



INVESTMENT POLICY

PURPOSE

The Community Foundation of Greater Fort Wayne Inc. is a publicly supported community foundation whose purpose is to attract charitable contributions, prudently invest and administer funds, and financially assist nonprofit organizations serving the greater Fort Wayne area.

The purposes of this Investment Policy are as follows:

1. Establish an understanding of the philosophy and investment objectives for the Community Foundation's Board of Directors, Investment Committee, donors, grantees, affiliated supporting organizations, and investment managers
2. Serve as the basis for assessing and monitoring the performance and progress of each investment manager

SCOPE

This Investment Policy applies only to those assets for which the investment manager, the investment committee, and the board of directors have discretionary authority. For other assets, the investment policies are contained in the individual fund agreements.

INVESTMENT COMMITTEE GUIDELINES

Investment Committee Guidelines have been approved and the committee shall operate in accordance with the approved guidelines. See Attachment I – Investment Committee Guidelines.

SPENDING POLICY

A spending policy has been approved and the committee shall operate in accordance with the approved policy. See Attachment II – Spending Policy.

INVESTMENT OBJECTIVES

The primary objectives for the investment of Community Foundation assets are as follows:

1. Provide sufficient total return to support community activities of the Community Foundation
2. Preserve principal in terms of its real purchasing power so the Community Foundation may serve the community over the long term
3. Provide a long-term total return exceeding the rate of inflation (as measured by the Consumer Price Index) plus 3.6 - 5.0% for Grantmaking, plus the cost of investment management services and Community Foundation administrative services

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 following asset allocation guide shall apply to the entire portfolio. The committee, with advice from its investment consultant, will monitor the portfolio on a quarterly basis. Note that ranges for the sub equity classes apply to the overall portfolio, not the asset classes.

Asset Class- Role in Portfolio	Long-Term Target*	Min	Max
TOTAL US Equities- Capital Appreciation	50.0%	30.0%	70.0%
Large/Mid Cap Equities	40.0%	20.0%	60.0%
Small Cap Equities	10.0%	0.0%	20.0%
TOTAL International Equities- Capital Appreciation	15.0%	5.0%	25.0%
Developed International	10.0%	5.0%	20.0%
International Small Cap (developed)	2.5%	0.0%	4.0%
Emerging Market Equities	2.5%	0.0%	4.0%
TOTAL Fixed Income- Risk Mitigation	30.0%	10.0%	50.0%
Core Fixed Income	30.0%	10.0%	40.0%
High Yield/Bank Loans		0.0%	10.0%
TOTAL Real Assets- Inflation Protection	5.0%	0.0%	10.0%
Public Real Estate (REITs)		0.0%	5.0%
Commodity Index Funds		0.0%	5.0%
Treasury Inflation Protected Securities		0.0%	10.0%
TOTAL Alternative Investments- Diversifying Strategies	0.0%	0.0%	15.0%
Illiquid Investments	0.0%	0.0%	10.0%
Liquid Investments	0.0%	0.0%	15.0%

**Real Assets/ Inflation Protection are investment strategies designed to have a positive correlation to inflation. Some examples of Real Asset strategies are real estate (public and/or private), commodities, natural resources, inflation linked indexes, Treasury Inflation Protection Securities (TIPS), etc. While several asset classes are listed below Real Assets, the portfolio may not have exposure to all at the same time. As a result, there are no long-term targets for the individual asset classes, only acceptable ranges. The allocation target remains at the broad asset class of Real Assets.*

REBALANCING THE PORTFOLIO: *In maintaining the above asset allocation ranges, the Community Foundation will strive to remain within the allocation ranges with the intent of rebalancing to targets annually, more frequently if necessary. The appropriateness of this allocation will be reviewed annually, or more frequently. Any rebalance greater than 7% of the entire portfolio requires committee approval to rebalance the portfolio. Any rebalance less than 7% falls under “day-to-day operations” and is the responsibility of the Community Foundation staff. Staff will notify the committee chair of any portfolio rebalancing.*

TIME HORIZON

The Community Foundation seeks to attain investment results over a full market cycle. It does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, investment managers 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. The committee reserves the right to evaluate

and make any necessary changes regarding investment managers over a shorter-term using the criteria established under General Investment Guidelines below.

GENERAL INVESTMENT GUIDELINES

The guidelines stated below apply to investments in non-mutual and non-pooled funds, where the investment manager is able to construct a separate, discretionary account on behalf of the Community Foundation. Although the committee cannot dictate policy to pooled/mutual fund investment managers, it is the committee's intent to select and retain only pooled/mutual funds with policies that are similar to that of the Community Foundation. All managers (pooled/mutual or separate) are expected to achieve all performance objectives and other subjective criteria.

The "Indiana Uniform Prudent Investor's Act" shall be followed in the asset allocation, selection of securities, and management of investments. In the case of the Community Foundation, the following guidelines supplement the concepts in this act:

1. There may be no investment in any tax-free instruments unless specifically authorized by the investment committee.
2. Except for the mutual fund segment, there shall be no short selling, securities lending, options trading, financial futures, or other specialized investment herein. In lieu of selling shares, portfolio managers may write covered calls on security positions. Managers must notify the executive director within 10 business days when a covered call has been made.
3. The investment committee has the authority to review and recommend to the board any separately managed, non-pooled account (in addition to existing investment managers) for gifts in excess of \$500,000. Investment results will be reviewed by the committee for adequate investment performance.
4. Guidelines for special investments have been approved and the committee shall operate in accordance with the approved guidelines. See Attachment III – Guidelines for Special Investments.

AMERICAN FUNDS GUIDELINES

For donors who choose to work with an outside advisor through the American Funds program, the investment guidelines are as follows:

1. When American Funds are used for donor advised funds, the following pools are available to choose from:
 - a. **Growth Pool** – approximately 80% equity, 20% cash and equivalents
 - 1/3 AMCAP Fund
 - 1/3 The Growth Fund of America
 - 1/3 The Investment Company of America
 - b. **Balanced Pool** – approximately 60% equity, 40% fixed income
 - 1/3 Capital Income Builders
 - 1/3 The Income Fund of America
 - 1/3 American Balanced Fund
 - c. **Fixed Income Pool** – approximately 90% fixed, 10% cash and equivalents
 - 1/3 The Bond Fund of America
 - 1/3 Intermediate Bond Fund
 - 1/3 US Government Securities Fund
2. When American Funds are used for charitable gift annuities, the following funds are to be used following a 50% allocation to equities and 50% allocation to fixed income:
 - a. **Charitable Gift Annuity Pool** – approximately 42% equity, 46% fixed, 12% cash and equivalents
 - 1/2 Growth Fund of America
 - 1/2 Bond Fund of America

EQUITY INVESTMENT GUIDELINES

Unless otherwise noted, restrictions are in reference to each individual manager's portfolio and all percentages are measured at market value. The following guidelines apply:

1. Assure that no position of any one company exceeds 8% of an investment manager's portfolio. Exchange traded funds are exempt from this restriction
2. Vote proxies and share tenders in a manner that is in the best interest of the Community Foundation and consistent with this Investment Policy
3. Maintain a minimum of 20 positions in the portfolio to provide adequate diversification. Exchange traded funds are exempt from this restriction
4. Maintain adequate diversification among economic sectors by investing no more than 40% of the investment manager's portfolio in any one economic sector. If a manager moves beyond this guideline, they must provide written notice to the Community Foundation or their consultant explaining the justification. Exchange traded funds are exempt from this restriction
5. With the exception of a dedicated REIT manager or mutual fund, no investment in REIT securities are permitted – small cap managers are permitted to invest in REIT securities up to the market weight of the Russell 2000 Index
6. With the exception of a dedicated international equity manager, invest no more than 25% of an investment manager's portfolio in American Depositary Receipts (ADR) securities

FIXED INCOME INVESTMENT GUIDELINES

Unless otherwise noted, restrictions are in reference to each individual manager's portfolio and all percentages are measured at market value. The following guidelines apply:

1. With the exception of certificates of deposit and other deposits in commercial banks, all securities must be marketable, with an active secondary market
2. Not more than \$100,000 shall be invested in the bank certificates of deposit of any single issuer
3. With the exception of U.S. Treasury and Agency notes and bonds and Exchange Traded Funds, no investment position in any one issuer shall exceed 7% of an investment manager's portfolio.
4. Maintain an overall weighted average credit rating of "Aa" or better by Moody's or "AA" or better by Standard & Poor's – dedicated high yield and/or bank loan products are exempt
5. Hold no more than 15% of an investment manager's portfolio in investments rated below investment grade (below Baa/BBB); split rated securities will be governed by the lower rating – dedicated high yield and/or bank loan products are exempt
6. Maintain a duration within +/-20% of the effective duration of the benchmark index
7. Maintain adequate diversification by investing no more than 1.2 times the index weight, as defined by the relevant benchmark, of an investment manager's portfolio in investment grade or better (Baa/BBB rated by Moody's and/or Standard & Poor's) corporate or mortgage-backed securities.
8. Invest no more than 15% of an investment manager's portfolio in unrated bonds
9. Not more than 10% of an investment manager's portfolio, measured at market value, shall be invested in commercial paper of any single issuer (credit quality must be A1, P1)

REAL ASSET STRATEGIES

Real Assets/ Inflation Protection are investment strategies designed to have a positive correlation to inflation. Some examples of Real Asset strategies are real estate (public and/or private), commodities,

natural resources, inflation linked indexes, Treasury Inflation Protection Securities (TIPS), etc. While several asset classes are included for consideration in the Real Assets category, the portfolio may not have exposure to all at the same time.

Commodity Futures Strategies

Commodity Futures are unlike traditional stock or bond funds. Given the volatility that can accompany commodity futures, any commodity futures strategy must maintain the following guidelines:

1. Maintain exposure to at least six (6) commodities.
2. Maintain a fully collateralized portfolio.
3. Maintain a minimal amount of duration and credit risk with the collateralized pool. Return pattern should be generated from the commodities themselves and not from active management of the collateralized pool.
4. Recognize and seek to minimize the impact of negative roll yield.

Treasury Inflation Protection Strategies (TIPS)

Treasury Inflation Protection Strategies (TIPS) are U.S. Treasury securities designed to keep pace with inflation through an adjustable coupon structure. Because TIPS are backed by the full faith and credit of the U.S. Government, there is little concern of default or bankruptcy.

1. Maintain at least 80% of the portfolio in inflation-linked bonds
2. Maintain an overall weighted average credit rating of “AAA” on full portfolio.
3. Hold no investments rated below investment grade (below Baa/BBB); split rated securities will be governed by the lower rating.
4. Invest no more than 10% of an investment manager’s portfolio in unrated bonds

Real Estate Investment Trusts (REIT)

Unless otherwise noted, restrictions are in reference to each individual manager’s portfolio and all percentages are measured at market value. The following guidelines apply:

1. Assure that no position of any one company exceeds 7% of an investment manager’s portfolio – exchange traded funds are exempt from this restriction
2. Vote proxies and share tenders in a manner that is in the best interest of the Community Foundation and consistent with this Investment Policy
3. Domestic REIT managers must maintain a minimum of 30 positions in an investment manager’s portfolio to provide adequate diversification
4. Global and International REIT managers must maintain a minimum of 50 positions in an investment manager’s portfolio to provide adequate diversification
5. Maintain adequate diversification among economic sectors by investing no more than 30% of an investment manager’s portfolio in any one economic sector, as defined by the relevant benchmark
6. Global and International REIT managers may hold no more than 60% of an investment manager’s portfolio in any one global region
7. With the exception of a dedicated international equity manager, invest no more than 25% of an investment manager’s portfolio in ADR securities

ALTERNATIVE INVESTMENT GUIDELINES

The following asset classes are considered alternative to traditional asset classes in that they provide different patterns of return and risk characteristics. Within the alternatives description, asset classes are subdivided into two groups, liquid alternatives and illiquid alternatives. Illiquid alternatives include asset classes such as private real estate or private equity, while liquid alternatives include hedge funds and/or managed futures. **This Investment Policy provides restrictions for total alternatives allocation (the total of both liquid and illiquid alternatives), as well as restrictions on the illiquid and illiquid sub-asset classes.**

Returns for **illiquid alternatives** are not directly comparable to those in liquid markets as they are based on Internal Rate of Return calculations rather than time-weighted returns. In addition, a liquidity premium should be required as capital is locked up for the life of the partnership with much of the return produced at the end of an investment cycle of five to ten years.

Liquid alternatives often use options and futures that create skewed return distributions. Standard deviation, which measures variability around the mean, may not be the best measure of risk for these types of investments.

Under no circumstances will the **total alternatives allocation (the total of both illiquid and liquid alternative investments)** comprise more than 15% of the Community Foundation's portfolio, as shown previously in the Asset Class Table of this Investment Policy. Within the "total alternatives" allocation:

1. Under no circumstances will the **illiquid alternatives allocation** comprise more than 10% of the portfolio.
2. Under no circumstances will the **liquid alternatives allocation** comprise more than 15% of the portfolio.

Venture Capital/Private Equity

Private equity is not an asset class easily fit into a model. The asset class has several subgroups including Leveraged Buyouts, Management Buyouts, Mezzanine Financing, Venture Capital, and an international component. These markets, while all typically higher returning than traditional equity, all have unique characteristics. In addition, because the funds are private, they are not valued frequently and calculate returns differently. An appropriate estimate is a return approximately 5% points above the broad U.S. equity market, or 14%.

Investments in venture capital and/or private equity partnerships may be used to enhance the expected return of the portfolio. It is understood that these funds are long-term, illiquid, private partnerships with high variability of returns. The committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

1. Tenure and track record of management as a team
2. Expertise is targeted areas of investment
3. Diversification relative to other venture or private equity investments

Equity Real Estate

Investments in direct real estate investment partnerships may be used to diversify the Community Foundation's total portfolio. It is understood that these funds are long-term, illiquid, private partnerships with high variability of returns. The committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

1. Tenure and track record of management as a team
2. Expertise is targeted areas of investment
3. Diversification relative to other real estate investments

Hedge Funds

Hedge funds, which vary widely in style and philosophy, are an investment strategy, not an asset class. Some may argue that this prevents instructive modeling of these investments in an asset allocation study. It is possible to model hedge funds in the asset allocation study to show their expected impact, but assumptions may not accurately reflect the true risk/return tradeoff.

Hedge funds can best be described as unregulated mutual funds. As with mutual funds, hedge funds invest in many different asset classes using different investment strategies. Although there is monthly return data to analyze, the category is extremely broad and includes many parts of other asset classes. Using this data may not produce meaningful optimization output.

Investments in hedge funds may be used to diversify the Community Foundation’s total portfolio and to enhance total return. It is understood that hedge funds have limited liquidity (typically annual redemption) and are private partnerships with high variability of returns. The committee shall consider certain criteria including, but not limited to, the following in its evaluation of a fund:

1. Tenure and track record of management as a team
2. Expertise in targeted areas of investment
3. Diversification relative to other investments
4. Use of leverage
5. Liquidity of investments
6. General partner investment, fees, and potential conflicts of interest

Under no circumstances will these funds comprise more than 15% of the portfolio. The Community Foundation will only invest in offshore limited partnership shares to avoid Unrelated Business Taxable Income (UBTI).

EVALUATION OF INVESTMENT MANAGERS

All investment returns shall be measured net of fees. The Community Foundation invests for the long term. Accordingly, results will be evaluated over a three- to five- year time horizon. Each investment manager will be reviewed on an ongoing basis and evaluated upon the following criteria:

1. Avoidance of regulatory actions against the firm, its principals, or employees
2. Adherence to the firm’s investment philosophy and style, and continuity of its personnel and practices
3. Ability to provide high quality customer service to the Community Foundation
4. Adherence to the guidelines and objectives of this Investment Policy
5. Ability to exceed the return of the appropriate benchmark index and, for equity managers, produce positive alpha (risk-adjusted return) within the volatility limits set in the chart below titled SUMMARY of QUANTITATIVE PERFORMANCE OBJECTIVES
6. Ability to meet or exceed the median performance of a peer group of managers with similar styles of investing (i.e. Council on Foundations)
7. Ability to provide timely reports that are comparable with the other investment managers that measure return in an AIMR consistent fashion. Monitoring and Reporting Guidelines have been approved and the committee shall operate in accordance with the approved guidelines, see Attachment IV – Monitoring and Reporting Guidelines
8. Guidelines for Investment Manager Selection, Oversight, and Retention have been approved and the committee shall operate in accordance with the approved guidelines, see Attachment V – Guidelines for Investment Manager Selection, Oversight, and Retention
9. The composite benchmark for evaluating to entire portfolio’s long-term total return shall be as follows:

Asset Class	Index	
Domestic Equity	Russell 3000 Index	50.0%
International Equity	MSCI ACWI Free (All Country World Index)	15.0%
Core Fixed Income	Barclays Capital Aggregate Index	30.0%
Real Assets	Barclays Capital Aggregate Index	5.0%
	TOTAL	100.0%

PERFORMANCE MEASUREMENT

Performance shall be evaluated according to the following framework:

Short Term (for managers with less than a three-year history) – adherence to the stated philosophy and style of management at the time the investment manager was retained by the Community Foundation and continuity of personnel and practices at the firm.

Intermediate Term (between 3 and 5 years*) – adherence to the stated philosophy and style of management at the time the investment manager was retained by the Community Foundation, continuity of personnel and practices at the firm, and ability to meet or exceed the median performance of other managers who adhere to the same or similar investment style.

Long Term (rolling 5 year periods*) – adherence to the stated philosophy and style of management at the time the investment manager was retained by the Community Foundation, continuity of personnel and practices at the firm, ability to meet or exceed the median performance of other managers who adhere to the same or similar investment style, and ability to outperform its respective target index.

SUMMARY OF QUANTITATIVE PERFORMANCE OBJECTIVES

The following table summarizes the quantitative performance objectives to evaluate each individual investment manager. Betas will be calculated versus an appropriate index.

ASSET CLASS	INDEX	RISK MEASURE	PEER UNIVERSE (1) ¹
LARGE CAP EQUITY	S&P 500	1.2x Beta	Top 50%
MID CAP EQUITY	Russell Mid Cap Index	1.2x Beta	Top 50%
SMALL CAP EQUITY	Russell 2000	1.4x Beta	Top 50%
INTERNATIONAL EQUITY- DEVELOPED	MSCI EAFE	1.4x Beta	Top 50%
INTERNATIONAL EQUITY- SMALL CAP	MSCI Small Cap	1.4x Beta	Top 50%
INTERNATIONAL EQUITY- EMERGING	MSCI EM Free	1.4x Beta	Top 50%
REAL ASSETS- PUBLIC REAL ESTATE	Wilshire REIT	1.2x Beta	Top 50%
REAL ASSETS- COMMODITIES	DJ Commodity Index	1.2x Beta	Top 50%
REAL ASSETS- TIPS	US TIPS Index	1.2x Beta	Top 50%
		DURATION	
FIXED INCOME	Barclays Capital Aggregate	+/-20%	Top 50%

* Market cycles will vary in duration. Stated time frames apply to typical periods when market cycles occur every three to five years.

¹ For example, Large Cap Growth Universe

CHANGES TO INVESTMENT POLICY

These policies and guidelines have been reviewed and accepted by the Community Foundation of Greater Fort Wayne Investment Committee and ratified by the Community Foundation of Greater Fort Wayne Board of Directors. Any substantive changes to these policies and guidelines must be approved by the investment committee and ratified by the board of directors.

Board Originally Adopted on 10-12-06

Board Last Revised on 02-11-10

Investment Committee Originally Recommended on 10-05-06

Investment Committee Last Revised Recommendations on 02-01-10

CONCLUSION

This statement of investment policy shall be reviewed annually. The investment performance will be reviewed on a quarterly basis. The investment managers are encouraged to provide suggestions regarding appropriate adjustments to this statement or the manner in which investment performance is reviewed.

Acknowledged on behalf of the
Community Foundation of Greater Fort Wayne Inc.

Date

Acknowledged on behalf of the investment committee chair

Date

Acknowledged on behalf of the investment manager

Date

ATTACHMENT I

INVESTMENT COMMITTEE GUIDELINES

INVESTMENT COMMITTEE GUIDELINES

PURPOSE

The purpose of the investment committee (the “committee”) is to establish policies and direction for the implementation of a prudent investment program of the assets of the Community Foundation. The primary focus of the committee is on policies for the investment and monitoring of cash, security assets, and the ownership and disposition of other asset classes such as real estate. The investment portfolio accounts are to be managed to maximize total return for both long- and short-term needs in a manner consistent with the risk tolerance of the Community Foundation. The committee delegates to the Community Foundation staff, and its consultant, the day-to-day guidance, monitoring, and oversight of the Community Foundation investments.

1. RESPONSIBILITIES

The specific duties and responsibilities of the committee, and its consultant, are as follows:

- a. Recommend investment objectives and policies for board approval
- b. Recommend to the board appointment of investment managers and advisors for the funds, establish benchmarks for investment performance, and monitor performance, as appropriate
- c. Develop, review, and recommend the overall asset allocation for the Community Foundation, as well as funding levels for each individual investment manager
- d. Provide to the board information regarding fund investment structures and performance against established objective and policies
- e. Monitor the investments of the Community Foundation
- f. Recommend appointment and removal, as necessary, of any other service providers, such as custodian banks
- g. Negotiate compensation arrangements for all service providers
- h. Review the reports of the custodian bank, investment managers, and other external reports on the financial condition of the Community Foundation, including investment performance
- i. Approve any exceptions to the Community Foundation’s policy that stock donations be converted to cash immediately
- j. Identify gifts/contributions that do not permit the efficient execution of an investment program

2. COMMITTEE OPERATION

Operation of the committee is as follows:

- a. The committee shall meet as required, but not less than four times each year.
- b. The actions of the committee shall be recorded in formal minutes.
- c. The committee may adopt procedures necessary to conduct its affairs.
- d. The committee may authorize members or agents to execute or deliver any instrument on its behalf.

3. **CONFLICT OF INTEREST**

It is the policy of the board of directors to avoid conflicts of interest in its operations, including the selection of investment managers or funds. Each member of the board of directors, investment committee, and administration shall disclose the nature of any relationship with any manager of any fund under consideration. No member of the board of directors, investment committee, or administration shall have a material financial relationship in any management firm or any fund under consideration. No independent investment consultant retained by the Community Foundation shall be a party to any transaction or have a financial or other interest in any investment manager providing services to the Community Foundation or any fund in which the Community Foundation has an investment.

4. **AUTHORITY OF THE INVESTMENT COMMITTEE**

While the entire board of directors is charged with legal responsibility for the Community Foundation's assets, it is, as a practical matter; appropriate to delegate considerable authority to an investment committee of the board. The committee shall oversee the implementation of the Community Foundation's investment policies herein by the executive director and staff.

The composition of the committee should be no more than eight members. It shall be made up of community leaders with sufficient practical experience and objectivity as to guide the investments of the Community Foundation. It is not a requisite that the members of this committee hold seats on the board of directors. However, the chair of this committee shall always be a member of the board.

5. **PRUDENT INVESTMENT STANDARDS**

The board of directors empowers the committee to invest assets for the benefit of the current and future generations who are the ultimate beneficiaries of the Community Foundation. They have fiduciary responsibility and will be guided by the Indiana Uniform Prudent Investor's Act. They must develop and adhere to an investment policy, which will carry out their obligation in a framework of statutory and regulatory provisions applicable to them.

In making and implementing investment decisions, the committee has duties as follows:

- a. Conform to fundamental fiduciary duties of loyalty and impartiality
- b. Act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents
- c. Incur only costs that are reasonable in amount and appropriate to the investment responsibilities with which the committee is charged

ATTACHMENT II

SPENDING POLICY

SPENDING POLICY

1. **Endowment Funds** shall be subject to the Spending Policy. Nonpermanent/non-endowed funds are not subject to the Spending Policy.
2. The **primary objectives** of the Spending Policy are as follows:
 - a. Preserve the purchasing power of the gift/principal over the long-term, and if possible increase it
 - b. Have consistent grantmaking dollars available during good and bad economic times
 - c. Balance the community's short-term and long-term needs for grantmaking dollars
3. The **recommended spending percentage rate** shall be recommended by the investment committee to the board of directors annually and be effective January 1 of each year. The Investment Committee shall act in good faith and with the care of a prudent person acting in a like position would use under similar circumstances. Factors to be considered annually by the investment committee in determining when a change is needed in the recommended spending percentage rate shall include the following:
 - a. General economic conditions;
 - b. The possible effects of inflation or deflation
 - c. The expected total return from income and the appreciation of investments

Annual adjustments to the recommended spending rate may be necessary to ensure that the Community Foundation is not unnecessarily accumulating assets nor experiencing accelerated principal erosion. Long-term investment returns are designed to cover the recommended spending rate, investment expenses, administration fees, and inflation. The Community Foundation's investment portfolio mix will be balanced in such a way as to justify the recommended spending rate

4. Each fund's **available to spend** balance will be calculated annually at December 31 using a rolling average fund balance for each quarter of existence, not to exceed 12 quarters. The amount calculated shall be available for grant distributions on February 1 of each year.
5. The **available to spend** balance is intended to be used for grantmaking purposes approved by the Community Foundation. The fund's investment expenses, administration fees, and miscellaneous expenses will not be applied to the available to spend balance.
6. Any **unused available to spend amount** shall not be allowed to accumulate as available to spend at the end of each year, but will remain as part of the fund balance for the next years' calculation.
7. Each endowment fund balance will have the following three components:
 - a. **Historic Gift Value** is the accumulated value of all gifts received since the inception of the fund
 - b. **Accumulated Earnings** is the fund's accumulated net appreciation. The accumulated earnings consist of accumulated investment revenue (including interest, dividends, realized gains/losses, and unrealized gains/losses) net of the fund's expenses
 - c. **Available to Spend** balance is the amount available from the total fund balance to award for grants

Spending Policy Attachment

Standard distribution language for endowed funds:

3. DISTRIBUTIONS. The ordinary income, capital appreciation (realized and unrealized), and principal (both historic dollar value and any principal contributions, accumulations, additions, or reinvestments) allocable to the Fund, net of the fees and expenses set forth in this Agreement, may be committed, granted, or expended pursuant to the distribution (or spending) policy of the Community Foundation, as such policy may be amended from time to time by the Community Foundation, solely for purposes described in this Agreement. The Community Foundation's distribution (or spending) policy, as applied to endowments such as the Fund, shall be designed to take into account total return concepts of investment and spending, with the goal of preserving the real spending power of endowments over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowments.

If any gift to the Community Foundation for the Fund is accepted subject to conditions or restrictions as to the use of the gift or income therefrom, such conditions or restrictions will be honored, subject, however, to the authority of the Board to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Board unnecessary, incapable of fulfillment, or inconsistent with the charitable or other exempt purposes of the Community Foundation or the needs of the community served by the Community Foundation. No distribution shall be made from the Fund that may in the judgment of the Community Foundation jeopardize or be inconsistent with the Community Foundation's Code section 501(c)(3) status or result in the imposition of any excise tax, penalty, or other tax, fine, or assessment under the Code.

ATTACHMENT III

GUIDELINES FOR SPECIAL INVESTMENTS

GUIDELINES FOR SPECIAL INVESTMENTS

Gifts made to the Community Foundation of Greater Fort Wayne are normally in the form of cash or readily marketable securities. At times, however, the Community Foundation is offered a gift in another form, including, but not limited to:

- Real Property
- Tangible Personal Property
- Limited Partnership Interests
- Closely Held Stock

Gifts received of these types—termed “Special Investments”—are subject to the Community Foundation’s Gift Acceptance Policies. If they are accepted by the Community Foundation, they are subject to the guidelines noted below.

The purpose of these Guidelines is:

- To provide a method for interested donors to contribute special assets to the Community Foundation
- To provide the Community Foundation with additional funds which may be used to enhance the charitable mission of the Community Foundation
- To allow the Community Foundation to receive the advantage of special investment flexibility and opportunities for asset growth which may be available through these vehicles

MANAGEMENT OF SPECIAL INVESTMENTS

Special Investments are managed separate and apart from the general assets of the Community Foundation. Special Investments shall be titled in the name of the Central Improvement Foundation, a supporting organization of the Community Foundation of Greater Fort Wayne, unless written approval is obtained from the Executive Director of the Community Foundation of Greater Fort Wayne.

A description of each Special Investment, along with information on market value, investment income and investment expenses, will be reported to the investment committee each quarter. The investment committee shall have the authority to make investment decisions on each Special Investment, including the decision as to whether or not to hold or sell the asset.

All direct costs pertaining to the acceptance, transfer and investment of Special Investments will be charged directly to each Special Investment, unless other arrangements are made by the executive director. Income earned by Special Investments will be distributed to the appropriate fund within the Community Foundation.

As a general rule, the minimum amount of a special gift will be \$10,000; however, gifts will be evaluated on an individual basis for growth potential, risk, and administrative costs.

ATTACHMENT IV

MONITORING AND REPORTING GUIDELINES

MONITORING AND REPORTING GUIDELINES

CUSTODIAN

The custodian is an integral part of managing and overseeing the Community Foundation's portfolio. Open communications with the Community Foundation, its investment managers, and consultant will ensure accurate and timely reporting, and may provide early detection of any unexpected compliance or reporting problems.

The custodian shall be responsible for the following:

1. Provide monthly transaction reports no later than the tenth business day following month end, and monthly asset reports no later than the tenth business day following month end
2. Provide the Community Foundation, its investment managers, and consultant special reports as reasonably requested
3. Communicate immediately any concerns regarding portfolio transactions or valuation, or material changes in trustee personnel or procedures

INVESTMENT MANAGERS

In an effort to analyze comparable investment reports from each of the Community Foundation's investment managers, each manager is required to provide the following to the investment committee, or its consultant, on a quarterly basis:

1. Total portfolio return for current year quarters, year to date, as well as each year since inception
2. Portfolio return for each asset class versus the appropriate benchmark as stated in the Investment Policy for current year's quarters, as well as each year since inception
3. Asset allocation by percent and market value of equity, fixed income, and cash
4. Asset allocation by percent and market value of each sector compared to relevant benchmarks
5. Provide measurement of risk for portfolio
6. Provide valuation ratios for equity portfolio including price to earnings, price to book, and price to sales
7. Bond maturity schedule by market value and effective duration
8. Bond allocation by percent of corporate, treasury, and agency
9. Average credit quality of the portfolio
10. Provide cost basis of investments
11. Provide list of trades for the current quarter
12. A written review of key investment decisions, investment performance, and portfolio structure
13. An organizational update, including a report on any and all changes in organizational structure, investment personnel and process, and a list of new relationships or clients that have terminated their services
14. A review of the managers understanding of investment guidelines and expectations and any suggestions to improve the policy or guidelines

CONSULTANT

The investment consultant is responsible for assisting the committee in all aspects of managing and overseeing the Community Foundation's investment portfolio. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant shall be responsible for the following:

1. Provide the committee with quarterly performance reports within 45 days following the end of the quarter
2. Meet with the committee at least quarterly, more frequently as needed
3. Monitor the activities of each investment manager or investment fund
4. Provide the committee with an annual review of this Investment Policy Statement, including an assessment of the Community Foundation's current asset allocation, spending policy, and investment objectives
5. Supply the committee with other reports or information as reasonably requested

ATTACHMENT V

GUIDELINES FOR INVESTMENT MANAGER SELECTION, OVERSIGHT, AND RETENTION

GUIDELINES FOR INVESTMENT MANAGER SELECTION, OVERSIGHT, AND RETENTION

1. Policy Statement:

A person who makes a donation to the Community Foundation may express a preference as to the initial money manager (manager) who will invest the funds. While the Community Foundation makes every effort to comply with the donor's wishes in these regards, such assurances cannot be given in advance of committee's review and board's approval of the donor's preferred manager and the manager's investment style. The committee is responsible for determining that each manager hired by the Community Foundation is and remains qualified to manage the funds in the manner stipulated by the committee. As such, the committee evaluates each manager in advance of hiring and conducts periodic reviews subsequent to hiring.

2. Donors Expressing A Preference Regarding Initial Investment Managers:

For donations in excess of \$500,000, a separate account may be established and donors may suggest managers both previously approved and new to the Community Foundation. Such separate accounts must maintain a minimum balance of \$500,000. If the manager has been approved previously, the committee and the Community Foundation staff may proceed with establishing the account. If the manager has not been approved previously, the committee conducts a review of the donor's preferred manager. If the manager is found to be satisfactory, the committee renders a hire recommendation to the board.

3. Donations Facilitated by a Bank, Trust Department, Brokerage House, or Other Money Management Intermediary:

Efforts in securing Community Foundation donations need to be recognized. The committee may recommend that the funds remain with the firm instrumental in securing the donation as long as the manager's performance is satisfactory. The donation must meet minimum requirements of \$500,000, as stated in section 2 above.

4. Investment Manager Search, Evaluation, and Hiring:

Investment manager search, evaluation, and hiring procedures are as follows:

- a. With the assistance of its consultant, the committee has the authority to conduct manager searches, evaluate respondents, and forward hiring recommendations to the board.
- b. Any candidate recommended to the board, as a minimum, shall meet the following criteria:
 - i. Demonstrate sufficient professional experience managing assets of similar complexity and size as that contemplated by the search
 - ii. Hold the requisite governmental and/or regulatory licenses necessary to manage investments in the manner contemplated by the search
 - iii. Evidence sufficient educational and professional credentials and accomplishments consistent with the complexity of the investment management assignment
 - iv. Demonstrate satisfactory performance history on discretionary funds under management, which are invested in a manner substantially similar to the search's mandate. Both actual and risk-adjusted performances are evaluated relative to a representative benchmark(s) for an appropriate time period determined by the committee. The firm must have sufficient relevant performance history on which to base an ability opinion
 - v. Fees charged by the manager must be reasonable and customary for the type of service being rendered
- c. Authority to hire and terminate a manager rests solely with board.

5. Adjusting a Manager's Allocation

In those instances where new monies come into the Community Foundation that will be invested in the portfolio, the committee delegates to staff, with the assistance of its consultant, to invest those assets in a manner consistent with the long-term objectives and guidelines set forth in the Investment Policy.

6. Extraordinary Events

In the case of an extraordinary event, any two of the persons listed below may act together by following the procedures below:

a. The Community Foundation Executive Director, Board President, Investment Committee Chair, or other duly appointed person has the authority to act contrary to provisions in this document in response to highly unusual circumstances, if the Community Foundation's assets would be, or are believed to be, in imminent jeopardy, necessitating immediate action to attempt preservation of the Community Foundation's assets.

b. The Community Foundation Executive Director, Board President, Investment Committee Chair, or other duly appointed person may, in such circumstances, act as follows:

1. Suspend or terminate a manager's authority to act on the Community Foundation's behalf
2. Instruct a manager to effect certain investment transactions
3. Move assets to another approved manager

The governance committee and the investment committee shall be notified immediately of any action taken under this section. In the event that action is taken under this section, the below list of index funds has been approved for use. Refer to the Community Foundation's Investment Procedures for investment account numbers and bank contacts to instruct trading if necessary.

Asset Class	Current Manager	Index Fund
Large/Mid Cap Equity-Growth	Harbor	Barclays iShares Russell 1000 Growth (IWF)
Large/Mid Cap Equity-Value	Fifth Third	Barclays iShares Russell 1000 Value (IWD)
Small Cap Equity-Growth	Kalmar	Barclays iShares Russell 2000 Growth (IWO)
Small Cap Equity-Value	CRM	Barclays iShares Russell 2000 Value (IWN)
International Equity-Value	DFA	Barclays iShares MSCI EAFE (EFA)
International Small Cap Equity-Value	DFA	Barclays iShares MSCI Small Cap (SCZ)
Emerging Markets-Value	DFA	Barclays iShares Emerging Market (EEM)
Fixed Income-Core	PIMCO, Wells Fargo	Barclays iShares Aggregate Bond (AGG)
Real Assets-Public Real Estate	Cohen & Steers	Barclays iShares FTSE Nareit Global (IFGL)