



Community Giving
FOUNDATION™

Community Giving 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 Community Giving 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
- Monitor shorter-term investment results and adhere to a sound long-term investment policy, which balances short-term spending needs with preservation of the real value of assets which is critical for long-term success.

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 at least annually 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.

Scope: "This IPS applies to all assets that are included in the Foundation's investment portfolio for which the Investment Advisor has discretionary, investment authority"

Fiduciary Duty: In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the **Pennsylvania "Prudent Investor Rule" (Title 20, Chapter 72 of the PA Consolidated Statutes).**

<https://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&ttl=20&div=0&chpt=72>

This Rule requires fiduciaries to apply the standard of prudence to any investment as part of the total portfolio, rather than to individual investments. All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Board / Committee of all material facts regarding any potential conflicts of interests. As summarized for the purposes of this Investment Policy Statement, the Rule states that the Committee is under a duty to the Foundation to manage the funds as a prudent investor would, in light of the purposes, scope, objectives and other relevant circumstances.

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

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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.

Board

The governing body of the Foundation (the “Board”) is established in accordance with the Bylaws of the Foundation. The Board is the ultimate fiduciary of the Foundation’s assets with authority over the Assets. The Board is responsible for adopting any recommended changes to the IPS.

Staff

The Chief Financial Officer (“CFO”) has daily responsibility for administration of the Foundation and will consult with the Committee and the Investment Advisor on matters relating to the investments of the Foundation. The CFO will serve as primary contact for the Foundation’s custodian and Investment Advisor.

Custodian

The custodian (bank or institution that maintains physical custody of the investments) is an integral part of managing and overseeing the Portfolio. Any custodian will promptly provide to the Foundation Staff and Investment Advisor all information reasonably necessary for compliance, implementation, and monitoring purposes. The custodian shall:

- Provide monthly transaction and asset reports in a timely manner;

Promptly communicate any errors, irregularities or concerns regarding portfolio transactions or valuation.**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 asset allocation and 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, at least annually, 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;
- Not employ short-selling, margin trading, private placements or direct investments in commodities at the portfolio level;
- Notify the Committee in writing of any material changes in the investment outlook, portfolio structure, ownership or senior personnel when they occur;
- Vote proxies and share tenders in a manner that is in the fiduciary interest of the Portfolio.

If the Investment Advisor recommends investing in funds or financial tools managed by the Investment Advisor's Organization, they may do so if the Investment Advisory fee is not payable with respect to the market value of an investment which is subject to any management fee or similar compensation received by the Investment Advisor/Consultant. **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

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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.

To achieve its investment objective, the Portfolio will be allocated among several asset classes with a bias toward equity and equity-like investments due to their higher long-term return expectations. The strategic asset allocation seeks to provide an expected total return aligned with the primary objective of the Portfolio, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level.

Investments will generally fall into one of four asset categories. Each category serves a specific role within a portfolio. An allocation to all four categories can provide diversification to major market risk factors and provides a simple framework to review the exposures within the portfolio. The inclusion or exclusion of asset categories shall be based on the impact to the total Portfolio, rather than judging asset categories on a stand-alone basis.

The categories are as follows:

GLOBAL EQUITY

Intended to be the primary source of long-term growth for the portfolio, as equities historically have produced high real rates of return. While having higher expected returns, they also have higher volatilities. Sub-categories include both public and private equities.

GLOBAL FIXED INCOME/CREDIT

Intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities and can be further categorized as interest rate sensitive and credit sensitive. Sub-categories include both public and private debt

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REAL ASSETS

Intended to insulate the portfolio from inflation shocks and to provide a source of non-correlated returns with other asset categories. Includes real estate investment trusts (REITs), global infrastructure, natural resources, and commodities.

DIVERSIFYING STRATEGIES

Intended to provide diversification from systematic market risk, as the primary determinant of returns is typically manager skill (alpha) rather than market return (beta). Includes directional and non-directional strategies that seek low correlations to the public equity and fixed income markets.

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.

Rebalancing: The Investment Advisor will actively manage the assets on an ongoing basis but seek to remain within the minimum and maximum ranges. At its discretion, the Investment Advisor will rebalance the portfolio. Cash flows may also prompt the Investment Advisor to rebalance the portfolio within the strategic ranges. Should any category move out of acceptable range due to market fluctuations, the Investment Advisor will use prudence in rebalancing the portfolio in a timely fashion.

For new, large gifts received greater than or equal to \$500,000 Staff will discuss with Investment Advisor the optimal way to invest the funds in a manner consistent with this policy.

Excess Business Holdings: Refer to the Gift Acceptance and Acknowledgement Policy

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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:	60%	70%	80%	
U.S. Equity	33	43	53	Russell 3000
U.S. Large Cap	26	36	46	Russell 1000
U.S. Small Cap	0	7	15	Russell 2000
International Equity	17	27	37	MSCI ACWI ex-US IMI (net)
Developed Int'l Large Cap	10	20	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%	35%	
U.S. Core	10	22	35	Bloomberg Barclay's Aggregate
U.S. Short Gov't/Credit	0	0	10	Bloomberg Barclays 1-3 yr. Gov't/Credit
High Yield Fixed Income	0	2	10	-
High Yield Fixed Rate	0	2	10	Bloomberg Barclays U.S. Corporate High Yield
High Yield Floating Rate	0	0	10	CS Institutional Leveraged Loan
International Fixed Income	0	0	10	
International Core	0	0	10	Bloomberg Barclays Global Aggregate ex-U.S.
Emerging Markets Debt (USD)	0	0	10	Bloomberg Barclays EM Aggregate USD
Total Real Assets:	2%	4%	10%	
U.S. Gov't Inflation Linked Bonds	0	1	5	Bloomberg Barclays U.S. Gov't ILB
Global Inflation Linked Bonds ex-U.S.	0	0	5	Bloomberg Barclays Global ILB ex-U.S.
Global REITs	0	1.5	7	S&P Developed Property Total Return
Commodities	0	1.5	5	Bloomberg Commodity
Total Private Markets:	0%	0%	15%	
Private Equity	0	0	10	Cambridge Private Equity
Private Debt	0	0	10	Cliffwater Direct Lending
Private Real Estate	0	0	10	Cambridge Private Real Estate
Cash Equivalents	0%	2%	15%	IA SBBI US 30 Day T-BILL

PERFORMANCE BENCHMARK

PRIMARY OBJECTIVE:

The primary objective of the Foundation is to achieve a total return, net of fees, equal to or greater than the level of distributions, administrative and investment expenses.

The Foundation evaluates portfolio across three benchmarks:

- 1. Primary Objective (Absolute):** Minimum return needed to achieve the portfolio's objectives
Typically stated as Spending + Administrative Expenses + Investment Expenses
- 2. Broad Policy Benchmark (Relative):** Comprised of mutually exclusive broad market asset class indices to measure policy decisions

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Benchmark is intended to assess the constructed risk profile to evaluate strategic, tactical and active manager decisions

3. **Target weighted Benchmark (Relative):** is comprised of specific indices, weighted in proportion to the portfolio's target allocation
Benchmark measures the contribution of any strategic biases when compared to Broad Policy Benchmark (Market Cap, Style, Geographic, Credit Quality)

Return Expectations:

Target Weighted Benchmark > Broad Policy Benchmark > Primary Objective



PRIMARY OBJECTIVE (%’s may change annually): Over a full-market cycle is:

DESCRIPTION	FACTOR
Distribution Policy	+ 4.50%
Administrative Fee	± 1.50%
Investment Fees	± .40%
Total Return	≥ 6.40%

BROAD POLICY BENCHMARK:

A relative objective is to achieve a total return in excess of the Broad Policy Benchmark comprised of each broad asset category benchmarked by its overall target allocation.

Weight	Index	Asset Categories
74.0%	MSCI ACWI	Global Equities / Real Assets
26.0%	Bloomberg US Aggregate	Global Fixed Income / Cash

TARGET WEIGHTED BENCHMARK:

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A relative objective is to achieve a total return in excess of the Target Weighted Benchmark comprised of a blend of benchmark indices weighted to the sub-asset class targets noted in the Asset Allocation Guidelines

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

Total Weighted Benchmark

36% Russell 1000; 7% Russell 2000; 20% MSCI EAFE (net); 7% MSCI Emerging Markets (net); 22% Barclays Aggregate; 2% Barclays High Yield; 1% Barclays US Gov't ILB; 1.5% S&P Developed Property; 1.5% Bloomberg Commodity; 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 artwork.
- 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 crypto currencies.

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 at least annually 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.

Community Giving 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.

EVALUATION OF THE INVESTMENT ADVISOR

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In addition to the Portfolio performance results, the Investment Advisor will be reviewed on an on-going basis based on overall service provided to the Portfolio. Specifically, the Investment Advisor will be evaluated on the following criteria:

1. **Responsiveness:** answers questions, concerns, and requests quickly and in a timely manner while following through and completing required tasks;
2. **Business Relationship:** knowledge of the Foundation and the portfolio; knows the people associated with the Portfolio;
3. **Professionalism:** treats Staff with dignity, interest, and respect; conveys strong desire and commitment to serving the Portfolio;
4. **Proactivity:** brings ideas and suggestions to the Investment Committee, Staff, and Board;
5. **Problem Resolution:** able to resolve issues and problems in a quick and effective manner;
6. **Technical Knowledge:** understands financial issues and can clearly explain complex concepts; understands the Portfolio's specific goals and objectives; and,
7. **Portfolio Reports:** reports are accurate and delivered in a timely manner; the report format is user friendly and easy to understand; reports contain relevant information that is useful in decision making.

Accepted:

For: **COMMUNITY GIVING FOUNDATION**

By: Marissa Marshall Golla
Name

Marissa Marshall Golla
Signature

Secretary
Title

7/24/23
Date

For: **WILMINGTON TRUST**

By: _____
Name

Signature

Title

Date