VIRGINIA INNOVATION PARTNERSHIP CORPORATION

INVESTMENT POLICY
For funds in excess of short-term operating needs

As of May 30, 2024

Goals of the Investment Strategy

The investment goals of the Virginia Innovation Partnership Authority (Authority) and the Virginia Innovation Partnership Corporation (VIPC) are:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the Authority and VIPC shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
2. **Liquidity.** The Authority and VIPC investment portfolio will remain sufficiently liquid to enable it to meet all operational requirements which can be reasonably anticipated.
3. **Return on investment.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account its investment risk constraints and the cash flow characteristics of the portfolio.

Goal 1: Safety

The investment funds are assets of the Authority, a political subdivision of the Commonwealth of Virginia, and VIPC, the managing nonprofit organization of the Authority. All investment funds are held on behalf of the Commonwealth of Virginia, and both organizations follow the investment policy for the Virginia Local Government Investment Pool (LGIP), in accordance with the Code of Virginia Investment of Public Funds Act (2.2-4500 et seq.), where the primary investment objective is safety and the preservation of capital. Investments, therefore, will be made in high quality investment instruments defined as follows:

a) Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia, any of its political subdivisions, agencies, districts, authorities or other public bodies
b) Bonds, notes, bills, and other evidence of indebtedness issued by any agency of the United States of America
c) Commercial paper issued by corporations including paper issued by banks and bank holding companies
d) Repurchase agreements

For those investment instruments that are graded by a rating agency, investments must be in one of the two highest rating categories by at least one of the following rating agencies:

a) Standard & Poor's

b) Moody's Investors Service

Goal 2: Liquidity

The cash flow of the Virginia Innovation Partnership Corporation (VIPC) is unpredictable. The majority of VIPC's funding comes from Virginia appropriations which can be cut significantly during an annual operating cycle. VIPC programs also present variability with regard to the timing of funding.

When forecasting monthly cash needs, it is essential to keep a portion of VIPC's funds liquid and invested in very short term investments. This amount is typically 6 months of forecasted needs.

Excess available funds should be invested in short-term investments that do not exceed a 2 year period. Excess funds should be broken down into increments and invested with maturities depending upon the current interest yield rate curve.

Goal 3: Return on investment

Investments should be selected to provide the highest yield given for high quality investments with relatively short-term maturities.