

**National Strength and Conditioning Association Foundation
Statement of Investment Policy, Objectives, and Guidelines
August 2024**

SCOPE OF INVESTMENT POLICY STATEMENT

The National Strength and Conditioning Association Foundation (NSCAF) of Colorado Springs, CO, is a non-profit corporation. NSCAF established this Investment Policy Statement to assist in the financial support of the National Strength and Conditioning Association's (NSCA's) educational and research mission. The Foundation may, as needed, maintain investment portfolios encompassing operations deposits, including endowments, trusts, annuities, gifts, bequests, custodial funds, and excess funds. These funds may be invested in a pooled fund or separate funds as deemed desirable by the Investment Committee.

This investment policy statement reflects the investment policy, objectives, and constraints of the NSCAF.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is presented by the Board under the direction of the President of the Board of the NSCAF and will:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of the investment philosophy, goals, and objectives of fund assets for all involved parties.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
4. Establish a basis for understanding the investment process and evaluating investment results.
5. Manage Fund assets according to the standards governing similar Foundations
6. Establish the relevant investment horizon for managing the Fund assets.

In general, this statement outlines a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful yet flexible enough to be practical.

DELEGATION OF AUTHORITY

1. **The Board of Directors** of the NSCAF is a fiduciary responsible for directing and monitoring the investment management of Fund assets.
2. **The Investment Committee** advises the Board on matters related to the investment portfolios.
3. **Investment Manager(s).** The investment manager has the discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
4. **Custodian.** The custodian will physically (or through agreement with sub-custodians) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and affect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold and movement of assets into and out of the Fund accounts.

5. **The Board may employ additional specialists such as attorneys, auditors, and others** to meet its responsibilities and obligations to administer Fund assets prudently.
6. **The Board reserves control over investment decisions, including the specific limitations described in this statement.** Managers will be held responsible and accountable for achieving the objectives stated and as amended.

DEFINITIONS

1. "Fund" shall mean the National Strength and Conditioning Association Foundation of Colorado Springs, CO, financial assets.
2. "Investment Committee" shall refer to the advisory committee that supports the governing NSCAF Board of Directors established to administer the Fund.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition, or administration of the Fund assets.
4. "Investment Manager" shall mean any individual or group employed to manage the investments of all or part of the Fund assets.
5. "Custodian" is defined as the place of domicile for the securities of the investment portfolio.
6. "Securities" shall refer primarily to marketable investment securities with up to 20% in non-liquid securities, defined below as acceptable in this statement.
7. "Investment Horizon" shall be the period over which the investment objectives are expected to be met as set forth in this statement. The investment horizon for this Fund is perpetual.
8. "Fund" shall include gifts or deposits invested in perpetuity and gifts or deposits invested subject to liquidation as needs may develop.
9. "Grants" shall refer to allocations from the Fund to provide funding for programs or projects.
10. "Scholarships" shall refer to allocations from the Fund to provide funding for high school and college students.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Board of the National Strength and Conditioning Association Foundation

The Board is responsible for managing the fund's assets. The Board shall discharge its duties solely in the interest of the Fund, with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent investor, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Board relating to the investment management of Fund assets include:

1. Projecting the Fund's financial needs and communicating such needs to the Investment Manager on a timely basis.
2. Determining the Fund's risk tolerance and investment horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies, and guidelines that will direct the investment of the Fund's assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s) and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitoring of progress in investment objectives.
6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to a fundamental change in the investment management process, failure to comply with established guidelines, or other reasons.
7. The Investment Committee reports quarterly to the President of National Strength and Conditioning Association Foundation on the Fund's investment performance and financial condition.

Responsibility of the Investment Manager(s)

Each Investment Manager will have complete discretion to make all investment decisions for the assets under its jurisdiction while observing and operating within all policies, guidelines, constraints, and philosophies outlined in this statement.

Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management includes decisions to buy, sell, or hold individual securities and to alter asset allocation within the guidelines established in this statement, such as rebalancing.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any significant changes to the economic outlook, investment strategy, risk, or any other factors that affect the implementation of the investment process or progress to the Fund's investment objective.
4. Informing the Board and Investment Committee regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Quarterly rebalancing of the investment allocation using the liquid portion of the portfolio if any asset class falls beyond a 5% variance from its initial prescribed asset allocation model as described in the "Asset Allocation Guidelines" section below this Investment Policy Statement.
6. Voting proxies and communicating such voting records to the Board and Investment Committee on time.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the Goal of the Fund.
2. The Fund shall be invested with care, skill, prudence, and diligence under the circumstances that a prudent person acting in like capacity and familiar with such matters would use to invest in a fund of like character and with like aims.
3. Investment in the Fund shall be so diversified as to minimize the risk of significant losses unless, under the circumstances, it is prudent not to diversify.
4. The Board may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. **Preservation of Capital** - Consistent with their respective investment styles and philosophies, investment managers should reasonably try preserving capital, understanding that losses may occur in individual securities.
2. **Risk Aversion** - Understanding that risk is present in all types of securities and investment styles, the Investment Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives. However, investment managers are to make reasonable efforts to manage risk, and they will be evaluated regularly to ensure that the assumed risk is commensurate with the given investment style and objectives.
3. **Adherence to Investment Discipline** - Investment managers are expected to adhere to the investment management philosophy they were hired for. Managers will be evaluated regularly for adherence to their investment discipline.

GOAL OF FUND

The NSCAF Board believes that allocations to be funded in the future are as important as grants and scholarships that are supported today. This is consistent with the philosophy that this Fund is to exist in perpetuity and, therefore, should provide for funding in perpetuity. To attain this goal, the overriding objective of this fund is to maintain purchasing power. The Fund's specific investment objectives will be established later in this document.

SPENDING POLICY

Spending - Moving Average Determination

This Fund will follow a 5% annual spending policy of all investment assets to provide grants and scholarships for worthy recipients as determined by the NSCAF. The Investment Committee will use the moving average method of determining year-to-year spending to smooth distributions from the aggregate portfolio.

The "portfolio value" will be determined based on a 3-year moving average (12 quarters) of portfolio market value reported on January 15th for the preceding calendar year's value. The moving average will be determined before the fiscal year the funds will be spent.

This spending policy and using a moving average methodology serve two purposes. First, they provide for more consistent and predictable spending for the programs supported by this Fund. Second, they allow the NSCAF Board to design an investment strategy that is most likely to achieve the goal of maintaining purchasing power.

With an annual determination method, there is a tendency to pay out the "excess" earnings during periods of overperformance while maintaining a specific absolute

dollar floor of spending during periods of underperformance. Over the long term, this may result in the erosion of the real principle. Therefore, by smoothing the spending, the Investment Committee seeks to reduce the likelihood of real principal erosion due to portfolio volatility by using the Moving Average Determination Method to calculate values.

Investment Objectives

To meet its needs, the Fund's investment strategy emphasizes total return: the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Fund assets shall be *Income and Growth- To achieve a balanced return of current income and modest principal growth consistent with the preservation of the Fund's purchasing power.*

SPECIFIC INVESTMENT GOALS

The investment horizon established in this statement is perpetual. However, over a ten-year time horizon, for interim measurement purposes, it is the goal of the aggregate Fund assets to meet or exceed:

- Absolute annual rate of return of 7%
- The rate of inflation (as measured by the Consumer Price Index) +3%

In addition, the goal of the investment manager, over the ten-year investment measurement horizon, shall be to:

- Exceed the appropriate market index, or blended market index, selected and agreed upon by the NSCAF Board
- Display an overall level of risk in the portfolio consistent with the risk associated with the benchmark specified above.

The standard deviation of quarterly returns will measure risk.

VOLATILITY OF RETURNS

The Investment Committee understands that to achieve its objectives for Fund assets, the Fund will experience volatility of returns and fluctuations of market value.

Although the NSCAF's portfolio allocation is designed to minimize volatility and risk, the Fund is not guaranteed to achieve the returns shown and may sustain losses greater than those stated herein in any given period of time.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Investment Committee will periodically provide an estimate of expected net cash flow and notify the investment consultant in a timely

manner to allow sufficient time to build up necessary liquid reserves.

MARKETABILITY OF ASSETS

The investment Committee requires that at least 80% of all Fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price. To add an additional layer of diversification and to reduce overall portfolio volatility, the Fund may invest a total not to exceed 20% of all Fund assets in non-liquid (i.e., non-publicly traded) securities.

INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
 - Treasury Bill
 - Money Market Funds
 - Short Term Investment Funds (money market instruments)
 - Commercial Paper
 - Repurchase Agreements
 - Certificates of Deposit
2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Municipal Notes and Bonds
 - Mortgage-Backed Bonds
 - Preferred Stock
 - Fixed-income securities of Foreign Governments and Corporations
 - Collateralized Mortgage Obligations (e.g. GNMA)
 - Structured Notes
3. Equity Securities
 - Common Stocks
 - Exchange Traded Funds
 - Defined Outcome Exchanged Traded Funds
 - Mutual Funds
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - American Depositary Receipts (ADRs) of non-US. Companies
 - Stocks of Non-U.S. Companies (Ordinary Shares)

4. Non-liquid securities
 - Non-traded Real Estate Investment Trusts

Stock Exchanges

To ensure marketability and liquidity, investment managers will execute investment transactions through any regulated major stock exchange; New York Stock Exchange, American Stock Exchange, and NASDAQ are examples of such exchanges. If an investment manager determines a benefit or need to execute transactions under circumstances other than those listed in this statement, written approval is required from the Investment Committee.

Prohibited Assets

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

1. Commodities and Futures Contracts
2. Private Placements
3. Options (Except as used in Structured ETF's, Structured Notes and Money Markets where options are embedded as part of the larger investment that remove the derivative risk.)
4. Limited Partnerships
5. Venture-Capital Investments
6. GICs (Guaranteed Investment Contracts offered by insurance companies)
7. Derivative Securities other than those listed above. (Except as used in Structured ETF's, Structured Notes and Money Markets where options are embedded as part of the larger investment that remove the derivative risk.)
8. Digital Assets including, but not limited to: Cryptocurrency and Non-Fungible Tokens.

Prohibited Transactions

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

1. Short Selling
2. Margin Transactions

Derivative Investments

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are constructed from equity or fixed-income securities. They are packaged in the form of options, futures, collateralized mortgage obligations bonds (CMOs), and subsidiaries of the class of CMOs: planned amortization class bonds (PACs), interest-only bonds (IOs), principal-only bonds (POs), residual interest bonds (RIBs), and interest rate swaps, among others.

Asset Allocation Guidelines

Investment management of the assets of the Fund shall be in accordance with the strategic asset allocation parameters set forth immediately below. A variance of up to +/-10% allocation at the Subtotal level is considered within tolerance. Therefore, a proportional variance at the asset class level is also within tolerance.

Asset Class	60/40
US Large Cap Core stocks	16.0%
US Large Cap Growth	5.0%
US Large Cap Value stocks	10.0%
US Mid Cap stocks	4.0%
US Small Cap Value stocks	5.0%
Subtotal US Stocks	40.0%
International Developed Large stocks	13.0%
Emerging Markets stocks	7.0%
Subtotal International Stocks	20.0%
Subtotal Equity	60.0%
US Core Intermediate-Term bonds	28.0%
High Yield bonds	6.0%
Multisector bonds	5.0%
Cash	1.0%
Subtotal Total Bond	40.0%
Total Equity & Bond	100.0%

The Board employs an investment manager whose investment disciplines require investment outside the established asset allocation guidelines.

Diversification for Investment Managers

The Investment Committee does not believe it is necessary or desirable that securities held in the Fund represent a cross-section of the economy as this cannot be monitored with all of the disparate investments.

Guidelines for Fixed Income Investments and Cash Equivalents

1. Core fixed income assets may be invested primarily in investment-grade bonds with an average rating of "A" or better, or utilizing ETF's or mutual funds that contain a similar investment-grade allocation. High-yield fixed income assets

- may be invested primarily in bonds with an average rating of “BB” or better.
2. Assets may be invested only in commercial paper rated "A1" or better.
 3. The average duration of the fixed-income portfolio shall not exceed seven years.
 4. Money Market Funds selected shall contain securities whose credit rating, at the absolute minimum, would be rated investment grade by Standard and Poor's and/or Moody's.
 5. Repurchase Agreements shall be fully collateralized.

SELECTION OF INVESTMENT MANAGERS

The Investment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940 or a Bank, Trust Company, or Insurance company.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Manager shall be compiled quarterly and communicated to the Board and Investment Committee for Review. The investment performance of total portfolios and asset class components will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines outlined in this statement. The Investment Committee intends to evaluate the portfolio(s) over at least ten years but reserves the right to terminate a manager for any reason, including the following:

1. Investment performance is significantly less than anticipated, given the discipline employed and the risk parameters established, or there is unacceptable justification for poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

The Investment Committee plans to review the investment policy at least annually to ensure the continued relevance of the guidelines, objectives, financial status, and capital markets expectations established in this statement of investment policy.