11, 2026

## I. Purpose

This policy establishes the Commission’s investment objectives and defines the governance framework for managing investment assets, including risk tolerance, permissible investments and asset allocation parameters.

## II. Scope and Applicability

This policy applies to all investment assets held, managed, or controlled by the Commission, including reserve funds, operating reserves, endowment funds, and other investment accounts, unless otherwise restricted by law, donor requirements, or formal Commission action. It applies to all Commission officers, the national office, committees, and third-party investment managers or advisors involved in the custody, oversight, administration, or management of such assets.

## III. Policy

### A. General Provisions

1. All investment transactions shall be conducted solely for the benefit of the Commission.
2. The Commission shall maintain a diversified investment portfolio designed to maximize returns within an appropriate risk mitigation strategy consistent with public and non-profit institutional standards.
3. The investment portfolio shall maintain sufficient liquidity to meet reasonably anticipated operating requirements.
4. Investments not expressly permitted under this Policy require prior approval of the Executive Committee.

### B. Duties and Responsibilities

1. The Executive Committee shall have final authority over the management of the Commission’s investment assets.
2. The Finance Committee shall provide oversight by reviewing portfolio performance and making recommendations to the Executive Committee.

3. The Commission shall ensure compliance with all applicable federal, state, and local laws governing investment activities.
4. The Commission Treasurer shall have custody of investment accounts and oversight of this policy.
5. The Executive Director, in consultation with the Treasurer, shall implement this policy and engage qualified investment manager(s) as necessary.
6. Investment managers shall operate within the parameters established by this policy and any contractual agreements.

### C. Investment and Distribution Guidelines

1. Distributions from investment assests may be authorized by a majority vote of the Executive Committee.
2. Except in emergencies declared by the full Commission, distributions shall not reduce invested assets below a level equivalent to 20 percent of the Commission's annual operating expenses
3. Permitted investments include: cash, cash equivalents, marketable securities, money-market accounts (AAA), short-term securities (A1/P1), and investment-grade (BBB/Baa) fixed-income securities.
4. Non-permissible investments include non-negotiable securities, derivatives, junk bonds, short sales, commodities, precious metals, straddles, warrants, real estate backed securities, life insurance contracts, private placements, or leveraged stock

### D. Asset Allocation

1. The Commission shall maintain a diversified investments across classes and categories.
2. Investment concentration limits:

   - No more than 5% of the portfolio may be invested in the equity securities of any single company.

   - Total exposure (debt and equity) to any single company shall not exceed 20$ of the portfolio.

   - No more than 25% of the portfolio may be invested in any single sector, except within passively managed funds.

   - These limits to not apply to securities guaranteed by the U.S. Government.
3. The following target allocation ranges shall guide portfolio structure:

| Asset Class | Target | Limits |
|---|---|---|
| *Cash & Equivalents* | *5%* | *0-5%* |
| *Fixed Income* | *30%* | *20-50%* |
| *Equities: Domestic Large Cap* | *25%* | *20-40%* |
| *Equities: Domestic Small/Mid Cap* | *30%* | *10-25%* |
| *Equities: International* | *10%* | *5-15%* |

### E. Rebalancing

1. Portfolio rebalancing shall occur at least annually within sixty (60) days following the end of the fiscal year or as needed based on market conditions or significant cash flows.
2. Rebalancing activities may be performed by the investment manager(s) or by the Executive Director in consultation with the Treasurer.