American Registry for Internet Numbers Investment Policy Statement

I. Introduction

A. This statement of investment policy has been adopted by the Board of Trustees of the American Registry of Internet Numbers ("ARIN") to provide guidelines for the investment of funds held by the organization. The Policy has been set forth to:

1. State in a written document the Board of Trustee’s expectations, objections and guidelines for the investment of all assets;
2. Define and assign the responsibilities of all involved parties;
3. Establish formal criteria to evaluate investment performance and the performance of those selected to manage ARIN’s assets on a regular basis;
4. Establish a relevant investment time horizon for which the organization’s assets will be managed.

B. For the purposes of managing investment risk and optimizing investment returns within acceptable risk parameters, the funds held will be divided into two separate investment pools. The process for determining the dollar amount in each pool is set forth in the "Assignment of Responsibilities" section of this document. The two investment pools ("Funds") shall be called the "Operating Reserve Fund" and the "Long Term Reserve Fund".

II. Assignment of Responsibilities

A. Responsibilities of the Finance Committee of the Board of Trustees

1. The Finance Committee (Committee) of the Board of Trustees is charged by law with the responsibility of managing association assets in accordance with each Funds’ purpose and restrictions. The Committee shall discharge its duties solely in the interest of the organization, with the care, skill, prudence and due diligence under the circumstances then prevailing, that the prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims. With guidance from the President and Chief Financial Officer, the specific responsibilities of the Finance Committee relating to the investment management of assets are to:
   a) Determine the strategic objectives (financial needs) of the Funds and communicate such needs to the Investment Consultant on a timely basis;
   b) Determine the risk tolerance and investment time horizon and communicate these to the President and Chief Financial Officer;
   c) Establish reasonable and consistent investment objectives, policies and guidelines that will direct the investment portfolios of each Fund;
   d) Ensure the Investment Policy Statement is consistent with the current mission of ARIN, and is accurately aligned with the organization’s current financial position;
      1) Review, at least annually, the Investment Policy Statement, actual investment mix, and any recommended changes to the Investment Policy Statement received from the Investment Consultant or President and Chief Financial Officer; and,
(2) Recommend any revisions to the Investment Policy Statement to the Board of Trustees for approval.

e) Authorize the reallocation of total investment funds between the two ARIN Funds;
   (1) Periodically, the Chief Financial Officer will recommend changes to the allocation of investment amounts in the two ARIN Funds;
   (2) The Finance Committee will review the recommended reallocation of investment Funds; the Finance Committee must approve all Fund reallocation recommendations before any transactions can be executed.

f) Authorize the withdrawal of amounts from the ARIN Funds, as considered necessary, in alignment with the Investment Procedures and Control policies of the Funds;

g) Authorize the rebalancing of investment portfolios within the ARIN Funds, as considered necessary, in alignment with the Investment Procedures and Control policies of the Funds;

h) Review and approve in a prudent and diligent manner, investment professionals recommended by the President and Chief Financial Officer including Investment Consultant(s) and Custodian(s).

i) Work collaboratively with the Investment Consultant and designated staff to engage, evaluate and remove investment managers;

j) Conduct, at least annually, an evaluation of the performance of:
   (1) Investment results for the Funds to assure adherence to policy guidelines and monitor investment objective progress;
   (2) The Investment Consultant(s) based on the clarity and accuracy of reports and other communications, availability and the performance of the long-term portfolio compared to the investment objectives; and,
   (3) The Investment Custodian(s) based upon accuracy of transaction processing and the timing and clarity of reporting.

k) Develop and enact proper control procedures:
   (1) To protect against unauthorized investment transactions and other fraudulent behavior in regard to the Funds;
   (2) For the replacement of investment funds and investment managers; and,
   (3) To promote compliance with this Investment Policy Statement.

B. Responsibilities of the Investment Consultant(s)

1. The Investment Consultant’s role is that of a non-discretionary advisor to ARIN. The Investment Consultant will provide advice and recommendations concerning the investment and management of ARIN assets in a manner consistent with the established investment objectives, policies, guidelines and procedures and controls.

The specific responsibilities of the Investment Consultant(s) are to:

a) Assist in the development and periodic review of the Investment Policy Statement;

b) Monitor the asset allocation of the Funds and provide recommendations to the President and Chief Financial Officer for rebalancing in a manner consistent with Fund guidelines and approved Target Asset Mix matrix, as applicable;

c) Ensure that all Fund transactions and transfers are executed in compliance with all objectives, guidelines and investment procedure and control policies;
d) Conduct investment fund and investment manager searches, including appropriate due diligence research on all potential investment managers;

e) Recommend the hiring and/or termination of investment managers as necessary to achieve the investment objectives of the Funds:

f) Hire and terminate investment managers as directed by the Finance Committee;

g) Monitor the Investment Managers’ performance, investment risk, investment process and personnel to ensure those selected are meeting stated objectives;

h) Assist the Finance Committee in understanding investment costs;

i) Meet periodically with the Finance Committee to review and explain matters of policy and the Long Term Reserve Fund’s performance results including the performance of the individual managers so that they may evaluate the progress towards achieving the investment objectives as stated in this Investment Policy Statement;

j) Conduct, at least annually, an evaluation of the performance of the Investment Custodian(s);

k) Provide or facilitate the distribution of monthly statements and quarterly performance reports;

l) Provide an orientation to newly appointed members of the Finance Committee and /or Board of Trustees of:

(1) The investment history of the ARIN Funds;

(2) The historical performance of capital markets; and,

(3) The contents of this Investment Policy Statement.

C. Responsibilities of the Investment Manager

1. Each Investment Manager engaged by ARIN will have full discretion to make all investment decision for the assets placed under its mandate. Specific responsibilities of the Investment Manager(s) include;

   a) Discretionary investment management including decisions to buy, sell, or hold individual securities and to alter asset allocation within the guidelines of their stated methodology;

   b) Communicate to the Investment Consultant any major changes to economic outlook, investment strategy, or any other factors that affect implementation of investment process;

   c) Inform the Investment Consultant of any qualitative change to the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

   d) Absent delegation to another service provider, each investment manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The investment manager(s) shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Committee upon request.

D. Responsibilities of the Custodian(s)

1. The custodian will physically (or through agreement with sub-custodian) perform the following duties:
a) Maintain possession of the securities owned by ARIN;
b) Collect dividend and interest payments;
c) Redeem maturing securities; and,
d) Effect receipt and delivery following the purchasing and sale of securities; and
e) Perform regular and necessary accounting for ARIN Funds and all activity and transaction executed within the Funds.

E. Responsibilities of ARIN President and Chief Financial Officer (or Designated Staff Members)

1. ARIN’s President and Chief Financial Officer (or Designated Staff Members) shall be responsible for the administration of the policies established by the Board of Trustees, the Finance Committee and this Investment Policy Statement as they relate to the Funds. Specific responsibilities of President and Chief Financial Officer (or Designated Staff Members) are to:

   a) Work with the Finance Committee to project the financial needs of ARIN and communicate such needs to the Investment Consultant on a timely basis.
   b) Keep the Finance Committee and Board informed of any significant events that may impact the Long Term Reserve Fund;
   c) Act as a liaison between the Finance Committee and the Investment Consultant;
   d) Transfer funds between the Operating Reserve and Long Term Reserve Fund as directed by the Finance Committee;
   e) Authorize investments for the Operating Reserve Fund that are within Investment Policy Statement guidelines; and
   f) Execute such other duties as may be described in the Procedures and Controls sections within this Investment Policy Statement or delegated by the Board.

III. American Registry of Internet Numbers Long Term Reserve Fund

A. Purpose

1. The purpose and primary goal of the Long Term Reserve Fund is to provide for the financial stability of the organization. ARIN’s Board of Trustees has instructed that the balance of the Long Term Reserve Fund should be equal to or greater than the previous year’s operating budget to ensure ARIN’s ability to maintain continuous operations.

B. Investment Objectives

1. The investment objectives of the Long Term Reserve Fund are to maximize returns in alignment with limiting exposure to undue risk, as defined herein. It is understood that fluctuating rates of return are characteristics of the securities markets. The primary concerns are preservation of capital, maintaining the purchase power of the fund and the consistency of the investment results of the total portfolio. Recognizing that short term market fluctuations may cause variations in Fund investment performance, the Fund is expected to achieve the following objectives over a full market cycle:
   a) The Fund’s total expected return should exceed the Consumer Price Index by 1% annually over a full market cycle; and
b) The Fund’s total expected return should outperform a blended benchmark representative of the portfolio’s long-term allocation strategy over a full market cycle.

2. Understanding that a long-term positive correlation exists between performance volatility (risk) and expected returns in the securities markets, the short term objective of the Fund is:
   a) To minimize the probability of significant negative performance, defined as a one-year investment return worse that -10%; it is anticipated that a loss greater that this will occur no more than one out of twenty years.

C. Investment Guidelines

1. The investment policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at a level of risk deemed acceptable. These policies and restrictions are designed to minimize interfering with efforts to attain overall objectives, and to minimize the exclusion of any appropriate investment opportunity.

   a) Prohibited Investments: The Board of Trustees has adopted the following restrictions to apply to the portfolio in its entirety. The Long Term Reserve Fund will not:
      (1) Loan money or securities to any individual or corporation from the assets of the portfolio other than through the purchase of marketable fixed income securities;
      (2) Permit the mortgage, pledge, or hypothecation of any assets of the portfolio;
      (3) Invest directly in publicly traded stock of companies defined in any major market index as a constituent of the telecommunications or technology sectors. This restriction is to avoid any perceived conflict of interest with ARIN member organizations. However, investments in diversified mutual funds and private placements are allowed, even if they include telecommunication and technology company investments due to choice of their investment managers.
      (4) Make any investments that may be precluded by any special instructions issued in writing from time to time from the Board of Trustees, through the Finance Committee;
      (5) Execute any of the following investment transactions unless utilized by professional investment managers or mutual fund portfolios;
         (a) Purchase individual option contracts;
         (b) Make direct investments in commodities or commodity contracts;
         (c) Conduct short sales; and,
         (d) Engage in margin transactions or the use of leverage.

   b) Investment of the Long Term Reserve Fund shall be diversified so that the portfolio will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio, unless under the circumstances it is clearly prudent not to do so.

   c) Target Asset Mix: The Long Term Reserve Fund shall be comprised of the asset classes listed in the table below. The target weight is the desired weight for each asset class. The minimum and maximum weights shall be set at approximately 70% and 130% of the target weight, respectively.
<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>MINIMUM WEIGHT</th>
<th>TARGET WEIGHT</th>
<th>MAXIMUM WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Large Capitalization Stocks</td>
<td>8.0%</td>
<td>11.0%</td>
<td>14.0%</td>
</tr>
<tr>
<td>U.S. Mid Capitalization Stocks</td>
<td>2.0%</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>U.S. Small Capitalization Stocks</td>
<td>1.0%</td>
<td>1.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>International Stocks</td>
<td>6.5%</td>
<td>9.0%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Emerging Market Stocks</td>
<td>3.0%</td>
<td>4.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td></td>
<td>28.5%</td>
<td></td>
</tr>
<tr>
<td>FIXED INCOME</td>
<td>40.0%</td>
<td>57.0%</td>
<td>74.0%</td>
</tr>
<tr>
<td>BROAD REAL ASSETS</td>
<td>4.0%</td>
<td>5.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>ALTERNATIVE INVESTMENTS</td>
<td>6.5%</td>
<td>9.0%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

D. Asset Class Definitions

1. The equity asset class should be maintained at risk level roughly equivalent to the sectors of the market represented, with the objective of exceeding a nationally recognized index measuring the performance of the designated sector over a 5-year rolling time period, net of fees and commissions. The following definitions shall apply for the purposes of this policy:
   a) U.S. Large Capitalization Stocks – A portfolio of stocks comprised primarily of U.S. based companies represented in the S&P 500 Index, the generally accepted, nationally recognized index for this asset class.
   b) U.S. Mid-Capitalization Stocks – A portfolio of stocks comprised primarily of U.S. based companies represented in the Russell Mid Cap Index, the generally accepted, nationally recognized index for this asset class.
   c) U.S. Small Capitalization Stocks – A portfolio of stocks comprised primarily of U.S. based companies represented in the Russell 2000 Index, the generally accepted, nationally recognized index for this asset class.
   d) International Stocks – Stocks comprised primarily of non-U.S. based companies, the shares of which are traded on exchanges outside the U.S. in developed countries. The generally accepted, nationally recognized index for this asset class is the Europe Australasia Far East Index (EAFE).
   e) Emerging Markets – Stocks comprised primarily of non-U.S. based companies, the shares of which are traded on exchanges outside the U.S. in developing countries. Emerging markets countries are nations with social or business activity in the process of rapid growth and industrialization. The generally accepted, nationally recognized index for this asset class is the MSCI Emerging Markets Index.
2. Investments in Fixed Income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. The following definition shall apply for the purposes of this policy:
   a) Fixed Income – A portfolio comprised primarily of U.S. dollar denominated investment-grade fixed-rate taxable bonds, including Treasuries, government-related and corporate securities, MBS pass-through securities, asset-backed securities, and commercial mortgage-based securities. The generally accepted, nationally recognized index for this asset class is the Barclays Capital Aggregate Bond Index.

3. Broad Real Assets include tangible/physical assets such as commodities and natural resources that have intrinsic value in and of themselves, income producing assets such as real estate and infrastructure, and inflation sensitive financial instruments such as Treasury Inflation protected Securities (TIPS). Due to the breadth of the investable universe with multiple underlying categories, there is no single index that representative of the asset class. A blended index of underlying strategies is an accepted benchmark.

4. Alternative Investment including hedge funds, managed futures, commodities and other non-traditional investments, shall be utilized through mutual funds or professionally managed pools of such investments to provide for a prudent level of diversification. Performance comparisons will be made to the HFRI Fund of Funds Index, or other appropriate indices.

E. Investment Procedures and Controls

1. Investment transactions in the Long Term Reserve Fund will be executed in the following manner:
   a) Long Term Reserve Fund rebalancing transactions:
      (1) The Investment Consultant(s) will make recommendations for the rebalancing of the Long Term Reserve Fund to the President and Chief Financial Officer. The Chief Financial Officer will review and confirm that the recommendation is in compliance with the approved Target Asset Mix matrix;
      (2) The President and Chief Financial Officer have the combined authority to approve and direct rebalancing activity that is equal to or less than 5% of the Long Term Reserve Fund total value. The President and Chief Financial Officer will report to the Finance Committee each time such approval and rebalancing is executed, within five business days of the transaction. All rebalancing made under this procedure must be executed in alignment with the Target Asset Mix approved in this Investment Policy Statement; and,
      (3) Any rebalancing recommendation that exceeds 5% of the Long Term Reserve Funds’s value requires the approval of the Finance Committee.

   b) Investment manager and/or mutual funds investment changes:
      (1) The Investment Consultant(s) will make recommendations to the President and Chief Financial Officer for changes to the mutual fund portfolio and/or investment managers of Fund assets. The Chief Financial Officer will review the recommendations and forward the recommendations to Finance Committee for approval.
IV. American Registry of Internet Numbers Operating Reserve Fund (Operating Reserve Fund)

A. Purpose

1. The purpose of the Operating Reserve Fund is to provide sufficient cash to meet the operational requirements of the organization within the current budget year and to provide funds to support legal challenges resulting from policy enforcement activities and other legal transactions requiring significant outside counsel services.

B. Investment Objectives

1. The investment objectives of the Operating Reserve Fund are:
   a) Liquidity;
   b) Preservation of capital; and
   c) Optimization of investment return within constraints of investment guidelines.

C. Investment Guidelines

1. The allowable investments for the Operating Reserve Fund are:
   a) Money market funds that invest in government-backed securities;
   b) Federally insured certificates of deposit not to exceed the insurable limit per institution;
   c) Direct obligations of the U.S. Government, its agencies and instrumentalities; and,
   d) The Operating Reserve Fund shall have a weighted average maturity of three years or less.

D. Investment Procedures and Controls

1. Investment transactions in the Operating Reserve Fund will be executed in the following manner:
   a) Investment recommendations:
      (1) The Investment Consultant(s) will make investment recommendations for the Operating Reserve to the President and Chief Financial Officer who shall have final approval.

2. Withdrawals from the Operating Reserve Fund for use in a manner consistent with the Fund’s state purpose will follow the following procedures:
   a) When necessary, the Chief Financial Officer will contact the Investment Consultant to notify them of the need for funds to be withdrawn from the Operating Reserve Fund. Amounts withdrawn from the Operating Reserve Fund will only be deposited into the ARIN commercial banking operating account.
      (1) The President and Chief Financial Officer will make a recommendation to the Finance Committee for all needed withdrawals from the Operating Reserve Fund; and,
      (2) The Finance Committee will review the recommended withdrawal request. If a withdrawal is approved by the Finance Committee, either the President or Chief Financial Officer will sign a letter to the Investment Consultant authorizing the withdrawal of amounts out of the Operating Reserve Fund and
related deposit into the ARIN commercial bank operating account. The Investment Consultant will verbally confirm the requested transaction(s) with the signing officer and ARIN’s Director of Financial Services, or Controller, before funds will be moved out of the investment accounts.

V. Manager Selection, Evaluation Criterion and Removal

A. Investment Manager Selection and Monitoring:

1. The Finance Committee, with the advice and recommendations of the Investment Consultant, will select and monitor investment managers in alignment with industry professional standards that include but are not limited to the following criterion:
   a) The investment style and discipline of the proposed Investment Manager;
   b) How well each proposed investment complements other assets in the Portfolio;
   c) The size of the organization as measured by the amount of assets under management with respect to the investment style under consideration;
   d) Experience of the organization as measured by the tenure of the professionals with respect to the investment style under consideration;
   e) Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and the magnitude and consistency of value-added performance, the amount of risk in relation to an appropriate benchmark and performance in adverse market conditions;

B. Investment Management Removal

1. The Finance Committee, working with the Investment Consultant, may remove an investment manager when they believe such removal is in the best interest of the Long Term Reserve Fund, taking into account for this purpose all relevant factors including, and without limitation, when the Finance Committee has lost confidence in the investment manager’s ability to:
   a) Achieve performance and risk objectives
   b) Comply with investment guidelines or
   c) Maintain a stable organization and retain key relevant investment professionals.

VI. Reporting

A. The Custodian shall prepare the following reports for presentation on a monthly basis to the President and CFO:

1. Schedule of investments;
2. Interest income year to date; and

B. The Long Term Reserve Fund will be evaluated quarterly on a total return basis net of all fees. Returns will be compared to:

1. The increase in the Consumer Price Index (CPI) plus1%;
2. A blended benchmark consisting of nationally recognized indices to measure relative performance of the classes specified in the target asset allocation mix.
C. Comparisons will show risk and return performance statistics over relevant time periods. The report will be prepared by the Investment Consultant and delivered on a quarterly basis to the President and CFO, for further distribution to the Finance Committee.

VI. Notes and History for this Investment Policy Statement

A. American Registry for Internet Numbers Investment Policy Statement was adopted by the Board of Trustees in February of 2016 and revised thereafter.

March 24, 2021

B. Adoption of this American Registry for Internet Numbers Investment Policy Statement is acknowledged by:

ARIN Board Chair

Date

March 24th, 2021