Investment Policy Statement

International Test and Evaluation Association (ITEA)

Date: January 22, 2025

This Investment Policy Statement (IPS) describes how ITEA's funds will be managed and invested. The first priority is ensuring that the organization has sufficient liquidity to meet its day-to-day operating obligations. Once that is established, the second priority is to determine the best way to invest the remaining assets to maximize return. The investment strategy also recognizes the need for the organization to invest in new initiatives and growth in order to meet the needs of the community, the goals of the strategic plan, and to stay competitive and relevant into the future.

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1. Short Term Investments - Operating Reserve Account — Conservative growth and income

Ideal Time Horizon Invested Cash: — 1 to 3 years

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2. **Opportunity Fund** — Moderate growth and income

Ideal Time Horizon Investable Accounts: — 3 to 7 years

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3. **Education Reserve Account** — Aggressive growth and income

Ideal Time Horizon Investable Accounts: — 7 + years

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

ITEA sets this Investment Policy Statement forth to accomplish the following:

- Define the investment policies of ITEA (the “Portfolio”).
- Define and assign the responsibilities of all involved parties.
- Offer guidance and limitations to all Investment Advisors regarding the investments of ITEA.
- Establish a basis for evaluating investment results.
- Manage ITEA’s assets according to prudent standards as established in common trust law.
- Establish goals, time frames and objectives for each Fund.
- Establish the relevant investment horizon over which the performance of ITEA’s investments will be measured.
- Establish parameters concerning credit quality, limitations, and approved asset classes.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the Investment Advisor of the assets toward the desired results. It is intended to be sufficiently specific, yet flexible enough to be practical.

DEFINITIONS

1. "Ways and Means Committee" shall refer to individuals, monitoring and making recommendations regarding the financial performance and reviewing financial statements of ITEA. In additional the Ways and Means Committee will make recommendations to the Board of Directors.
2. "Fiduciary" shall mean any individual, or group of individuals, that exercise finance discretionary authority or control over ITEA’s assets.
3. "Investment Manager (Advisor)" shall mean any individual, or group of individuals, employed to manage the investments of all or part of ITEA’s investment accounts. They will provide advisory services, discretionary management of the funds, advise on investment objectives, asset allocation, and provide performance monitoring.
4. “Senior Management” includes ITEA’s Treasurer and Executive Officer. These individuals will monitor and evaluate the investments and report to the Ways and Means Committee and Board of Directors.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Ways and Means Committee

The Ways and Means Committee is responsible for establishing an Investment Policy Statement for ITEA. Specific responsibilities include:

1. Review ITEA’s financial needs and risk tolerance level and communicating such in the form of investment objectives and asset allocation.
2. Determining an appropriate time horizon.
3. Recommend and review permissible investments.
4. Annually review and revise this Investment Policy Statement (IPS) as necessary.

Responsibility of Senior Management - ITEA's Treasurer and Executive

1. The oversight and monitoring of the investment portfolio, within the constraints of this Investment Policy Statement.
2. Providing the Investment Advisor with all relevant information on ITEA's financial conditions, risk tolerances, and notifying the Investment Manager promptly of any changes to this information.
3. Being responsible for exercising, through delegation to the Investment Manager, all rights, including voting rights, as are acquired through the purchase of securities.

Standard of Care – Fiduciary Duty

1. In seeking to attain the investment objectives set forth in the policy, the Board of ITEA and the Investment Advisor shall exercise prudence and appropriate care in accordance with the Prudent Investor Rule. All investment actions and decisions must be based solely in the best interest of ITEA. Fiduciaries must provide full and fair disclosure to the ITEA of all material facts regarding any potential conflicts of interest. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over the International Test and Evaluation Association assets.

Responsibility of the Investment Manager (Advisors)

The Investment Manager's role is that of an advisor to ITEA's Board of Directors, Ways and Means Committee and Senior Management.

Advice concerning the investment management of ITEA's assets will be offered by the Investment Manager, and will be consistent with the investment objectives, policies, guidelines, and constraints as established in this Investment Policy Statement.

Specific responsibilities of the Investment Manager include:

1. Assisting in the development and periodic review of Investment Policy Statement (IPS).
2. Designing and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this IPS.
3. Preparing and presenting quarterly performance reports to Senior Management and/or the Ways and Means Committee. Presenting to the Board of Directors, as requested.
4. The Board of Directors and the Ways and Means Committee grant discretion over Investment decisions to the advisor, except for specific guidelines and limitations described in this statement. Advisors will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the guidelines and limitations will hamper Investment managers, the advisor should request modifications, which they deem appropriate.

INVESTMENT MANAGEMENT POLICY

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns, one must accept higher risk (e.g., volatility of return).

Given this relationship between risk and return, the asset allocation shall be appropriate and in line with the amount of risk, the Board of Directors and Ways and Means Committee can tolerate and is willing to accept.

PURPOSE OF THE ASSETS

ITEA's investment strategy should reflect the designated purpose of the related funds(s). ITEA's investment policy is based upon three (3) needs:

- To meet current needs, provide daily liquidity (Operating Fund held in banking accounts).
- To meet cyclical needs, fund anticipated projects and capital expenditures within a fiscal year cycle (Short-Term Funds).
- To meet unanticipated expenditures, meet reserve fund requirements, and to grow the assets and a suitable level of risk (Education Reserve Account).

The general investment objectives, specific investment objectives and overall investment guidelines may vary according to the above three needs and as noted on the following pages for the Short-Term and Long-Term Funds. To most effectively meet these needs, the assets be designated as either short-term or long-term assets and be invested accordingly. The policies set forth below detail how these assets should be managed.

Portfolio Returns and Volatility

The Board of Directors and Ways and Means Committee 's willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return and investment objective for this portfolio. It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will fluctuate. It is also important to note that future returns of the securities within the portfolio and the portfolio itself can be expected to vary from the historical returns. The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly, and capital loss is possible.

Investment Philosophy

The Board of Directors and Ways and Means Committee recognize that even though its investments are subject to short-term volatility, it is critical that a moderate and long-term investment focus be maintained. This prevents ad hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations.

Account Purposes

1. **Operating Account - Checking:** The purpose of the Operating Account is to provide sufficient cash to meet the financial obligations of ITEA in a timely manner. Unspecified contributions and donations received will be deposited to the operating account.

2. **Short Term Investment – Operating Funds:** This account will be utilized exclusively for any future operating expenses. A cash analysis will be done before the beginning of each fiscal year to determine if any additional funds need to be moved into this account. Throughout the fiscal year cash overflows, from the Operating Account – Checking, may be moved into this account temporarily to ensure funds are properly protected.

3. **Opportunity Fund:** The purpose of the Opportunity Fund is to fund new programs, initiatives, and infrastructure upgrades. This is to be used exclusively for expenses related to, for example, development and implementation of new programs, increasing staff capacity through the addition of new positions, purchase of new (or upgraded) software, web design and other designated projects that will propel ITEA to the next level of growth.

4. **Education Reserve Fund:** The purpose of the Reserve Fund is to maintain 12 months of operating expenses that will serve as a backup for operating expenses should the need arise, be an emergency fund for unforeseen cash flow disruptions, and to help advance and grow ITEA for the future. Any balance more than the reserves' goal, of 12 months of operating expenses, will be moved on an annual basis into the Opportunity Fund or the Operating Account depending on projected budgetary needs. If a wildcard event occurs and there are cash flow or market disruptions, funds may be pulled from the Reserve Fund to sustain business operations. Once there is stabilization and normalization of cash flow, and the operating fund has sufficient funds to sustain business operations, a systematic plan to replenish the Reserves Fund will be implemented.

Primary Objective of Each Fund

Short Term Investment – Operating Fund – Conservative growth and income

1. The ideal time horizon will be one to three years. These investments will be conservative in nature with a focus on growth and income.

2. Investment management of the **Short-Term Investment - Operating Fund** shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Preferred	Maximum
Equities	40%	50%	60%
Fixed Income	30%	45%	65%
Cash	2%	5%	15%

Opportunity Fund – Moderate growth and income

1. The ideal time horizon will be three to seven years. These investments will be moderate in nature with a focus on growth and income.

2. Investment management of the **Opportunity Fund** shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Preferred	Maximum
Equities	40%	58%	65%
Fixed Income	35%	40%	60%
Cash	0%	2%	15%

Education Reserve Funds – Aggressive growth and income

1. The ideal time horizon will be seven plus years. These investments will be aggressive in nature with a focus on growth and income.

2. Investment management of the **Education Reserve Fund** shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Preferred	Maximum
Equities	50%	65%	75%
Fixed Income	20%	33%	50%
Cash	2%	2%	15%

In the event that the above aggregate asset allocation guidelines for all funds have moved out of compliance, for reasons including but not limited to market price fluctuations, the Investment Manager will bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible. This period is to be as close to 60 days as possible.

Portfolio Limitations and Restrictions: Credit Quality:

International Test and Evaluation Association (ITEA)

Any individual bonds considered for investment must have a minimum ***average*** credit quality of investment grade. Investment grade is defined as having a rating of BBB or higher.

Portfolio Limitations and Restrictions: Prohibited companies and or industries.

ITEA recognizes that there are many considerations when selecting investments. ITEA has chosen to restrict any individual stock or bond that's exceeds more than 5% of the total investable funds. Also prior to the advisor purchasing any individual stock not listed on the NYSE or NASDAQ exchange they must receive approval from the Senior Management.

Environmental, social and governance (ESG) investing.

After careful consideration, relating to Socially Responsible Investing, the Board of Directors and Ways and Means Committee feel it is consistent with their fiduciary responsibility to consider ESG criteria when selecting investments. While ITEA is not adding any specific limitations at this time, it does want to take Environmental, Social and Governance (ESG) ratings into consideration when selecting investments. In addition to considering ESG factors, all other usual evaluations including but not limited to, performance, risk tolerance, volatility and expenses should be factored into the decision when purchasing or selling investments.

Permissible Investments

The Board of Directors and Ways and Means Committee recognize that the risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss and purchasing power (i.e.,
inflation) are represented to some degree and all types of investment vehicles. While high levels of risk are to be avoided, as evidenced by high volatility and low-quality rated securities, ITEA recognizes that a prudent level of risk is necessary in order to allow the investments the opportunity to achieve satisfactory long-term results consistent with its objectives.

All assets selected within any portfolio must have a readily obtainable market value and must be readily marketable. In order to provide the Investment Managers with flexibility to invest in various types of assets, the following list is among those approved for investments.

Cash Equivalents

- Treasury Bills
- Money Market Accounts
- Certificates of Deposits

Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage-Backed Bonds
- Mutual Funds
- Exchange Traded Funds (ETFs)
- Fixed Income Securities of Foreign Governments and Corporations

Equities

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Common Stocks and Preferred Stocks
- Real Estate Investment Trusts (REITs)

Prohibited Assets

Prohibited investments include, but are not limited to the following:

- Private Placements
- Options
- Limited Partnerships
- Venture-Capital Investments
- Real Estate Properties

Investment Managers

A qualifying Investment Manager must be a Registered Investment Advisor under the Investment Advisors Act of 1940, of a bank or insurance company. Performance reports generated by the Investment Manager shall be compiled at least bi-annually and communicated to ITEA's Senior Management for review. The investment performance and risk parameters will be provided for each account.

The Investment Manager will meet with the Ways and Means Committee on an annual basis as a minimum. Information will include but is not limited to the following:

- Investment performance; including levels of income and capital appreciation.
- Investment Policy Statement recommendations, if any.
- Investment strategy.
- Market and economic outlook

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations that are established in this IPS, the Ways and Means Committee and Board of Directors will review the Investment Policy Statement at least annually.

ITEA's Ways and Means Committee and the Board of Directors adopt and approve this Investment Policy Statement on Jan 22. 2025

Signature Joe Bullington (affiliate) Digitally signed by Joe Bullington (affiliate) Date: 2025.01.22 15:34:37 -06'00' _____
(Ways and Means Chairman)