

## ANB Approved Investment Policy Statement



**Introduction:** These investment guidelines are to provide general direction to the Investment Manager "Amarillo National Bank" of the Mary E. Bivins Foundation "the fund" with respect to the following criteria: investment objectives, income needs, risk tolerance, liquidity, time horizons, asset allocation, diversification, rebalancing, asset quality and investment management and oversight. Investment Managers are to have discretion of investments within the policy guidelines and are expected to use fiduciary care, skill and diligence in their decisions. These guidelines currently cover the funds residing in the "Mary E. Bivins Agency" account.

**Investment Objectives:** The primary investment objective is long term growth. A secondary objective is current income and liquidity.

**Diversification:** The Fund should be adequately diversified among all major asset classes to insure that the significant and permanent loss of the principal does not occur.

**Liquidity:** Distributions could be required from the Fund on short notice to the Investment Manager. Only readily marketable securities are appropriate for the fund. Additionally, \$8 million in cash reserves should be maintained at all times.

**Time Horizon:** The Fund should have an intermediate-to-long term time horizon. Accordingly, assets should be invested in such a way as to provide real return net of inflation.

**Asset Allocation:** Asset allocation of the Fund must be consistent with the investment objectives. Target ranges for each asset class in the portfolio are as follows:

	Minimum %	Target %	Maximum %
Equity	45	50	55
Fixed	35	40	45
Alternatives	5	10	15
Cash		\$4 million	

**Target for Cash:** The Target for cash is \$4 million, plus a temporary additional \$2 million (additional \$2 million to be used for Medical Center Roof Replacements), for a temporary total of \$6 million. Bivins CFO will notify ANB Investment Management once roof project is completed; at that point in time the target for Cash will revert back to \$4 million.

**Rebalancing Guidelines:** As a result of normal market movement and cash flows, the asset mix is expected to deviate to some degree from the targeted percentages. Maximum and minimum allocations to each asset class have been set to control risk and maximize return of the Fund while avoiding unnecessary turnover within the portfolio. The allocation of each asset class on a market value basis should be reviewed quarterly. When an asset class is outside of the allowable range, steps should be taken as soon as practicable to rebalance the asset class back to the specified range.

**Fixed Income Asset Quality:** The average credit quality of all fixed income investments in the fund shall at no time fall below investment grade (BBB+ or better.)

**Alternative Investments:** For the purposes of this Investment Policy, an Alternative Investment shall be defined as any investment other than US and international stocks, investment grade US corporate bonds, US Treasury notes and bonds, Government Agency bonds and US Dollar cash equivalent investments. Alternative investments must be held via a fund or fund of funds that offers full daily liquidity. Direct investment in alternative assets is prohibited.

**Investment Management and Oversight:** A professional Investment Manager will be employed to oversee the Fund in accordance with the investment guidelines established by the Board of Directors of the Mary E. Bivins Foundation. The Finance Committee will meet at least annually with the Investment Manager to review investment results and current investment strategy. It is the responsibility of the Finance Committee to promptly inform the Investment Manager of any changes: 1) in the investment guidelines; or 2) that may affect the composition or income needs of the Fund.

**Benchmarks:** The committee will review performance relative to stated benchmarks, and in the event of consistent and/or significant underperformance will address such performance issues with the Investment Manager. Reports should be furnished by the Investment Manager for this purpose.

<u>Asset Class</u>	<u>Benchmark</u>
US Stocks	S&P 500
International Stocks	MSCI EAFE
Fixed Income	Barclays Aggregate Bond Index
Alternatives & Cash	Citigroup 30 Day US T-Bill

Approved by the Mary E. Bivins Foundation Board of Directors at their meeting held on May 6, 2015

  
Paul Sneed, Chief Financial Officer

5/6/2015  
Date