

Title:	Investments Policy	Related Policies:	
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Status:	Approved	Adopted:	1-23-10
Owner:	P. Holloway – Board Treasurer	Accounting:	
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Policy Detail			

Purpose

It is the policy of the board to treat all assets of Amana Academy, including funds that are legally unrestricted, as if held by Amana Academy in a fiduciary capacity for the sake of accomplishing its mission and purposes. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

Investment Assets

For purposes of these policies, investment assets are those assets of Amana Academy that are available for investment in the public securities markets as stocks, bonds, cash, or cash equivalents, either directly or through intermediate structures. Liquid assets are described in Amana Academy’s gift acceptance policies, and are governed by those rules and not by these investment policies.

Supervision and Delegation

The board of Amana Academy has adopted these policies and the Business/Finance Committee has been delegated authority to supervise Amana Academy investments. The board reserves to itself the exclusive right to amend or revise these policies.

It shall be the responsibility of the committee to:

1. Supervise the overall implementation of Amana Academy’s investment policies by Amana Academy’s leadership team and outside advisors;
2. Monitor and evaluate the investment performance of Amana Academy’s funds;
3. Report regularly on Amana Academy investment matters to the board;
4. Grant exceptions as permitted in these policies and recommend changes in approved policy, guidelines, and objectives as needed; and,
5. Execute such other duties as may be delegated by the board.

Whenever these policies assign specific tasks to the committee, the policies assume that the actual work will (or may) be performed by Amana Academy’s chief financial officer or other designated staff members, subject only to the committee’s overall supervision.

Investment Consultant, Advisors, and Agents

The committee is specifically authorized to retain one or more investment advisors (advisors) as well as any administrators, custodians, or other investment service providers required for the proper management of Amana Academy’s funds. The committee may utilize an advisor as an investment consultant (consultant) to advise and assist the committee in the discharge of its duties and responsibilities.

When delegating discretionary investment authority to one or more advisors, the committee will establish and follow appropriate procedures for selecting such advisors and for conveying to each the scope of their authority, the organization’s expectations, and the requirement of full compliance with these policies.

Investment Objectives

Amana Academy’s primary investment objective is to preserve and protect its assets by earning a total return for each category of assets (a “fund”), which is appropriate for each fund’s time horizon, distribution requirements, and risk tolerance. These policies apply to all Amana Academy funds, although the specific objectives, risk parameters, and asset allocation will vary, as appropriate, from fund to fund.

Asset Allocations

Actual asset allocations for each fund will be established and maintained Amana Academy on the advice of its consultant and/or advisors, within the ranges provided in the following table:

(Sample Only)

Investment Fund	Asset Class		
	Equities	Fixed-Income	Cash and Cash Equivalents
Operating Reserves	0%	0–50%	50–100%
Special Reserves	30–60%	35–75%	5–35%
Endowments	50–80%	15–50%	5–20%

When appropriate, specific objectives for each fund, including specific asset allocation parameters and performance standards, may be reflected in an appendix attached to these policies. Such specific objectives shall nonetheless be within the foregoing ranges, which can only be modified by the committee with the approval of the board.

Investment Guidelines

To accomplish its investment objectives, Amana Academy is authorized to utilize any legal investment structure including separately managed portfolios, mutual funds, exchange traded funds, limited partnerships, and other commingled investment entities. This authority is subject to the requirements and restrictions contained in these policies.

When utilizing mutual funds or other commingled entities, the committee shall see that Amana Academy's staff, consultant, and/or investment advisors have selected the investment entity appropriately based on the strategies and provisions contained in the entity's prospectus. In that event, the terms and conditions of the prospectus are deemed to control the entity's internal asset allocation, asset quality, diversification, and other requirements.

For separately managed portfolios, the following additional requirements shall apply:

Asset Quality

1. *Common stocks* — The advisor may invest in any unrestricted, publicly traded common stock that is listed on a major exchange or a national, over-the-counter market, and 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 advisor may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be BBB or better, as rated by Standard & Poor's; or BAA or better, as rated by Moody's. The common stock into which both may be converted must satisfy the standard of Section 1, above.
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 with maturities of __ (e.g., seven) years or less. The advisor may not utilize derivatives without the prior permission of the committee.
4. *Short-term reserves* — 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 the quality provisions for fixed-income securities or short-term reserves.
5. *Other securities* — The advisor may invest in real estate investment securities (REITs), international securities traded in the United States directly or as depositary shares, international securities traded on recognized foreign exchanges, and any other publicly traded investments that the committee determines to be appropriate.

Cash Flow Requirements

Amana Academy will be responsible for advising the consultant and each advisor in a timely manner of Amana Academy's cash distribution requirements from any managed portfolio or fund. Each advisor is responsible for providing adequate liquidity to meet such distribution requirements.

Investment Restrictions

Amana Academy's investment assets are to be managed with regard to the following restrictions for tax, risk, or mission purposes:

Tax-Based Restrictions

Amana Academy is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from federal and state income tax with the exception of income that constitutes unrelated business taxable income (UBTI). Since UBTI can be generated by leveraged investments (resulting in “debt-financed income”), Amana Academy will not utilize margin, short selling, or other leveraged investment strategies unless the investment committee grants a specific exception as described below.

Risk-Based Restrictions

Amana Academy will not engage in commodities transactions or option strategies (puts, calls, straddles) nor will it invest in any non–publicly traded securities including but not limited to managed futures funds, hedge funds, private equity funds, or other alternative investments unless approved by the committee as provided below.

Mission-Based Investment Criteria

Amana Academy desires to invest in companies whose business conduct is consistent with Amana Academy’s goals and beliefs. Therefore, Amana Academy’s consultant and/or investment advisors will use their best efforts to avoid holding securities of any company known to participate in businesses the board deems to be socially or morally inconsistent with Amana Academy objectives. The committee will provide advisors with a statement Amana Academy’s mission guidelines and restrictions.

Reporting Requirements

1. *Monthly* — The committee will obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any Amana Academy investment funds. Each monthly statement should include:
 - a. The name and quantity of each security purchased or sold, with the price and transaction date; and,
 - b. A description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

In addition, if not included in the custodial reports, the consultant and/or the investment advisor(s) should provide a report for each fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash. The monthly review of custodial statements may be delegated to Amana Academy accounting staff.

2. *Quarterly* — The committee should obtain from its investment consultant and/or investment advisors, a detailed review of Amana Academy’s investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each fund and as Amana Academy investment assets in the aggregate. As to each fund,

the committee should establish with its investment consultant and/or investment advisors the specific criteria for monitoring each fund's performance including the index or blend of indices that are appropriate for the objectives of each fund and for the investment style or asset class of each portfolio within a fund. The committee shall meet with the consultant to conduct such reviews to the extent it deems necessary.

3. *Periodically* — The committee should meet with its investment consultant at least annually to review all aspects of Amana Academy's investment assets. Such a review should include 1) strategic asset allocation, 2) manager and investment entity performance, 3) anticipated additions to or withdrawals from funds, 4) future investment strategies, and 5) any other matters of interest to the committee.

Rebalancing Procedures

The committee will monitor the asset allocation of each fund based on reports provided by Amana Academy's consultant and/or investment advisors. The committee may establish any reasonable rebalancing procedure based on either periodic reviews or departures from a range and may use its discretion to determine the timing of rebalancing actions. To achieve rebalancing, Amana Academy may either move money from one asset class to another or may direct future contributions and expenditures from particular classes as is most convenient.