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VIRGINIA  
ASSOCIATION  
of MUSEUMS

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## THE VIRGINIA ASSOCIATION OF MUSEUM'S INVESTMENT FUND POLICY STATEMENT

The purpose of The Virginia Association of Museums (VAM) investment policy statement is to establish a clear understanding between the Investor (VAM) and the Advisor (Scott & Stringfellow) as to the investment policies and objectives of the Investor's portfolio. VAM will adhere to the following policies for its investment portfolio subject to amendment at any time by a majority vote of the full VAM Council. The policy will be implemented by the Executive Director, Planning & Resources Committee or Investment Subcommittee, and the Treasurer and monitored by the Executive Committee.

This investment policy will:

1. Establish reasonable expectations, objectives, and guidelines for the investment of VAM's assets.
2. Set forth an investment structure detailing permitted asset classes and the desired allocation among asset classes.
3. Encourage effective communications between Advisor and Investor.
4. Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns commensurate with the level of risk suitable to the Investor.
5. Serve as a reference over time to provide long-term discipline for an established investment plan.
6. Describe constraints, if any, which VAM chooses to place on the investment strategy.

Should the Advisor have a recommendation for an adjustment in our investment portfolio, or need approval for such a recommendation, he/she will contact the Executive Director. If the Executive Director is not available, he/she shall contact the Treasurer or the Vice President for Planning and Resources for approval.

### **Spending Policy**

VAM Investment Fund spending for fiscal years beginning July 1, 2018 shall constitute up to 5.0% of the average market value of the investment funds on January 1 in each of the three preceding fiscal years. The Council or the Executive Committee of the Council can designate additional expenditures from the fund that are determined to benefit the long term sustainability of VAM.

### **Investment Guidelines and Objectives**

1. The VAM Investment Fund shall exist in perpetuity to support the operations of The Virginia Association of Museums and shall be managed by a professional investment firm (currently Scott & Stringfellow).

Last revised 11/11/2010  
 Draft revision for Council review at 9/2012 mtg  
 2<sup>nd</sup> Revision for Council review July 2018  
 Approved by Council 7/20/18

2. The investment of the funds shall be limited, in general, to passively managed mutual funds (Exchange Traded Funds EFT) or direct fixed income obligations in the following categories:
  - Cash and cash equivalents, including money market funds and bank certificates of deposit.
  - Bond (investment grade or better corporate, U.S. government, municipal, or foreign government).
  - Stocks (U.S. and foreign-based companies)
  - Real Estate (REIT's) and/or Commodities.

3. Asset Allocation

Asset Class	Long Term Strategic Allocation	Normal Policy Range
Cash Equivalents & Short-Term Income	2%	0-10%
Fixed Income	18%	0-30%
Equities		
U.S	60%	40-90%
International	20%	10-30%
Commodities	0	0-15%
	100%	

4. Should VAM Council determine that the organization be dissolved, the last remaining assets will be used for this purpose. The Council and Executive Director will manage this process as to time frame, settling of accounts payable and receivable, and disposition of any remaining assets according to the Constitution and Bylaws.
5. The Executive Director, Planning & Resources Committee, and the Treasurer of VAM will meet with the Advisor to review the portfolio approximately every six (6) months. Any recommendations or changes shall be brought to the Executive Committee or the full Council for review and approval.

**Documentation**

1. The Advisor shall submit a written statement describing its proposed investment strategy and tactics for achieving investment objectives in this policy statement. Revisions are to be submitted whenever the strategy changes significantly as a result of changing market conditions or other factors.
2. The Advisor shall supply statements quarterly.
3. In periodic meetings with VAM, the Advisor shall review the investment returns of the Investment Fund and its components relative to the stands of performance and the Advisor's investment strategy and tactics.

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**Administration**

All policies and objectives in this statement will be in effect until modified by the VAM Council. The policies and objectives will be reviewed at least annually by the Planning & Resources Committee or its Investment Subcommittee for their continued appropriateness.

The Investment Fund will be managed and administered in accordance with these policies by VAM and such investment advisors employed by VAM.