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**1. INTRODUCTION**

The main objective of NATCCO MBAI is to provide financial assistance to its members through microinsurance products, and the Members, as the owner of this MBA, deserve the most competitive products that would give them the best financial support and service.

The Board of Trustees with its power to invest the association’s assets must make sure that a sound investment policy is in place to ensure maximized return.

**2. POLICY STATEMENT / OBJECTIVE**

To provide a balanced investment strategy that will enhance long-term total return while avoiding undue risk or concentration in any single asset class or investment strategy.

**3. APPLICABILITY**



This Policy applies to all financial assets of NATCCO MBAI.


**4. RESPONSIBILITIES**

**4.1 RESPONSIBILITIES OF THE BOARD OF TRUSTEES**

The members of the Board of Trustees (BOT) are fiduciaries charged with the oversight of the management of the assets of the association. As such, the BOT is authorized to delegate certain responsibilities to the Investment Committee (IC). The BOT shall discharge its duties in accordance with the By-Laws. The specific responsibilities of the BOT relating to the investment management of the assets include but are not limited to:

- 4.1.1 Projecting the association’s financial needs, and communicating such needs to the IC on a timely basis;
- 4.1.2 Approval of this Policy;
- 4.1.3 Approval of reasonable and consistent investment objectives, policies, and guidelines, in addition to those outlined in this Policy, that will direct the investment of the assets;

Prepared by:    <b>ZORAHAYDA A. CAFIRMA</b> Investment Committee Chairperson	Approved by:    <b>EVELIA BARDOS-TIZON</b> BOT Chairperson
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- 4.1.4 Approval of the selection of qualified investment professionals, to the extent it is deemed necessary, including such Investment Manager(s), Investment Consultant(s), Custodian(s), and additional specialists as may be determined


#### 4.2 RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Investment Committee is responsible for managing the assets. The Committee Members shall perform their duties solely in the interests of the association, in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

The specific responsibilities of the Investment Committee include but are not limited to:

- 4.2.1 Establishing for BOT approval reasonable and consistent investment objectives, policies, and guidelines, in addition to those outlined in this Policy, that will direct the investment of the assets.
- 4.2.2 Determining the appropriate risk tolerance and investment time horizon for the assets and communicating these decisions to the appropriate parties.
- 4.2.3 Establishing for BOT approval the selection and replacement of qualified investment professionals, to the extent, it is deemed necessary, including such Investment Manager(s), Investment Consultant(s), Custodian(s), and additional specialists as may be determined.
- 4.2.4 Establishing guidelines in investing assets of the association in the different investment portfolios, such as but not limited to:
  - 4.2.4.1 Current/savings deposits;
  - 4.2.4.2 Time Deposits;
  - 4.2.4.3 Government Securities;
  - 4.2.4.4 Unit Investment Trust Funds (UITF);
  - 4.2.4.5 Mutual Funds
  - 4.2.4.6 Loans to partner cooperatives
  - 4.2.4.7 Listed Common/Preferred Shares
- 4.2.5 Evaluate annually the performance of any investment to assure adherence to policy guidelines and monitor progress towards achieving investment objectives.

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#### 4.3 RESPONSIBILITIES OF THE MANAGEMENT

The responsibilities of the Management include but are not limited to the following:

- 4.3.1 Overseeing the day-to-day operational investment activities of the assets, subject to the policies established by the Investment Committee.
- 4.3.2 Implementing the allocation and reallocation of the assets among asset classes, investment styles, and investment management firms in accordance with the decisions of the Committee and within the guidelines of allocation ranges set forth in this Policy.
- 4.3.3 Report to the committee the performance of the investments
- 4.3.4 Implement the approved guidelines

#### 5. PROCEDURES

##### 5.1 Based on IC Circular, the maximum amount to be invested in mutual funds and UITF:

- 10% of admitted assets
- 30% of Equity Value

Cash Requirement of three (3) months shall be maintained for operating expenses. The excess amount can be invested to the reputable commercial banks.

##### 5.2 Approval of investment

- 5M and up - Board of Trustees
- >1M - <5M - Investment Committee
- 1M - Management



##### 5.3 Investment Valuation Procedure


###### 5.3.1 Assessment of Risk Tolerance

The management of investment is from conservative to balanced risk tolerance.

###### 5.3.2 Diversify Investment and Asset allocation

The overall asset allocation strategy shall be to diversify investments in order to provide proper balance that address both capital preservation and long-term return objectives. The Fund will avoid undue risk or concentration in any



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one asset class or investment. The Fund will be fully invested in appropriate assets with minimal allocation to cash.

**Asset Class Guidelines:**

Asset Class / Type of Investment	Strategic Allocation	Remarks
Savings Account, Time Deposit	3%	For liquidity; settlement account
Treasury Bills	5%	For liquidity and short-term
Treasury Notes & Other Govt Securities	32%	For capital protection; medium to long-term horizon
Unit Investment Trust Funds (UITF)	10%	For growth potential; medium to long-term horizon
Mutual Funds (Balanced and Equity Funds)	10%	For growth potential; medium to long-term horizon
Listed Preferred Stocks	5%	For tax-free dividend income; medium to long term horizon
Listed Common Stocks (Index and dividend-paying)	5%	For growth potential; tax-free dividend income; medium to long-term horizon
Corporate Notes & Bonds (not lower than PRS AAA)	30%	Direct placements or through UITF-Fixed Income; medium to long-term
<b>Total</b>	<b>100%</b>	

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**Variability**

Asset Class / Type of Investment	Strategic Allocation	Lower Limit	Upper Limit	Range
Savings Account, Time Deposit	3%	2.7%	3.3%	10%
Treasury Bills	5%	3.5%	6.5%	30%
Treasury Notes & Other Govt Securities	32%	22.4%	41.6%	30%
Unit Investment Trust Funds (UITF)	10%	12%	18%	20%
Mutual Funds (Balanced and Equity Funds)	10%	12%	18%	20%
Listed Preferred Stocks	5%	4%	6%	20%
Listed Common Stocks (Index and dividend-paying)	5%	4%	6%	20%
Corporate Notes & Bonds (not lower than PRS AAA)	30%	24.5%	45.5%	30%
<b>Total</b>	<b>100%</b>			

5.3.4 Assess investment performance: Equity Value Contribution of Members of the NMBAI

Investment Duration:	5 to 10 Years for Asset Allocation Purposes
Target Fund Return:	4.5% to 6.0% after inflation (currently 3% to 4%), and net of all investment management fees.

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Normal Asset Allocation:	40% in conservative assets (bank deposits, Treasury Bills, Treasury Notes); 60% in higher-yielding assets (index equities, corporate bonds with PRS AAA, UITFs and mutual funds).
Form of Investment Arrangement:	<ul style="list-style-type: none"> <li>· Directed (non-discretionary) Investment Management Account under Agency arrangement, i.e. an IMA and not a Trust Agreement;</li> <li>· Legal title to the assets and investments of the Fund will always be in the name of NMBAI.</li> </ul>
Compliance Requirements:	<ul style="list-style-type: none"> <li>· Must observe maximum limits allowed per asset class, following Insurance regulations</li> </ul>

#### 5.3.5 Rebalance investment portfolio

The proportions of different assets within a portfolio change over time as their prices tend to move in line with market vagaries.

Adjustments should be made to rebalance the portfolio and this must be done regularly.

#### 5.4 Periodic and timely review of the investment performance.



### 6. SEPARABILITY CLAUSE


If any provision or part of this policy is declared invalid, the remaining parts or provisions not affected must remain in full force and effect.

### 7. AMENDMENTS

This Policy may be amended or modified only by a written instrument, executed by the Investment Committee, and approved by the Board of Trustees.

### 8. DATE OF EFFECTIVITY

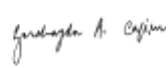

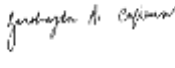

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This policy must take effect on the date of the approval of the Board of Trustees.

**9. REVIEW**



This policy will be reviewed by the Investment Committee and the Board of Trustees at least annually.

Version	Date of Review	Description of the revision made	Responsible/ Recommended by: Committee Chairperson:	Approved by: BOT Chairperson	Date Approved:
2	02/22/2022	5.1 Procedures  Change top banks to reputable commercial banks	 Zorahayda A. Cafirma Investment Committee	 Evelia Bardos-Tizon	02/22/2022
3	12/30/24	Change: Investment Policy to Investment Policy Framework  Add: 5.3 Investment Valuation Procedure  Table of Asset Class Guidelines  Table of Variability	 Zorahayda A. Cafirma Investment Committee	 Evelia Bardos-Tizon	02/01/2025

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		Assess investment performance			
		9. Review			

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