



Central Susquehanna Community Foundation

INVESTMENT POLICY STATEMENT

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INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding of the investment goals and objectives, and the management guidelines applicable to the Central Susquehanna Community Foundation's ("Foundation") investment portfolio ("Portfolio"). This Investment Policy Statement will:

- Establish reasonable expectations, goals, objectives and guidelines in the investment of the Portfolio's assets
- Create the framework for an appropriately diversified asset mix that can be expected to generate acceptable returns at a level of risk suitable to the Foundation, including:
 - Specifying the investment strategy and target asset allocation policy
 - Establishing investment guidelines regarding the permissible securities and diversification of assets
 - Specifying the criteria for evaluating the performance of the Portfolio's assets
- Encourage effective communication between the Foundation and Investment Advisor

This IPS is intended to reflect the Foundation's investment philosophy and guidelines governing the investment of the Portfolio under normal market conditions. This IPS should reflect the Foundation's current status and philosophy, and should be reviewed and revised periodically to ensure it adequately reflects significant changes related to the Foundation's circumstances, investment goals and objectives, or the capital markets. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

ROLES AND RESPONSIBILITIES

Audit and Finance Committee

The Audit and Finance Committee ("Committee") of the Board is responsible for recommending changes to the IPS to the full Board and maintaining the overall IPS. This responsibility includes approving the investment strategy, oversight of the Investment Advisor, monitoring performance of the investment portfolio and maintaining sufficient knowledge about the portfolio so as to be reasonably assured of compliance with the IPS. The full Board is responsible for adopting any recommended changes to the IPS.

Investment Advisor

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

- Implement the overall investment strategy, including the selection/termination of investment managers, within these investment policy guidelines;
- Monitor the asset mix and allocate assets of each investment strategy within these investment policy guidelines;
- Provide the Committee with quarterly performance reports;
- Assist the Committee periodically, with a review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives;
- Supply the Committee with other reports or information as reasonably requested.

INVESTMENT POLICY STATEMENT

INVESTMENT OBJECTIVES

- The investment objective of the Portfolio is to maintain the purchasing power of the current assets and all future contributions, net of the annual spending rate, related administrative and investment costs, and inflation. The Portfolio will utilize a Total Return investment approach intended to generate returns from both capital appreciation and income over the specified time horizon.
- Risk, measured in terms of portfolio volatility, is anticipated to be similar to that of the broader financial markets.
- Portfolio performance should exceed the benchmark performance over a 5-year moving time period (average market cycle).

The level of preferred risk and return for the Portfolio and the resulting asset allocation targets and ranges are set forth in the Asset Allocation Guidelines section of this document. The investment strategy is defined as a Growth strategy.

ASSET ALLOCATION STRATEGY: ASSET CLASSES

The investment strategy for the Portfolio utilizes an extensive range of asset classes including domestic & international: equities, fixed income securities, real assets (inflation linked bonds, commodities, REIT's), and cash securities. A wide variety of structures may be used to represent this range of asset classes such as: Closed/Open-end Mutual Funds, Exchange Traded Funds, Exchange Traded Master Limited Partnerships, Master Limited Partnerships, Limited Partnerships, Separately Managed Accounts or Strategies, Common Trust Funds and other Commingled Funds. Where Funds are used, they shall have a fundamental investment policy that is in general accordance with the intent of this statement and may incorporate the use of derivatives or options.

GUIDELINES FOR SEPARATELY MANAGED PORTFOLIOS

- Equities
 - Not more than 5% of the total market value of the Portfolio may be invested in one company
 - American Depository Receipts (ADRs) are permitted investments
- Fixed Income
 - Individual security/issuer exposure will not exceed 5% of the total portfolio, excluding U.S. Government obligations
 - The fixed income portfolio will maintain a duration of 80% to 120% of the benchmark index
 - Individual bonds must be rated investment grade at time of purchase.

INVESTMENT POLICY STATEMENT

PORTFOLIO PROFILE

- **Type of Fund:** Community Foundation
- **Time Horizon:** Long-term (> 10 years)
- **Annual Spending Rate*:** 4.25%
- **Annual Administrative Expenses*:** 1.50%
- **Tax Consequences:** Tax-exempt
- **Authority:** Full Investment Advisor discretion in accordance with the IPS

*The spending rate and administrative expenses are subject to change at the discretion of the Board.

ASSET ALLOCATION GUIDELINES

The Investment Advisor will combine a diversified, asset allocation strategy with periodic rebalancing in order to seek optimal returns commensurate with assumed levels of risk while meeting the Foundation's investment objectives. In its role as discretionary investment manager, the Investment Advisor may adjust the Benchmark Target for Sub-Asset classes from time to time as it deems appropriate. The Investment Advisor makes "Tactical" (near-term) allocations which fall within the Minimum-Maximum ranges noted below and may be higher or lower than the "Benchmark Target". Tactical allocations are based upon the Investment Advisor's judgment given the prevailing economic and market conditions.

The Schedule of Asset Allocation Guidelines including asset classes, targets, ranges and benchmarks is:

Asset Classes Sub-Asset Classes	Minimum	Benchmark Target	Maximum	Benchmark Index
Total Equity:	50%	70%	85%	
U.S. Equity	30	45	60	Russell 3000
U.S. Large Cap	15	36	50	Russell 1000
U.S. Small Cap	0	9	20	Russell 2000
International Equity	15	25	35	MSCI All Country World ex-US (net)
Developed Int'l Large Cap	5	18	30	MSCI EAFE (net)
Developed Int'l Small Cap	0	0	10	MSCI EAFE Small Cap (net)
Emerging Markets	0	7	15	MSCI Emerging Markets (net)
Total Fixed Income:	15%	24%	40%	
U.S. Core	10	22	40	Barclay's Aggregate
High Yield Fixed Rate	0	2	15	Barclays U.S. Corporate High Yield
Other Fixed Income	0	0	15	-
U.S. Short Gov't/Credit	0	0	10	Barclays 1-3 yr Gov't/Credit
High Yield Floating Rate	0	0	10	CS Institutional Leveraged Loan
International Core	0	0	10	Barclays Global Aggregate ex-U.S.
Emerging Markets Debt (USD)	0	0	10	Barclays EM Aggregate USD
Total Real Assets:	0%	4%	20%	
U.S. Gov't Inflation Linked Bonds	0	0.75	5	Barclays U.S. Gov't ILB
Global Inflation Linked Bonds ex-U.S.	0	0	5	Barclays Global ILB ex-U.S.
U.S. REIT's	0	0.75	5	S&P U.S. REIT
Global REIT's ex-U.S.	0	2.5	7	DJ Global ex-U.S. Select Real Estate (net) (USD)
Commodities	0	0	5	DJ UBS Commodity
Cash Equivalents:	0%	2%	15%	IA SBBI US 30 Day T-BILL

INVESTMENT POLICY STATEMENT

PERFORMANCE BENCHMARK

The Total Performance Benchmark will be a blend of the Benchmark Indexes noted below, weighted by the Benchmark Targets as noted in the Asset Allocation Guidelines.

Total Portfolio Benchmark

36% Russell 1000; 9% Russell 2000; 18% MSCI EAFE (net); 7% MSCI Emerging Markets (net), 22% Barclays Aggregate; 2% Barclays High Yield, 0.75% Barclays US Gov't ILB; 0.75% S&P US REITS; 2.5% DJ Global REITs ex US (net), 2% IA SBBI US 30 day T-Bill

PROHIBITED INVESTMENTS

- Direct investment in physical assets of any kind such as physical real estate, physical commodities and physical art work.
- Individual investment in letter stock, short sales and margin transactions.
- For Separately Managed Accounts, collars, forwards, futures, options and other hedging strategies and securities traded only on foreign exchanges will not be utilized without Foundation's prior approval.
- Investment in hedge funds

COMMUNICATIONS

The Investment Advisor will keep the Committee apprised of any material changes in the Investment Advisor's outlook, recommended investment policy, and/or strategy. The Investment Advisor will provide the Committee with comprehensive quarterly performance reports and economic and financial analysis for their review and evaluation. The objective of the evaluation and review process is to monitor the progress of the Portfolio's assets in achieving the investment objectives.

The Investment Advisor will be available to meet in person as needed, and at least quarterly, with the Committee to review and explain the Portfolio's investment results and related information. Additional communications may be made by telephone and email.

REVIEW OF INVESTMENT POLICY STATEMENT

This IPS will be reviewed periodically to ensure it adequately reflects current circumstances impacting the Portfolio, best practices regarding governance structures, and a realistic assessment of the Portfolio's goals and objectives.

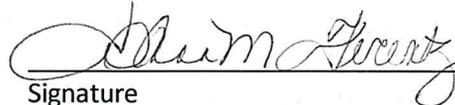
Central Susquehanna Community Foundation acknowledges an understanding of these guidelines and agrees that they will remain in effect until the Investment Advisor receives written notice from the Foundation to the contrary. The Foundation agrees that the IPS of this Portfolio shall be governed by the Investment Management Agreement ("Agreement") by and between the Foundation and the Investment Advisor. In the event of a conflict or discrepancy between this IPS and the Agreement, the Agreement shall be controlling.

INVESTMENT POLICY STATEMENT

Accepted:

For: **CENTRAL SUSQUEHANNA COMMUNITY FOUNDATION**

By: JOANN M FERENTZ
Name
SECRETARY
Title


Signature
9-20-17
Date

For: **WILMINGTON TRUST**

By: Chris Sporcic
Name
Vice President
Title


Signature
9/20/17
Date