



International
Legal Technology
Association

International Legal Technology Association

INVESTMENT POLICY

Updated 21 July 2025

Introduction

This Investment Policy has been adopted by the Board of Directors (the “Board”) of the International Legal Technology Association (“ILTA” or the “Association”) to provide guidelines for the investment of ILTA’s funds.

For the purposes of managing investment risk and optimizing investment returns within acceptable risk parameters, ILTA will divide its funds held into three investment pools. The process for determining the dollar amount in each pool is in the "Procedures" section of this document. The three investment pools shall be called the “Operating Fund,” the “Short-Term Fund,” and the “Long-Term Fund.”

Procedures

1. The following procedures will be followed to ensure the Investment Policy (the “Policy”) is consistent with ILTA’s mission and financial condition:
 - A. The Policy shall be reviewed annually by the Audit, Finance, and Investment Committee (the “AFIC”).
 - B. The Chief Executive Officer will present revisions or modifications recommended by the AFIC to the Board for consideration. The Chief Executive Officer will concurrently advise the Board of long-term financial commitments.
2. ILTA will use the following procedures to determine the dollar amounts in the Operating Fund, the Short-Term Fund, and the Long-Term Fund.
 - A. The combined amounts in the Operating Fund and the Short-Term Fund (the “Combined Amounts”) should be at least one year’s worth of projected total operational expenses, excluding those related to conferences.
 - The amount in the Operating Fund should be between 50% and 100% of the Combined Amounts.
 - The amounts in the Operating Fund and the Short-Term Fund will be reviewed at least each July 1 by the AFIC.
 - B. The Long-Term Fund will consist of any funds above the Combined Amounts.
 - In the event of a shortfall in the Operating Fund and the Short-Term Fund, assets from the Long-Term Fund would be reallocated into the Short-Term Fund or the Operating Fund.

ILTA reserves the right to alter these reserve requirements of one year’s non-conference expenses and at least 50% of the Combined Amounts in the Operating Fund for temporary periods of time due to extraordinary circumstances (i.e., planned short-term or upcoming events) or to maintain additional cash reserves in the Operating Fund for projects, initiatives, or expenses as approved by the Board (e.g., allocating funds for continued progress and development of the Association).

3. ILTA may hire a registered investment advisor to manage some or all of its funds.
 - A. The Chief Executive Officer, in consultation with AFIC, will recommend the hiring or replacing of an investment advisor, subject to approval by the Board.
 - B. The AFIC may interview any prospective advisor.

Use of Surplus Funds Exceeding Reserve Targets

In the event that the Association's year-end financial results yield a surplus that exceeds the Board-approved reserve targets, the excess funds may be allocated in a manner consistent with the Association's strategic priorities. The Board, in consultation with the AFIC and staff leadership, shall evaluate options for use of the surplus. Permissible uses include, but are not limited to, strategic initiatives or special projects that advance the Association's mission, capital investments, and debt reduction.

Surplus funds shall not be automatically allocated or spent. The Board must formally approve any use of surplus funds through a resolution based on a documented recommendation. These decisions will take into account long-term financial sustainability, member value, and alignment with the Association's strategic plan.

OPERATING FUND

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the immediate financial obligations of ILTA.

Investment Objectives

The objectives of the Operating Fund are:

1. Preservation of capital; and
2. Liquidity.

Allowable Investments

The funds in the Operating Fund shall not be invested. They will remain as cash balances in checking or savings accounts.

Reporting

The Chief Executive Officer shall report to the AFIC and Board at least quarterly the balances in the Operating Fund's accounts.

SHORT-TERM FUND

Purpose

The purpose of the Short-Term Fund is to provide liquidity in the event of a shortfall in the Operating Fund. Funds will stay invested and overall investment allocation should be conservative.

Investment Objectives

The investment objectives of the Short-Term Fund are:

1. Preservation of capital;
2. Liquidity; and
3. Optimization of investment returns within the constraints of (1) and (2) above.

Investment Guidelines

The Chief Executive Officer, on the advice of the AFIC, shall be authorized to invest funds in the Short-Term Fund as follows:

1. Federally insured certificates of deposit not to exceed \$250,000, including interest at commercial banks or savings and loans institutions;
2. Money market funds that invest in government-backed securities; and
3. Direct obligations of the U.S. Government, its agencies, and its instrumentalities.

Any registered investment advisor retained by ILTA shall be authorized to invest, in addition to the investments authorized in previous sections, as follows:

1. Money market funds;
2. Diversified publicly-traded securities (mutual funds and exchange-traded funds with assets of \$100M and 30+ holdings). The funds must be traded on an exchange and be liquid within trade plus two days (T+2). If any fund vehicle has intraday liquidity, the associated volume must be sufficient to support ILTA trading under 10% of daily volume.

Asset Allocation Guidelines:

Conservative:

Asset Class	Benchmark	Weight	Max	Other Notes
US Equity	Russell 3000 TR	15	25	Styles: +/- 10% (i.e. large cap growth) Sectors: +/-10% (i.e. technology)
International Equity	ACWI Ex-USA NR	5	15	Emerging Markets max exposure = 20% of int'l
Fixed Income	BBerg US Agg Bond Idx	78	90	Aggregate credit quality above BBB No more than 30% High Yield

Cash	Citi 3 Mo T Bill	2	10	Must be able to transfer same day to be considered cash
Other	HFRX Global Hedge Fund Index	0	20	No leveraged or inverse investments

Diversification

No more than 10% of the Short-Term Fund may be in the securities of any one issuer except for obligations of the U.S. Government, its agencies, or its instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government, its agencies, or its instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government, its agencies, or its instrumentalities; and federally insured certificates of deposit and mutual funds.

Reporting

The Chief Executive Officer shall present a schedule of investments, interest income year-to-date, and current yield at least annually to the AFIC and the Board.

LONG-TERM FUND

Purpose

The purpose of the Long-Term Fund is to provide an endowment for ILTA to support and enhance the financial stability of the Association.

Objectives

The objective of the Long-Term Fund is to manage the investments as an account with a long-term time horizon (10+years). ILTA's intent is to utilize these funds to guarantee long-term contractual commitments related to ILTA events, the majority of which are hotel commitments. Any proposal to utilize the funds in the Long-Term Fund for their stated use, other than alleviating a shortfall in the Short-Term Fund or the Operating Fund, will be recommended by the AFIC and voted on by the Board.

AFIC is responsible for judging the overall risk-adjusted performance of the Long-Term Fund. The advisor is expected to manage the portfolio to the appropriate risk tolerance as decided by AFIC, and the returns should be in line, or exceed, the identified benchmarks over the long term. Should the advisor consistently fail to meet either of these objectives, the AFIC should convene to determine if a Request for Proposal ("RFP") should be conducted to replace the current advisor.

For IP purposes and overall review, ILTA will focus on the broad benchmarks listed below to judge return and risk of the investable assets.

US Equity: Russell 3000 TR International Equity: ACWI Ex-USA NR

Investment Grade Fixed Income: Bloomberg US Aggregate Bond Invex High Yield Fixed Income; ICE BofA High Yield Index

Cash: 3-mo T-Bill

Other: HFRX Global Hedge Fund Index

The individual holdings should be reviewed periodically against a more specific benchmark (e.g., US Small Cap Value / Russell 2000 Value TR). When this is necessary, the investment advisor should be relied upon to produce comparisons against the appropriate benchmark.

Asset Allocation Guidelines:

Moderate

Asset Class	Benchmark	Weight	Max	Other Notes
US Equity	Russell 3000 TR	45	60	Styles: +/- 15% (i.e. large cap growth) Sectors: +/-10% (i.e. technology)
International Equity	ACWI Ex-USA NR	15	30	Emerging Markets max exposure = 25% of int'l
Fixed Income	BBerg US Agg Bond Idx	38	55	Aggregate credit quality above BBB No more than 20% High Yield

Cash	Citi 3 Mo T Bill	2	10	Must be able to transfer same day to be considered cash
Other	HFRX Global Hedge Fund Tracker	0	20	No direct leveraged or inverse investments

Investment Guidelines

1. AFIC will review these investment guidelines annually and update them as appropriate, based upon economic conditions and the Association's long-term needs.
2. A withdrawal from the Long-Term Fund for a purpose other than cash flow management or alleviating a shortfall in the Short-Term Fund or the Operating Fund requires approval from the Board.

Prohibited Investments

The following investments and investment activities are prohibited:

1. Private placements or similar restricted stock;
2. Any security not freely tradeable;
3. Individual option contracts; and
4. Margin transactions.

Lines of credit are allowed for liquidity purposes.

Performance Reporting

The AFIC will evaluate the Long-Term Fund on a total return basis showing performance for the last quarter, year-to-date, and since inception. The report will be prepared by the investment advisor and will be presented to the AFIC.

SHORT-TERM AND LONG-TERM ACCOUNTS

- In order to prepare for emergency cash needs, ILTA may establish lines of credit on the short-term and long-term accounts. While the intent is not to use these accounts for normal expenses, there may be circumstances for which such use represents a prudent use of capital.
- The lines of credit should not exceed 20% of the short-term account value and 10% of the long-term account value.