

INTERSTATE COMMISSION FOR
ADULT OFFENDER SUPERVISION

02-2020 - INVESTMENT POLICY

POLICY NUMBER	ISSUED
02-2020	September 14, 2020

Downloaded:

November 6, 2026

I. Purpose

This policy provides a clear statement of the Commission’s investment objective and defines responsibilities for managing the Commission’s investments with target asset allocations, including permissible investments and diversification requirements.

II. Authority

ICAOS Bylaws, Article III, Section 2(d); ICAOS Bylaws, Article VII, Section 2; ICAOS Bylaws, Article VIII, Section 3

III. General Provisions

A. All transactions shall be for the sole benefit of the Commission.
B. Investments shall be diversified to maximize income within an appropriate risk mitigation strategy similar to other public and non-profit institutional strategies.
C. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
D. Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Executive Committee.

IV. Duties and Responsibilities

A. The Executive Committee has the final responsibility for the management of the Commission’s investment assets.
B. The Finance Committee will evaluate the performance of the investment portfolio and make recommendations for Executive Committee action as needed.
C. The Commission must operate the investment program in compliance with all applicable state, federal and local laws and regulations concerning the management of investment assets.
D. The Commission shall vest ultimate responsibility and custody of investment accounts with the Commission treasurer who may utilize the executive director or their designee to execute this Policy and hire a qualified investment manager(s) to maintain the Commission’s portfolio.

V. Investment and Distribution Guidelines

A. Upon a majority vote of the Executive Committee, the distribution of funds may occur as required to accommodate the Commission's annual budget.
B. Unless required by an emergency as defined by a vote of the full Commission, distributions from invested funds may not reduce the fund's real assets below a threshold equivalent to 20 percent of the Commission's total annual expenses
C. Permitted investments include: cash, cash equivalents, marketable securities, money-market accounts (AAA), short-term securities (A1/P1), and investment-grade (BBB/Baa) fixed income securities.
D. Non-permissible investments include non-negotiable securities, derivatives, junk bonds, short-sales, commodities, precious metals, straddles, warrants, real estate backed securities, life insurance contracts, private placements, or leveraged stock.

VI. Allocation

A. The Commission will maintain a reasonable diversification of investment assets between asset classes and investment categories.
B. Unless included within an index or passively managed funds not subject to direct manipulation of individual assets, investments in the equity securities of any one company shall not exceed 5% of the portfolio nor shall the direct total securities position (debt and equity) in any one company exceed 20% of the portfolio. This policy shall not apply to fixed-income investments directly guaranteed by the US Government.
C. Except for passively managed funds, no more than 25% of the total portfolio under management may be invested in securities of any single sector.
D. Under normal circumstances, Commission assets should be allocated across a broad spectrum of asset and sub-asset classes per the following limits:

Asset Class	Target	Limits
Cash & Equivalents	*5%*	*0-5%*
Fixed Income	*30%*	*20-50%*
Equities: Domestic Large Cap	*25%*	*20-40%*
Equities: Domestic Small/Mid Cap	*30%*	*10-25%*
Equities: International	*10%*	*5-15%*

VII. Rebalancing

A. Incoming contributions or outgoing disbursements from invested assets shall be realigned to bring current weighting closer to referenced limit weighting.

B. Rebalancing should occur annually within 60 days of a fiscal year’s end.

C. Asset rebalancing may occur and be managed by the Investment Manager(s) or by the direct action of the executive director in consultation with the treasurer.