



Investment Policy Statement

By Royal Wealth Management

Essential Elements

- Purpose of portfolio
 - Reserves, physical plant or capital asset replacement, endowment, etc.
- Responsibilities of committee, consultant, staff and investment managers
 - This includes adherence to prudent investment standards
- Investment objectives and spending policy
 - This includes a discussion of time horizon, funding status, funding obligations, risk tolerance and expected spending, which then translates to an objective such as capital preservation, generate current income, maintain purchasing power, or capital appreciation.
- Target asset allocation and rebalancing
 - Specifies the strategy to be used to pursue the investment objectives. It would list the amount to be allocated to specific asset classes and/or investment strategies. This section would also address how and when the portfolio will be rebalanced back to target, and if tactical asset allocation strategies will be used.
- Performance objectives
 - Defines return objectives, performance benchmarks and how the committee will define success.
- Asset class guidelines or restrictions
 - Note that the fiduciary duty to diversity is addressed in the asset allocation and in guidelines sections.



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[Royal Wealth Management](#) is a full service independent wealth management firm, serving institutions and individuals in all of their investment management and financial planning needs. We help nonprofit organizations become more sustainable and work toward their mission through time-tested investment strategies.

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