

IOWA SCHOOLS JOINT INVESTMENT TRUST INVESTMENT POLICY

SECTION 1 – SCOPE OF INVESTMENT POLICY

The Iowa Schools Joint Investment Trust (“ISJIT” or the “Trust”) is an Iowa Common Law Trust formed by Joint Powers Agreement pursuant to Iowa Code Chapter 28E and Section 279.29 of the Iowa Code, as amended. ISJIT is a Standard & Poors Ratings Services (“S&P”) rated money market fund pursuant to the requirements of Iowa Code § 12B.10 (the “Iowa Investment Statute”).

This Investment Policy provides detailed information about ISJIT and its investment and operating policies. Please read it carefully and retain it for future reference. Additional information, a copy of the Amended Joint Powers Agreement and Declaration of Trust (the “Declaration”), and further assistance regarding becoming a Participant in ISJIT, may be obtained by calling the ISJIT toll free number, (800) 872-0140, by contacting the Iowa Schools Joint Investment Trust, c/o Iowa Association of School Boards, 6000 Grand Avenue, Des Moines, IA 50312-1417, or by visiting ISJIT’s website at www.isjit.org. This Investment Policy is qualified in its entirety by reference to the text of the Declaration.

The primary investment objectives, in order of priority, of all investment activities involving the financial assets of ISJIT shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. **Return:** Obtaining a reasonable return is the third investment objective.

SECTION 2 – RATED

ISJIT is voluntarily rated as a money market fund by S&P pursuant to the Iowa Investment Statute requirement that a joint investment trust under Iowa law that invests public funds must either obtain a rating of not less than one of the two highest rating classifications by at least one of the standard rating services specified under Iowa law (a “Rating Agency”), or register as an investment company under the Investment Company Act of 1940.

This Investment Policy applies to all funds invested on behalf of eligible investors (“Participants”) in the ISJIT pooled investment products. Each investment made by ISJIT on behalf of the Participants must be authorized by applicable law and must comply with this Investment Policy.

ISJIT is a professionally-managed common law trust organized and operated as a diversified open end investment company and was created with the objective of providing Iowa school

corporations a convenient method for investing their funds in a manner that will maximize current income consistent with safety of principal and the required degree of liquidity for operating funds.

ISJIT has been established under Iowa law pursuant to Iowa Code Chapter 28E and Section 279.29 of the Iowa Code, as amended, which authorizes Iowa public entities to jointly invest monies pursuant to a joint investment agreement. ISJIT was established by adoption of the Declaration as of October 1, 1986 and amended as of November 1, 1988 and May 1, 1993. An Iowa school corporation whose board of directors is a member of the Iowa Association of School Boards, or any other lawful entity can become a Participant in ISJIT by submitting an application and a certified copy of the form of authorizing resolution contained in the ISJIT Information Statement to Iowa Schools Joint Investment Trust, c/o Iowa Association of School Boards, 6000 Grand Avenue, Des Moines, IA 50312-1417. See “Instructions and Application Form”.

Upon approval of this Investment Policy by the ISJIT Board of Trustees, and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The ISJIT Board of Trustees.
2. All ISJIT Participants and all Service Providers as that term is defined herein.
3. The ISJIT auditor(s).

SECTION 3 – FUNDAMENTAL INVESTMENT RESTRICTIONS

A. None of the portfolios may:

1. Invest more than 5% of the value of their total assets in the securities of any one federally insured Iowa depository institution (other than securities of the U.S. government or its agencies or instrumentalities).
2. Invest 25% or more of the value of their total assets in the securities of issuers conducting their principal business activities in any one industry, including financial institutions. This restriction does not apply to securities of the U.S. Government or its agencies and instrumentalities and repurchase agreements relating thereto.
3. Issue any senior securities (as defined in the Investment Company Act of 1940, as amended).
4. Mortgage, pledge or hypothecate their assets.
5. Make short sales of securities or maintain a short position.
6. Purchase any securities on margin.

7. Write, purchase or sell puts, calls or combinations thereof.
8. Purchase or sell real estate or real estate mortgage loans.
9. Invest in restricted securities or invest more than 10% of the Portfolio's net assets in repurchase agreements with a maturity of more than seven days, and other liquid assets, such as securities with no readily available market quotation.
10. Underwrite the securities of other issuers.
11. Invest in any securities in contravention of the provisions of Rule 2a-7 under the Investment Company Act of 1940, as amended ("Rule 2a-7"), or S&P requirements.

B. Prohibited Investments

Assets of ISJIT shall not be invested in the following:

1. Reverse repurchase agreements.
2. Futures and options contracts.
3. Any security with a remaining maturity of more than 397 days from the date of purchase notwithstanding the provisions of Rule 2a-7 or any other provisions of state or federal law relating to the operation of the Trust or S&P requirements.

Assets of ISJIT shall not be invested pursuant to the following investment practices:

1. Trading of securities for speculation or the realization of short-term trading gains.
2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
3. If a fiduciary or other third party with custody of public investment transaction records of ISJIT fails to produce requested records when requested by ISJIT or its agents within a reasonable time, ISJIT shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

C. Management Policies and Procedures

Following are the fundamental management policies and procedures for ISJIT. All investments shall be maintained in separate ISJIT custodial accounts, segregated by Portfolio on behalf of ISJIT Participants:

1. Each purchase or sale of a security must be handled on a delivery versus payment (DVP) basis. Funds for the purchase of an investment shall not be released to the seller until the security is delivered to the ISJIT Custodian. Conversely, a sold security shall not be released to the buyer until funds for the purchase price of the security have been received by the ISJIT Custodian.
2. “Free delivery” transactions are prohibited. The Custodian shall never release assets from the ISJIT custodial accounts until the funds for the investment are delivered.
3. Any material deviation (greater than .5%) from the amortized cost of investments shall be promptly reported by the Advisor to the Board of Trustees. If such deviation exceeds .5%, the Advisor will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other unfair results to Participants. Such action may include redemption of Trust Units in kind, selling portfolio securities prior to maturity, withholding distributions or utilizing a net asset value per Trust Unit based upon available market quotations.
4. The frequent trading of securities, including day trading for the purpose of realizing short-term gains, the purchase and sale of futures and options to buy or sell authorized investments, reverse repurchase agreements, and other similar speculative transactions are expressly prohibited.
5. ISJIT may not make any investment other than Permitted Investments (as defined below) authorized by the provisions of the law applicable to the investment of funds by the Participants, as such laws may be amended from time to time.
6. ISJIT may not purchase any Permitted Investment if the effect of such purchase by ISJIT would be to make the average dollar weighted maturity of a portfolio greater than sixty (60) days.
7. ISJIT may not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments.
8. ISJIT may not make loans, provided that ISJIT may make Permitted Investments.
9. ISJIT may not purchase securities or shares of investment companies or any entities similar to ISJIT.

The above investment restrictions are fundamental to the operation and activities of the Trust and may not be changed without the affirmative approval in writing of a majority of the Participants entitled to vote, except that such restrictions may be changed by the Trustees so as to make them more restrictive when necessary to conform the investment program and activities of the Trust to the laws of the State of Iowa and the United States of America as they may from time to time be amended.

The Trust may invest Portfolio assets to the maximum extent provided by Iowa law governing investments by Iowa school corporations and S&P requirements and any change in the restrictions of the Iowa law governing investments by school corporations and S&P requirements shall be deemed to be adopted by the Trust, and such change shall not require the approval of the Participants. ISJIT also intends to comply with the requirements of Rule 2a-7. When a conflict exists between S&P requirements and Rule 2a-7, ISJIT will follow S&P requirements.

Any investment restrictions or limitations referred to above which involves a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after an acquisition of securities or utilization of assets and results therefrom.

SECTION 4 – DELEGATION OF AUTHORITY

The responsibility for conducting ISJIT investment transactions resides with the ISJIT Board of Trustees. Certain responsibilities have been delegated to the Administrator, the Advisor, and the Custodian (the “Service Providers”) pursuant to the Administrator Agreement, the Advisor Agreement, and the Custodian Agreement, with amendments as may be adopted from time to time and the current Information Statement (the “Documents”).

Each Service Provider shall individually notify the ISJIT Board of Trustees in writing within thirty days of receipt of all communications from the auditor of any Service Provider or any regulatory authority of the existence of a material weakness in internal control structure of the Service Provider or regulatory orders or sanctions regarding the type of services being provided to ISJIT by the Service Provider.

The records of investment transactions made by or on behalf of ISJIT are public records and are the property of ISJIT whether in the custody of ISJIT or in the custody of a fiduciary or other, third party.

SECTION 5 – PRUDENCE

The Board of Trustees, when providing for the investment of deposit of public funds in the ISJIT program, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the primary investment objectives.

SECTION 6 – INSTRUMENTS ELIGIBLE FOR INVESTMENT

Subject to the specific investment restrictions of the Portfolios described herein, assets of ISJIT will only be invested in securities specifically permitted for Participants under Iowa law, as it now or in the future exists, including the following types of securities and instruments (“Permitted Investments”):

1. Securities issued or guaranteed as to payment of principal and interest by the U.S. Government. These include, for example, Treasury bills, bonds, and notes that are direct obligations of the U.S. Government.
2. Obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the U.S. Government. Such agencies and instrumentalities include, for example, Federal Intermediate Credit Banks, Federal Home Loan Banks, the Federal National Mortgage Association and the Farmers Home Administration. Such securities will include those supported by the full faith and credit of the United States Treasury or the right of the agency or instrumentality to borrow from the Treasury, as well as those supported only by the credit of the issuing agency or instrumentality.
3. Collateralized perfected repurchase agreements secured by securities in the immediately foregoing categories. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed upon rate of interest. The securities collateralizing the agreement are held in custody and are regularly verified by the ISJIT Custodian and are maintained daily in an amount equal to at least 102 percent of the agreement.
4. Certificates of Deposit (“CDs”) in Iowa financial institutions. Each CD that ISJIT places with an Iowa institution on behalf of the Participants in ISJIT is insured by the FDIC for the first \$250,000 of value. All amounts in excess of \$250,000 in an Iowa institution are protected by provisions in the Iowa Code. The acceptance of public funds by a financial institution constitutes agreement by the financial institution to pledge collateral as required by Iowa Code Section 12C.22, consent by the financial institution to the disposition of the collateral pledged by the financial institution, consent by the financial institution to assessments by the treasurer of the State of Iowa, and agreement by the financial institution to provide accurate information and to otherwise comply with the requirements of Iowa Code Chapter 12C and Chapter 13.
5. Commercial paper or other short-term corporate debt that matures within two hundred seventy days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the Iowa superintendent of banking provided that at the time of purchase no more than five percent of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification, and provided further that at the time of purchase no more than ten percent of the investment portfolio shall be in these investments and that at the time of purchase no more than five percent of the investment portfolio shall be invested in the securities of a single issuer.

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 7, Diversification and Investment Maturity Limitations.

SECTION 7 – DIVERSIFICATION AND INVESTMENT MATURITY LIMITATIONS

It is the policy of ISJIT to diversify portfolio investments in the Diversified Portfolio and the Direct Government Obligation (DGO) Portfolio. As described in the Information Statement, portfolio investments in the Diversified Portfolio and the Direct Government Obligation Portfolio are limited to the following:

1. No individual investment may exceed 397 days from date of purchase.
2. The maximum average maturity of each portfolio investments should not exceed 60 days.

Pursuant to ISJIT policies as disclosed in the Documents, Participants may also individually invest in Fixed Term Program investments.

SECTION 8 – SAFEKEEPING AND CUSTODY

All invested assets of Participants in the Portfolios or in the Fixed Term Program shall be held in accordance with the Custodian Agreement.

All invested assets eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment. No assets may be delivered out of the ISJIT account without full payment (no “free deliveries” shall be permitted).

SECTION 9 – REPORTING

The Service Providers shall submit all reports required in the Documents.

SECTION 10 – INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed annually by the Board of Trustees, or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

SECTION 11 – EFFECTIVE DATE

This Investment Policy shall be effective as of September 17, 2009. Passed and approved by Resolution of the ISJIT Board of Trustees on the 17th day of September, 2009.

Amended: September 29, 2011