

Sandusky County Communities Foundation

Investment Policy Statement

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Adopted – July 24, 2008

Reviewed/Ratified – March 9, 2017

OVERVIEW

PURPOSE

This Investment Policy Statement (IPS) was adopted to establish a clear understanding of the Foundation's philosophy and investment objectives.

The purpose of the Foundation is to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligation to support current and future needs. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term spending needs with preservation of the real (inflation-adjusted) value of assets, is crucial to the long-term success of the Foundation.

References herein to Investment Manager mean the current Manager(s) retained by the Foundation.

SCOPE

This Policy applies to all assets that are included in the Foundation's investment portfolio for which the Investment Committee and Investment Manager have discretionary investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Board of Trustees ("Board"), Investment Manager(s), and Finance Committee shall exercise prudence and appropriate care in accordance with the Prudent Investor Rule. All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure of all material facts regarding any potential conflicts of interests.

DEFINITION OF DUTIES

BOARD OF TRUSTEES

The Board has the ultimate fiduciary responsibility for the Foundation's investment portfolio. The Board must ensure that the appropriate policies governing the management of the Foundation are in place and that these policies are effectively implemented in accordance with the Investment Policy Statement. To implement these responsibilities, the Board approves the Investment Policy Statement and delegates responsibility to the Finance Committee for ongoing monitoring.

FINANCE COMMITTEE

The Finance Committee is responsible for establishing the overall Investment Policy. This responsibility includes approving investment strategy, oversight of the Investment Manager(s), monitoring performance of the investment portfolio and maintaining sufficient knowledge about the portfolio so as to be reasonably assured of compliance with the Investment Policy Statement.

INVESTMENT MANAGERS

The Investment Manager(s) is responsible for all aspects of managing and overseeing the Foundation's portfolio. On an ongoing basis the Investment Manager will:

1. Implement the overall investment strategy, including the selection/elimination of securities and/or investment sub-managers, within these investment policy guidelines;
2. Monitor the asset mix and allocate assets for the investment strategy within these investment policy guidelines;
3. Provide the Finance Committee with quarterly performance reports;
4. Provide the Finance Committee with an annual review of the Investment Policy Statement, including an assessment of the current asset allocation and investment Objectives; and
4. Supply the Finance Committee with other reports or information as reasonably requested.

OBJECTIVES

The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the Consumer Price Index) plus any spending, thus protecting the purchasing power of the assets. "Spending" includes withdrawals for grants and operating expenses from the Foundation's operating accounts. The Board and Finance Committee agree that investing in securities with higher return expectations outweighs their short-term volatility risk.

ASSET ALLOCATION

Disciplined management of the asset mix among classes of investments is both a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is expected. Consequently, the general policy shall be to diversify investments so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

The investment advisor will actively manage the asset allocation based on their determination of market valuations, but remain within the ranges at all times. Should any category move out of acceptable range due to market movements, the investment advisor will use prudence in rebalancing the portfolio, either immediately or over the subsequent few months.

<u>Asset Class</u>	<u>Long-Term Weights</u>	<u>Min.</u>	<u>Max</u>
<i>US Equities</i>		55%	30% 60%
Large/Mid Cap Equities		10%	55%
Small Cap Equities		5%	20%
Private Equity		0%	20%
<i>International Equities</i>		15%	5% 25%
Developed International		5%	15%
International Small Cap		0%	10%
Emerging Market Equities		0%	10%
<i>Fixed Income 20%</i>		5%	35%
Core Fixed Income		5%	30%
Treasury Inflation Protected Securities		0%	20%
High Yield		0%	10%
Emerging Market Debt		0%	10%
International Fixed Income		0%	10%
<i>Real Estate</i>		5% 0%	20%
Private Real Estate		0%	15%
Public Real Estate		0%	15%
<i>Cash</i>		5%	0% 10%

SPENDING POLICY

The spending policy attempts to balance the long-term objective of maintaining the purchasing power of the foundation with the goal of providing a sustainable level of spending. Subject to gift instruments and statutory requirements, distribution is determined by a total return system. The amount to be spent in the coming year is calculated each December 31 and is reviewed and approved by The Foundation's Board of Trustees annually. The calculation is based on a 12 previous quarter average of the market value of total portfolio, multiplied by an amount not to exceed 4%.

PERFORMANCE MEASUREMENT

All investment returns shall be measured net of fees.

TIME HORIZON

The Finance Committee seeks to achieve the investment objectives over a full market cycle. The Finance Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, the portfolio may produce significant over or under performance relative to the broad markets. For this reason, long-term investment returns will be measured over a 5-year moving period.

Primary Benchmark

The primary objective of the Foundation is to achieve a total return, net of fees, in excess of spending (as defined above under "Objectives") and inflation.

Total Return greater than Consumer Price Index + 5%

POLICY BENCHMARK

The secondary objective is to achieve a total return in excess of the policy benchmark, comprised of each broad asset class benchmark weighted by its long-term strategic allocation.

<u>Weight</u>	<u>Index</u>	<u>Asset Class</u>
55%	Russell 3000 Index	Domestic Equity
15%	MSCI All Country World ex US	International Equity
30%	Lehman Brothers Aggregate	Fixed Income/Low Volatility

RISK PARAMETERS

The volatility (beta) is expected to be no greater than 1.20 versus the relevant Policy Benchmark.

GUIDELINES AND RESTRICTIONS

GENERAL

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable of the market environment in which investment decisions must be made. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care and prudence has been met for the Foundation's investments.

The Investment Manager(s) shall:

1. Have full investment discretion with regard to security selection, consistent with this Investment Policy Statement.
2. Not employ short-selling, margin trading, securities lending, private placements, or direct investments in commodities at the portfolio level, nor shall sub-managers employ any of these strategies without prior approval of the Finance Committee.
3. Immediately notify the Finance Committee in writing of any material changes in the investment outlook, strategy, portfolio structure, ownership or senior personnel; and
4. Vote proxies and share tenders in a manner that is in the best interest of the Foundation and consistent with the investment objectives contained herein.

ACKNOWLEDGEMENT

We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize that suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed are welcome.

Sandusky County Communities Foundation

By: _____

Its: _____ Date _____
(Title)

Investment Manager

By: _____

Its: _____ Date _____
(Title)