



INVESTMENT POLICY

Revised November 15, 2011

I. Purpose

This document summarizes the investment philosophy, guidelines, and procedures of the Greenbelt Land Trust (GLT).

II. Investment Philosophy

The GLT's investment philosophy is built on the precepts of diversification, long-term strategic focus and prudent risk management. Professional diversification is the backbone of our investment philosophy. Diversification is the investment equivalent of making sure all your eggs are not in the same basket. Over the long-term, this common sense principal will reduce investment risk and improve investment returns. Diversification is achieved by combining different types of investments, with complementary styles and characteristics, to form an efficient investment portfolio. Prudent risk management is considered at all stages of the GLT's investment process. This is not a practice of avoiding risk, but of ensuring that the risks taken are appropriate.

III. Investment Management

1. The GLT Financial investments will be managed to:
 - a. Ensure sufficient cash resources to meet current spending needs,
 - b. Earn a return in excess of inflation on assets held for long-term goals, and
 - c. To provide clear and readily available information on investment choices to members, donors, potential donors, and public regulators.
2. The GLT financial investments will be managed in accordance with:
 - a. Financial Accounting Standards Board Statement No. 124
 - b. Uniform Management of Institutional Funds Act
 - c. Policies and procedures set forth in this document or otherwise approved by the GLT Board of Directors
 - d. Land Trust Alliance Standards and Practices and Accreditation guidelines

IV. Financial Advisor(s)

The GLT shall use the services of one or more professional financial advisor(s) to conduct investment transactions and provide investment advice. Authority to appoint and change financial advisor(s), and to move assets among securities is ultimately the responsibility of the Board of Directors. The Finance Committee advises the GLT Board of Directors. The Board of Directors may delegate authority to perform these duties to the Finance Committee.

The financial advisor(s) shall be given investment guidelines, and will implement their investment strategies within the constraints of the guidelines and this investment policy under the guidance of the Finance Committee. The financial advisor(s) shall:

1. Be certified by the National Association of Security Dealers.
2. Disclose all transactions and management costs in writing (fees, commissions, sales loads, etc.).
3. Meet with the GLT Finance Committee when requested, but at least once every six months, and provide a portfolio performance report in an agreed upon format that includes:
 - a) Total return, net of fees, over a specified time period and corrected for deposits and withdrawals.
 - b) Total fees incurred
4. Provide monthly statements to the Treasurer and Staff Office Administrator on the status and performance of GLT assets. Statements will identify all assets held in GLT accounts, the end-of-month value of each asset, and specific details on all account activity for that month.

C. Investment Objectives:

1. GLT's primary objective for long-term investments is to protect principal from the effects of inflation. These funds will be invested with an investment horizon of 3-5 years.
2. A secondary goal is to earn a 5% return on average assets (trailing 3 years) net of fees above the rate of inflation.
3. Definitions:
 - a. **Securities** are investment instruments representing ownership (stock), a debt agreement (bonds) or the rights to ownership (derivatives) issued by a corporation, government or other organization. Securities are essentially contracts that can be assigned value and traded.
 - b. **Stocks** are investment instruments that signify an ownership position in a corporation and represent a claim on a proportionate share of the corporation's assets and profits.
 - c. **Debt securities** are a debt agreement, such as a bond, which entitles the holder to repayment of the principal and interest, usually issued for a fixed term and redeemable by the issuer at the end of that term.
 - d. **Derivatives** are securities whose price is dependent upon or derived from one or more underlying assets. The derivative is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Futures contracts, forward contracts, options, and swaps are common types of derivatives.
4. The overall goal of GLT investments is to have approximately 40% debt securities and 60% stocks. In order to take advantage of professional management and current market

conditions, the total percentage of funds invested in stocks may go as high as 70% or as low as 50%. Correspondingly, debt securities may range from 30% to 50%.

Security Class	Target Allocation (%)	Range (%)
Stocks	60	50-70
Debt Securities & Cash	40	30-50
TOTAL	100%	

5. No investments should be rated less than ‘investment grade’ by Moody’s or Standard and Poor’s indices without concurrence of the Finance Committee.
6. The following direct investments are prohibited without concurrence of the Finance Committee:
 - a. Direct investment in the professional financial consultant’s company
 - b. Short selling.
 - c. Put and call option strategies.
 - d. Margin transactions
 - e. Commodities, commodity contracts, options and futures.
 - f. Tangible assets such as oil and gas wells or leases, precious metals and real estate.
 - g. Private placements
 - h. Venture capital investments
 - I. Collateralized mortgage obligations of any type
7. Ownership of any one company, exclusive of US Government issues, shall not exceed 15 percent of the portfolio.
8. To ensure marketability and liquidity, all equity transactions shall be executed through one of the following exchanges: New York Stock Exchange, American Stock Exchange, or the NASDAQ over-the-counter market.

V. Policy Review

The GLT investment policy will be reviewed by the Finance Committee every five years, or more frequently if needed, or requested by a majority of the Board. Any changes will be recommended to the Board of Directors for approval. Approved by majority vote of the Board of directors of the Greenbelt Land Trust this 15th day of November 2011. This policy updates and replaces policy adopted March 20, 2007.

_____, Vice President
Ethan Hasenstein