



# AMERICAN COUNCIL OF ACADEMIC PHYSICAL THERAPY

## Statement of Investment Objectives, Policies and Guidelines

### **Introduction**

This document represents the written investment objectives, policies, and guidelines for the Finance Committee to follow in securing the growth and stability of the Reserve Fund for the American Council of Academic Physical Therapy (hereinafter “ACAPT”). This document is intended to help the Finance Committee by providing a disciplined investment strategy based on a long-term capital market perspective. Review of this document by the ACAPT Finance Committee will occur on a regular basis to assure continued appropriateness of the investment policies and guidelines. The ACAPT Finance Committee and/or Board of Directors may make recommendations for changes in the investment policy, and the BOD must approve any changes. Ultimate responsibility for the fiscal health of ACAPT lies with the ACAPT Board of Directors.

### **Reserve Target:**

The total of the assets held in the ACAPT Reserve Fund shall be 40% to 55% of the revenue budget of any given year.

### **Investment Objectives:**

Objectives of the ACAPT’s Investment Program are to:

1. Achieve long-term growth of assets while preserving capital;
2. Target investment strategies that demonstrate the ability to generate consistent long-term results;
3. Earn the highest total return that is prudently possible consistent with the risk tolerance established by the ACAPT Finance Committee; and
4. Insure sufficient liquidity to meet operating and contingency expenses.

The primary objective of the ACAPT’s Investment Program is to provide sufficient Reserve funds while growing the principal to protect against unforeseen expenses. The benefit needs to accrue for the long term and keep up with inflation. Thus, the growth of principal must be measured relative to the Consumer Price Index (CPI). The Reserve Fund’s total real return over a five-year period should equal or exceed an average rate of return 5% in excess of the Consumer Price Index (inflation).



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## **Asset Allocation:**

The assets of the Reserve Fund will be diversified in order to minimize risk of large losses to it by any one or more individual investments. The target mix for the fund as a whole will be 65% equities and 35% fixed income/cash. The ACAPT Finance Committee recognizes the market will cause the asset allocation to drift from the targets, and it will be the responsibility of the ACAPT Finance Committee to determine when and how to rebalance the fund back to its target.

## **Investment Guidelines:**

The following guidelines will be used as parameters for the ACAPT Finance Committee in the execution of investment policies.

1. To minimize the likelihood of the erosion in asset value due to declining security markets, a loss greater than 12.0% in any one year will result in a review and possible change in investment policy. It is anticipated that a loss greater than this may occur no more than one in twenty years.
2. There are no diversification guidelines suggested as to issuer, industry, or security except that investment in any one issuer shall not exceed 5% of the total market value of the portfolio, with the exception of issues of the U.S. Government, its Agencies, investment manager-sponsored common trust funds, and mutual funds.
3. All fixed income instruments held in the ACAPT's Reserve Fund shall carry a rating of Baa (Moody's) or BBB (Standard & Poor's) or higher.
4. Transactions in short sales, commodities, options, futures, tax-exempt securities, or on margin are prohibited.

## **Review Procedures:**

On an annual basis, the ACAPT Finance Committee will evaluate for the Reserve Fund:

1. The appropriateness of the objectives, policies, and guidelines set forth in this Statement;
2. The achievement of objectives and the adherence to policies and guidelines; and
3. Amendments/revisions to the objectives, policies, and guidelines presented in this Statement.