

**Society for Thermal Medicine
Investment Policy and Objectives**

The objective of the investment program is to obtain the maximum possible return on STM funds while assuring adequate protection of invested assets.

Because the Society for Thermal Medicine is a non-profit organization, investments should not be designed for speculation. It must be recognized, however, that all investments carry with them some degree of risk, not only as to the safety of the principal itself, but also with regard to the inflationary erosion which occurs from failure to achieve an adequate return on invested assets.

The Investment Policy segregates funds into two categories; Operating fund, Reserve fund.

Cash and Investment Categories

a) Operating Fund

(1) Purpose - To provide sufficient cash flow to meet the financial obligations of the ASP.

(2) Objectives

(a) *Liquidity*

(b) *Preservation of capital*

(3) Dollar Range - 10-15% of Annual Revenue not including the annual meeting revenue.

(4) Maturity - limited to one year or less.

(5) Allowable Investments

(a) *Checking accounts in federally insured banks and Savings & Loans.*

(b) *Money Market Funds which invest in government back securities.*

(c) *Federally-Insured Certificates of Deposit.*

b) Reserve Fund

(1) Purpose - To improve the return on funds held for expenditure over the next one to five years, while managing investment risk.

(2) Objectives

(a) *Preservation of capital*

(b) *Liquidity*

(c) *Optimize investment return within a one to five year time frame.*

(3) Dollar Range - Amount necessary to overcome any expected cash flow deficiencies for the next three years as well as an amount to cover an unexpected association need.

(4) Maturity - From one to three years.

(5) Allowable Investments

(a) *FDIC insured Money Market Accounts*

- (b) *Money Market Funds which invest in government back securities.*
- (c) *Federally-Insured Certificates of Deposit.*
- (d) *Direct Obligations of the U.S. Government, its agencies and instrumentalities.*

(6) Prohibited Investments

- (a) *Corporate Notes with a minimum rating of investment grade by one rating service.*
- (b) *Corporate Securities.*
- (c) *Private Placements.*
- (d) *Letter Stock.*
- (e) *Derivatives.*
- (f) *Securities from issuers which have filed for bankruptcy.*
- (g) *Commodities or commodity contracts.*
- (h) *Short sales.*
- (i) *Margin transactions.*
- (j) *Option trading.*
- (k) *Any speculative investment activities.*