



Investment Policy Best Practices

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What is the role of an Investment Policy Statement?



Investment Policy Statement (“IPS”)

Serves as a **strategic guide** to the planning, implementation, and ongoing oversight of an investment program

The IPS is a **highly customized document** that is uniquely constructed based on the preferences, tolerances, and situations of each organization

When implemented successfully, the IPS offers guidance and protocol on issues related to **governance and risk management** of the investment program





What are the critical components of an effective IPS?



Critical Components of an Effective IPS

Scope and Purpose

- Define the Investor
- Outline the Organizational Structure
- Define Roles and Responsibilities

Investment, Return, and Risk Objectives

- Describe Overall Investment Objective and Return Hurdles
- Define Risk Tolerance
- Delineate Constraints
- Determine Appropriate Asset Allocation Targets and Ranges

Governance

- Assign Responsibility for Determining, Executing, and Monitoring the Investment Policy

Evaluation

- Define Benchmarks for Asset Classes and Total Portfolio
- Timely Review Process



In what ways does an IPS mitigate risk?



Mitigating Risk





What are some common pitfalls when structuring and implementing an IPS?



Common Pitfalls





Questions?



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