

Greensboro Condominium Owners Association

Investment Policy Statement

2/2017

Account Purpose

The purpose of the investment account at Dougherty & Company is to fund Greensboro Condominium Owners Association's (Association) long-term capital needs.

Account Composition

The account is comprised of three parts

Part I

The first part has been constructed as a short-term ladder with the ability to utilize corporate bonds, municipal bonds, federal agency bonds, and CD's. Investments are to be laddered over a five year time horizon, they need to be of investment grade by the ratings agencies, and no individual position is to exceed \$20,000. In the event that a bond gets downgraded below investment grade or begins trading at less than 8% of par, the board is notified, and the position gets sold.

Part II

The second part consists of two Vanguard Bond ETF's. Due to the extensive diversification of these instruments, positions of each up to \$100,000 will be permitted.

BSV- Vanguard Short-Term Bond ETF

BND- Vanguard Total Bond Market ETF

Part III

The third part is a mutual fund portfolio using American Funds. The funds selected target moderate long term growth with a secondary focus on preservation of capital. This portfolio will be managed to achieve an optimum dividend yield based on the Association's needs and the individual funds must maintain a 3-star rating by Morningstar. Current Allocation:

45% American Growth Fund of America

40% American Income Fund of America

15% American Capital Income Builder

Account Management

The account will be managed using a balanced approach with the American Funds portion not to exceed a targeted 50% range over a period of time corresponding to the financial needs of the Association's Reserve's capital expenditures. The account will be reviewed on a quarterly basis and Dougherty & Company will notify us if we are not in compliance with the policy statement. The Association Board must approve any change to this investment policy statement.

The Board of Directors of the Association recognizes that the American Funds in addition to stock equities and similar financial instruments also hold bond investment instruments in the various portfolios. Thus, not all investments in the American Funds are 100% stock equities and similar financial instruments. This helps enhance the Association's balanced investment approach.

* "The account" refers all accounts held at Dougherty & Company.

Adopted by Board of Directors April 23, 2019

