Investment Policy Statement

Policy Title:	Investment Policy Statement
Effective Date:	September 25, 2019
Purpose:	Investment policy guidelines.

I. Purpose

The New Hampshire Vaccine Association's (NHVA) primary purpose is to raise funds, through mandatory assessments paid by private insurance carriers, by Third Party Administrators on behalf of their plans, and by other payers to pay for all vaccines administered to children in the State of New Hampshire who are not eligible for free vaccines under one or more federal programs. NHVA was created in 2002 as a tax-exempt corporation pursuant to New Hampshire State RSA 126-Q.

The purpose of this Investment Policy Statement (IPS) is to establish the responsibility, authority and guidelines for the investment of NHVA's surplus cash. Surplus cash is defined as those funds exceeding the daily operating requirements of NHVA and not immediately required for upcoming financial obligations. The IPS will be reviewed annually and amended as necessary to ensure it remains consistent with the overall objectives of the NHVA and with current financial trends.

II. Investment Objectives and Principles

The major objectives of NHVA's investment program are, in order of priority:

- Safety and preservation of principal by investing in a high-quality, diversified portfolio of securities as described under "Investment Guidelines" below.
- Liquidity of investments that is sufficient to meet NHVA's projected cash flow requirements.
- Conservative market rates of return on invested funds and inflation protection that are consistent with the above stated objectives.

Maximizing long-term total return, including capital appreciation for longer-term assets through the use of equities, is not currently a goal of NHVA assets but may be included at a future date upon board approval.

III. Investment Guidelines

A. Short-Term Investments

All securities invested for the annual vaccine account payment to the Department of Health and Human Services must mature by June 15.

Eligible Short-Term Investments with Maximum Concentration (at time of purchase)

- *United States Government Securities/Treasuries (100%).*

- *United States Government Sponsored Enterprises (GSEs):*
  - Those with full faith and credit (75%).
  - Those without full faith and credit (50%) and no more than 10% in any one security.

- *Certificates of Deposit:* Guaranteed by FDIC coverage currently set at $250,000 per issuer (100%). Efforts should be made to avoid purchases of CDs with a premium price as premiums are not included in insurance valuations.

- *Money Market Mutual Funds:* Open-end investment company Fund registered under the Investment Company Act of 1940 and rated AAA by at least one major rating agency (Standard & Poor's, Moody's, or Fitch). The investments should comply with the US Securities and Exchange Commission (SEC) regulations under Rule 2a-7 and maintain a constant net asset value, offer daily liquidity, and carry an average weighted maturity that does not exceed 90 days. (100%)

- *Bank Deposit and Checking Accounts:* No limit will be placed on bank deposit or checking accounts as long as they are 100% guaranteed by FDIC coverage. Most accounts are currently set with a $250,000 guarantee. Where FDIC limits expire or are otherwise exceeded, the board will set prudent operating limits in consideration of the overall economic and operating benefits to NHVA; credit quality of the bank; and overall risk environment. Other accounts such as Promontory Interfinancial Network's Insured Cash Sweep Service (ICS) which are fully insured to any face amount are also investable to 100%.

B. Longer-Term Investments

Eligible long-term investments include the above with the addition of *higher-quality corporate debt*. Eligible long-term investments may have variable distributions to meet different needs and are subject to board approval.

- At time of purchase, securities must be rated "Baa3/BBB-" or better by at least two agencies (Standard & Poor's, Moody's, or Fitch).

- At least 70% of the holdings shall have ratings of "A3/A-"or better by at least two agencies.

- Diversification generally reduces the impact any single investment or issuer can have on the overall portfolio. The manager shall diversify the portfolio's debt sectors (finance, industrial, energy, etc.) except that investments in pharmaceutical and healthcare debt should be limited to 5% of the portfolio.

- Additionally, any one issuer name shall be limited to 10% of the portfolio (does not apply to insured or guaranteed assets).

- Maturities are not to exceed five years.

- Securities shall be laddered to provide reasonable cash flow with an average duration not to exceed three years.

- No leveraged or structured products.

- The manager may employ fixed income mutual funds and/or exchange-traded funds (ETFs) but they must adhere to this investment policy in regard to liquidity, quality and duration of underlying assets. The manager shall recognize the interest rate risk of funds, particularly that NHVA may need cash at a point when a fund is losing value due to rising rates.

Investments in either the short-term or long-term portfolio may be sold prior to maturity due to changes in credit quality, market condition, or for uncertain capital needs; however, prudence and overall caution must be exercised to minimize any potential losses.

IV. Delegation of Authority and Role of Investment Manager including Benchmarking, Performance, and Communications

NHVA is authorized to delegate certain responsibilities to professional experts to assist the organization in optimizing an investment strategy aligned with NHVA's objectives. Professionals may include investment management consultants, investment managers, custodians of investments, attorneys, auditors, and any others who may assist NHVA in meeting its responsibilities and obligations to prudently administer the investments of NHVA.

The board may delegate investment decisions to a retained professional investment manager who will have full discretion to make all investment decisions for the assets placed under his or her jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and as may be required by law. Persons responsible for managing and investing the portfolio funds shall act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, as set out in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and adopted by the State of New Hampshire.

At a minimum, an annual review of the account shall be held by the investment manager with the NHVA Audit Committee. Performance (if relevant), compliance with the policy, and a strategy outlook review shall be discussed. Educational support on investment considerations will also be provided as needed. A statement of current holdings and transactions shall be provided at least quarterly to the Audit Committee. The investment manager will be guided by cash forecasts provided by the NHVA's Executive Director from time to time as needed.

Depending on the structure and duration of the Portfolio, performance evaluation may or may not be required: i.e., if a reasonable percentage of the assets are held for longer than 12 months. If appropriate, the investment performance of the portfolio will be measured and evaluated against one or more appropriate and commonly accepted performance benchmark indexes and measured over one-, three- and five-year periods.

Should any investment fall out of policy or events occur that warrant concern, the investment manager must notify NHVA's Executive Director as soon as reasonably possible in writing and present a course of action if necessary.

ENFORCEMENT, REVIEW AND REVISION:

This Policy may be updated from time to time by the board.
DATE ADOPTED: June 9, 2005
SUBSTANTIALLY REWRITTEN: March 9, 2016 and September 25, 2019
AMENDED TO INCLUDE LONGER-TERM INVESTMENT ASSETS: September 25, 2019