

# American Mathematical Society Investment Committee Charge

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## General Description

- Committee is a standing committee of the Board of Trustees.
- Number of members is generally four – the Treasurer (Chair) and the Associate Treasurer serve ex officio; a third Trustee and an additional member (who need not be a Trustee) are appointed by the Chair of the Board of Trustees.
- Term is three years for members who are not ex officio.

## Responsibility

The Committee's primary responsibility is to assist the Board in fulfilling its oversight responsibilities with respect to the management of the Society's long-term investments.

## Principal Activities

The principal activities of the Committee include:

- Monitoring the performance of the Society's investments. This may include, but is not limited to, meeting with investment advisors periodically and reviewing performance reports prepared by staff or others.
- Monitoring the asset allocation of the Society's investments. The Investment Committee was granted the authority (at the May 2008 BT meeting) to direct staff to rebalance the investment portfolio, within the range of the current asset allocation policy set by the Board of Trustees and by unanimous consent of the Investment Committee. The Board must be subsequently notified of any rebalancing<sup>1</sup>.
- Reviewing, and where appropriate, modifying the Society's long-term investment strategy.
- Reviewing investment policies and recommending changes when appropriate.
- Recommending action to the Board of Trustees on matters that involve investments when appropriate.

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<sup>1</sup> The following rebalancing strategy was adopted in May 2009, modified in November 2011 by adding the penultimate bullet, and modified in May 2017 to change the rebalancing for foreign equities and alternative investments:

- Frequency of rebalancing: Compliance with the portfolio's asset policy should be monitored monthly. Ordinarily, the Investment Committee shall determine necessary rebalancing actions at its regularly scheduled meetings and take appropriate actions (such actions could be a recommendation to the Board of Trustees, instructions to staff regarding internal portfolio transfers to execute, or a combination of both).
- Threshold: The portfolio should be rebalanced when total equities or fixed income falls outside of its allocation policy.
- Rebalancing target: The Investment Committee's rebalancing guidelines should be:
  - Total equities should be rebalanced to the midpoint of its allocation range (75% based on current policy).
  - Foreign equities should be rebalanced to the midpoint of its allocation range (Up to 25% of equities based on current policy).
  - Fixed income should be rebalanced to the midpoint of its allocation range (20% based on current policy).
  - Alternative investments should be rebalanced to the midpoint of its allocation range (5% based on current policy).
- When new funds are added to the long-term portfolio, they should ordinarily be invested to bring the allocation closer to the rebalancing targets.
- The rebalancing strategy should be reviewed at the same five-year interval as the asset allocation policy.

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**Other Activities**

The Committee recommends to the Board of Trustees which investment managers or investment vehicles to use.

The Committee recommends to the Board of Trustees the spending rate to be used for endowment funds.

**Miscellaneous Information**

The Committee generally meets at ABC or ECBT meetings, but may meet at other times. Staff support for the Committee is provided by the Chief Financial Officer.

The Society maintains a website with information relevant to the Investment Committee. Such information includes minutes, investment performance information, and other information relating to the Society's investments.

**Authorization**

November 1990 ECBT Minutes, Item 7.10

Regarding the Investment Committee, the BT approved a recommendation from the Investment Committee that, henceforth, this Committee should consist of the Treasurer, Associate Treasurer, and another member of the BT to serve a three-year term. The BT concurred with the Investment Committee's suggestion that Gehring be appointed to serve on this Committee for 1991, 1992, and 1993.

November 1991 ECBT Minutes, Item 7.7

Add a fourth member to this Committee: T. Benny Rushing.

November 2002 ECBT Minutes, Item 3.5

Charge was updated.

May 2008 ECBT Minutes, Item 3.7

Granted the authority to direct staff to rebalance the investment portfolio (within the range of the current asset allocation policy set by the Board of Trustees)

May 2009 ECBT Minutes, Item 3.5

Adopted rebalancing strategy shown in footnote on previous page of this charge document.

November 2011 ECBT Minutes, Item 3.3

Added the following to footnote 1 of the Investment Committee charge: "When new funds are added to the long-term portfolio, they should ordinarily be invested to bring the allocation closer to the rebalancing targets."

May 2017 ECBT Minutes, Item 3C.2

Modified footnote 1 of the Investment Committee charge to update the rebalancing target for foreign equities and alternative investments.

*last updated June 8, 2017*

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**Note to the Chair**

Committee chairs should be informed, at the beginning of each fiscal period, the budget of their committees and cautioned to remain within the budget. Such items as travel reimbursement to, accommodations for, and meals for guests of any kind fall within these budgets.

Work done by committees on recurring problems may have value as precedent or work done may have historical interest. Because of this, the Council has requested that a central file system be maintained for the Society by the Secretary. Committees are reminded that records of work should be kept and submitted annually to the Secretary for archival purposes. Confidential material should be noted, so that it can be handled in a confidential manner.

**Past Members**

A complete list of past members is available here:

<http://www.ams.org/about-us/governance/committees/investment-past.html>