

Investment Policy Statement for the NSSA/NSCA

I. PURPOSE & SCOPE

The purpose of the Investment Policy Statement (IPS) is to assist the National Skeet Shooting Association and the National Sporting Clays Association (NSSA /NSCA or the Association) Executive Committee/Council (EC) and Finance Committee (Finance) in effectively supervising, monitoring, and evaluating the investment of the Association's assets. The investment program is defined in the various sections of the IPS by:

- Stating in a written document the ECs' attitudes, expectations, objectives, and guidelines for the investment of its assets.
- Setting forth an investment structure for managing all investment assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for the investment portfolio that control the level of overall risk and liquidity in the portfolio, so that all investment assets are managed in accordance with stated objectives.
- Encouraging effective communication between the Association and hired investment manager.
- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.

This IPS has been formulated, based on consideration by the EC of the financial implications of a wide range of policies, and describes the prudent investment process deemed appropriate. The IPS will comply with all current financial policies of the Association which may, from time to time, be modified by the EC to reflect business operations and conditions.

Background:

The Association investment portfolio consists of assets presently invested in various stock and bond mutual funds. These assets are primarily from members of the Association making lump-sum payments for life memberships which have expenses related to them with a long-term horizon, and from designated marketing funds which are an allocated % of members' target fees.

Applicability:

In addition to serving as the guideline for investing our portfolio for the purpose of safeguarding and growing Life Member funds and Marketing Funds, this IPS will also include management and investment of the NSSA/NSCA Association Endowment Fund.

Definitions: References to funds or investments can include both Mutual Funds and Exchange Traded Funds (ETFs).

II. DUTIES

Association

The Association Board of Directors has the ultimate fiduciary responsibility for the Association's investment portfolio which has been delegated to the EC. The EC approves selection of an Investment Management firm who implements the policies and the IPS of the Association and manages the investment portfolio.

In selecting an Investment Manager, that Manager must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company or investment advisor as defined by the Registered Investment Advisors Act of 1940.
2. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
3. Provide historical quarterly performance numbers calculated on a time-weighted basis to illustrate the risk/return profile of the manager relative to other managers of like investment style.
4. Clearly articulate the investment strategy that will be followed and document that the strategy has been successful over time.

Finance Committee

The Association President appoints a Finance Committee Chairman with whom he/she appoints members of a Finance Committee. The BOD delegates responsibility to the Finance Committee for implementation, interfacing to the investment advisor and ongoing monitoring of the investment portfolio.

The Finance Committee, working with the Endowment Committee, recognizes that the Texas Uniform Management of Institutional Funds Act (TUPMIFA) will apply to the extent gift agreements or other controlling documents do not apply. To the extent TUPMIFA applies, it applies to all invested funds, both general and endowment funds.

Investment Manager

1. Manages the NSSA investment assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein and also expressed in written amendments to this agreement when deviation is deemed prudent and desirable by the EC.
2. Exercises investment discretion (including holding cash equivalents as an alternative) within the IPS objectives and guidelines set forth herein.
3. Promptly informs the EC in writing regarding all significant and/or material matters and changes pertaining to the investment portfolio or to changes in the ownership, organizational structure, financial condition or professional staff of the manager.

4. Provides NSSA with a written Investment Advisory Agreement. Such agreement will detail the services, fees, reporting and general responsibilities of the investment advisor.
5. Acknowledges and agrees in writing to their fiduciary responsibility to fully comply with the entire IPS set forth herein, and as modified in the future.
6. The investment manager shall make a good faith effort to remain in full compliance with any investment restrictions placed on Registered Investment Advisors by the United States Government.

III. OBJECTIVES

The investment program seeks to achieve consistent positive real returns and to maximize long-term return within prudent levels of risk through a well-diversified portfolio of investments primarily in common stock and bond funds. The program's value-added return will be mainly derived from manager selection and, to a lesser degree, strategy allocation of the various funds.

However, for purposes of risk diversification, the investment manager is not expected to create concentrated exposure to individual funds or strategies.

Performance Objectives

Evaluation of quarterly performance is necessary to assess the program's progress toward its long-term investment goals. It is understood that there will be periods during which performance deviates from long-term return objectives.

The performance objectives for the investment manager are as follows:

- To achieve a minimum of 5.0% annualized excess return over the change in the Consumer Price Index shall be used as the primary benchmark.
- Policy benchmarks shall be used to determine the success of the investment manager as it relates to selection of individual groups of investments. For example, bond funds will be compared to the Barclays Aggregate Bond Fund and large cap equity funds will be compared to the S&P 500, etc.
- To achieve an above-median ranking in a comparable style group of investments based upon 1, 3-year and 5-year periods, thereby demonstrating superior returns over longer time frames.

Risk Tolerance

A portfolio of 60% equity mutual funds, ETFs, and common stock, and 40% fixed income funds and ETFs should accommodate both growth and investment protection.

The objective of a 60% equity and 40% fixed income allocation is to achieve a balanced investment profile. Emphasis in a balanced investment is placed on modest capital

growth with some focus on generation of income from bonds. Investment entails moderate risk of short-term losses offset by capital appreciation over mid- and long-term investment horizons.

Liquidity

The investment manager shall maintain a portion of the portfolio invested in liquid cash and/or cash equivalents, and review liquidity status & requirements on a quarterly basis.

The NSSA/NSCA shall determine minimum 12-month liquidity targets based on:

- a.) Life membership expenses
- b.) Expected marketing expenses
- c.) Other expected capital expenses
- d.) An appropriate liquidity “buffer” as determined by the Finance Committee

Investment Restrictions

The following securities and transactions are *not* authorized unless receiving prior EC written approval:

1. Securities of individual companies rather than registered funds.
2. Investment in funds where the fund manager(s) has been in place less than three years.
3. The funds must have been following the same investment strategy for at least three years.
4. The fund expense ratio should be at or below the median expense ratio for comparably managed funds.
5. Investment in alternative investments or hedge funds of any type.
6. Investment in funds that are not of high quality as defined by Morningstar or other similar rating agency.

Until further notice, the following investments are restricted from the portfolio, unless prior approval is received from the NSSA/NSCA Finance Committee:

- BlackRock, Inc. common stock, BlackRock, Inc. debt securities, and/or investment instruments issued by BlackRock, Inc.
- Cryptocurrency

Common stock or debt securities of any company deriving more than 25% of its most recent quarterly revenue from cryptocurrency trading, lending, brokerage services, ownership, and/or mining.

IV. ASSET ALLOCATION

The EC has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior. The following asset classes were selected:

- Domestic Large Capitalization Equities
- Domestic Mid Capitalization Equities
- Domestic Small Capitalization Equities
- International Equities/Emerging Markets
- Domestic Fixed Income
- High Yield Bonds
- Global Fixed Income
- Commodities/ REITS
- Cash Equivalents

Based on the time horizon, risk tolerances, performance expectations and asset class preferences, an efficient or optimal portfolio was identified. The recommended strategic asset allocation of the portfolio is as follows:

	Lower Limit	<u>Strategic Allocation</u>	Upper Limit
Domestic Large Cap Equities	18%	30%	43%
Domestic Mid Cap Equities	1%	5%	10%
Domestic Small Cap Equities	1%	5%	10%
Internat'l Equities/Emerging Markets	10%	15%	20%
Domestic Fixed Income	10%	20%	30%
High Yield Bonds	0%	5%	10%
Global Fixed Income	0%	8%	15%
REITS	0%	5%	12%
Global Macro (GTAA)	0%	5%	10%
Cash Equivalents	1%	2%	25%
		100%	

Rebalancing of Strategic Allocation

The percentage allocation of each asset class may vary as much as plus or minus 5% depending on market conditions.

When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic allocation of the portfolio. If there are no cash flows, the allocation of the portfolio will be reviewed semi-annually.

Monitoring of Funds/Investment Manager

Quarterly performance will be evaluated to test progress toward the attainment of long-term targets. It is understood that there are likely to be short term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on peer-performance comparisons with fund managers that employ similar styles.

At least annually, the EC shall review the performance of the Investment Manager. Such performance review will compare the manager's actual investment results to investment goals and objectives.

We understand that nothing in the IPS supersedes the terms and provisions of the Investment Advisory Agreement and the investment prospectuses which are incorporated by reference into this IPS.

Accepted by the **National Skeet Shooting Association**

Date 9/30/2022

President: *[Signature]*

Secretary: Tom Pavlack

NSSA/NSCA Finance Committee (Co) Chairman: Louise K. Terry 9/14/22

Accepted by **Investment Manager**

[Signature] 10/25/2022
Name Date
Kevin D. Sauer COO JLP

By Managing Partner

DOCUMENT HISTORY:

- **Approved by the NSSA Executive Committee May 17, 2008**
- **Updated by the NSSA Executive Committee June 17, 2010**
- **Updated by the NSSA Executive Committee May 24, 2012**
- **Update approved by the NSSA Executive Committee June 18, 2015**
- **Update approved by the NSSA Executive Committee September 28, 2018.**
- **Update approved by the NSSA Executive Committee September 30, 2022**

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