

Sandusky County Communities Foundation

Investment Policy Statement

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Adopted – July 24, 2008
Reviewed/Ratified – March 9, 2017
Reviewed/Ratified – November 9, 2023

OVERVIEW

PURPOSE

This Investment Policy Statement (IPS) was adopted to establish a clear understanding of the Foundation's investment philosophy and to provide guidelines for the management and oversight of its investment assets.

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 fund.

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 the Investment Committee shall meet the standards of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires fiduciaries to apply the standard of prudence about each asset in the context of the portfolio of investments as part of an overall investment strategy. All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Foundation of all material facts regarding any potential conflicts of interests.

As summarized for the purpose of this Investment Policy Statement UPMIFA states that the Board, Investment Committee, and Investment Manager(s) are under a duty to the Foundation to manage the fund as a prudent investor would, in light of, the purposes, scope, objectives, and other relevant circumstances. This standard requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the foundations in making and implementing investment decisions, the fiduciaries have a duty to diversify the investments unless, under special circumstances, the purposes of the foundation are better served without diversification.

INVESTMENT OBJECTIVES AND PHILOSOPHY

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. The Board and Investment Committee understand the long-term nature of the fund and believes that investing in assets with higher return expectations outweighs their short-term volatility risk.

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.

In determining the appropriate asset allocation, the inclusion or exclusion of asset categories shall be based on the impact to the total fund, rather than judging asset categories on a stand-alone basis. To this end the Board and Investment Committee subscribe to the philosophy that over diversification can be as detrimental to investment volatility and return as a lack of prudent diversification.

To achieve these goals the asset allocation will be set with the following target percentages and within the following ranges;

<u>ASSET CLASS</u>	<u>LONG-TERM TARGETS</u>	<u>RANGE</u>
U.S. Equities	60%	45 – 70%
Large /Mid Cap Equities	50%	10 – 55%
Small Cap Equities	10%	5 – 20%
International Equities	10%	5 – 20%
Fixed Income	20%	5 – 35%
Cash and Equivalents	0%	0 – 10%
Alternatives and Private Equity	10%	0 – 15%

The investment manager will actively manage the asset allocation based upon 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 manager will use prudence in rebalancing the portfolio, either immediately or over the subsequent few months.

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 as of December 31 and is reviewed and approved by The Foundation's Board of Trustees annually. The amount available for distribution shall be 4% of the "distribution value" of the fund. The "distribution value" of each fund is defined as the average market value of each fund as of the last day of each calendar year that ended subsequent to the establishment of the fund. If more than three (3) calendar years have ended since the establishment of the fund, only the values of the fund as of the end of the most recent three (3) calendar years will be used.

EVALUATION AND PERFORMANCE MEASUREMENT

All investment returns shall be measured net of fees.

The Investment Committee and the Board seeks to equal or exceed the investment performance of its benchmarks over the full market cycles and does not expect that all investment objectives will be attained in each year. Furthermore, the investment committee and the board recognizes that over various time periods, the fund may produce significant deviations relative to the benchmarks. For this reason, investment returns will be evaluated over a full market cycle (for measurement purposes generally 5 years).

The Investment Manager(s) performance and asset allocation will be benchmarked against the Foundation's Investment Policy Statement with risk and return closely monitored.

The primary investment objective of the fund is to achieve an annualized total return (net of related fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad consumer price index) plus spending (as defined above under spending policy).

Total Return greater than Consumer Price Index + 4%

A secondary objective is to achieve a total return equal to or greater than the policy benchmark as reflected below;

POLICY BENCHMARK

<u>Asset Class</u>	<u>Weight</u>	<u>Index</u>
US Equities	70%	Russell 3000
International Equities	10%	MSCI EAFE
Fixed Income	20%	Barclays US Aggregate Bond

The volatility (BETA) of the portfolio is expected to be no greater than 1.20 versus the relevant policy benchmark. In addition, the ability to produce positive ALPHA (risk-adjusted return) over time is expected.

The Investment Committee of the Foundation is charged with monitoring each Investment Manager's compliance with the provisions of this Investment Policy Statement.

Failure to follow the Investment Policy Statement may be grounds for removal.

Failure to consistently meet investment benchmarks, as established within a reconciled performance monitor over an extended period of time may result in an Investment Manager being placed on "watch" and may eventually lead to termination, specifically if an investment manager fails to meet or exceed the investment benchmark over 3 years then the manager is immediately placed on "watch". The manager may remain on watch for up to 2 years. If performance has not improved as measured by the standards established in this Investment Policy Statement, the manager may be terminated.

ACKNOWLEDGEMENT

The Investment Manager shall acknowledge receipt of this policy by executing an acknowledgement form.

Sandusky County Communities Foundation
Investment Policy Statement
Acknowledgement Form

We recognize the importance of adhering to the philosophy 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 objective, and therefore, recognize that suggestions regarding appropriate adjustments to this Investment Policy Statement 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)

