



Investment Policy Statement

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OVERVIEW

PURPOSE AND STRUCTURE

This Investment Policy Statement (“IPS”) is adopted by the Community Foundation of Elkhart County Board of Directors (the “Board”) to direct the prudent investment of its investment portfolio (the “portfolio”) in a manner consistent with UPMIFA and the investment objectives stated herein. One IPS version applies generally to the scope of responsibilities and expectations regarding the Investment Committee, including a composite asset allocation table and benchmarks. Individual IPS versions apply to the specific responsibilities of each individual Investment Advisor and their respective Investment Managers. All IPS parts must be combined to constitute the entire IPS for the Foundation.

The Investment Committee shall perform an annual review of this IPS to ensure the portfolio continues to be managed in a manner that is consistent with the goals of the Foundation.

SCOPE

This Policy applies to all assets that are included in the Foundation’s investment portfolio for which the Investment Committee has discretionary investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives outlined in the policy, the Board, Investment Committee, and all Investment Advisors 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

OVERVIEW

A summary of roles and responsibilities is as follows:

Activity	Investment Advisor	President	Investment Committee	Board of Directors
Investment Policy Statement	Recommend	Input & Review	Approve & Recommend	Approve
Distribution Policy	Input	Recommend	Approve & Recommend	Approve
Rebalancing	Implement	Informed	Informed	--

Investment Advisor (Hiring/Firing)	--	Input	Approve & Recommend	Informed
"Liquid" Investment Managers (Hiring/Firing)	Implement	Informed	Informed	--
"Illiquid" Investment Managers (Hiring/Firing)	Recommend	Input	Approve	--
Custodian (Hiring/Firing)	Input	Approve & Implement	Informed	--

BOARD OF DIRECTORS

The Board has the ultimate fiduciary responsibility for the investment portfolio. The Board must ensure that appropriate policies governing the management of the portfolio 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 Investment Committee for ongoing monitoring.

INVESTMENT COMMITTEE

The Investment Committee is responsible for setting the target allocations within policy ranges and for overseeing the execution of the overall Investment Policy. Overall target allocations and policy ranges so established shall be published as an addendum to this IPS and submitted as a report to the Board when adopted. Execution of the policy includes oversight and evaluation of the Investment Advisors, selecting Investment Managers who report directly to the committee and, in appropriate cases, selecting individual assets for the Foundation portfolio. It must use due diligence in carrying out these responsibilities. It is responsible for monitoring the performance of the composite investment portfolio and maintaining sufficient knowledge about the portfolio so as to be reasonably assured of compliance with the Investment Policy Statement. It shall be responsible for determining the reallocation of funds among Investment Advisors and shall advise the Board thereof. It shall review the proposed changes to the Investment Policy Statement and make recommendations to the Board as needed.

PRESIDENT

The president has daily responsibility for the administration of the portfolio and will consult with the committee and board on all material matters relating to the investment of the portfolio. The president will serve as the primary contact for the Foundation's Investment Advisors, Investment Managers, and Custodian. The president will be responsible for obtaining composite reports for the Investment Committee showing the assets held by the Investment Advisors and their allocation into major and minor categories.

INVESTMENT ADVISORS

The Investment Advisors are responsible for all aspects of managing and overseeing their portion of the Foundation's portfolio. On an ongoing basis, the Investment Advisors will:

1. Select Investment Managers and/or securities, consistent with this Investment Policy Statement;
2. Implement their investment strategies, including the selection/termination of securities and/or investment managers, within the investment policy guidelines and investment authorities which apply to them;
3. Monitor the asset mix and allocate assets in the allocation classes within the investment policy guidelines which apply to them;
4. Immediately notify the Investment Committee in writing of any material changes in its investment outlook, strategy, portfolio structure, ownership or senior personnel;
5. Disclose to the Investment Committee relevant policies for appraising risk management in situations where Investment Advisors or their Investment Managers are using short selling, margin trading and/or leverage;
6. Provide the Investment Committee with a report of their due diligence investigation of Investment Managers and their asset offerings;
7. Provide for the voting of proxies and share tenders in a manner that is in the best interest of the Foundation and consistent with the investment objectives contained herein;
8. Provide the Investment Committee with quarterly performance reports net of fees;
9. Provide the Investment Committee with an annual statement of all fees being charged, listed individually by advisor and manager;
10. Assist the Investment Committee periodically, with a review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives;
11. Supply the Investment Committee with other reports or information as reasonably requested.
12. Provide the Custodian with accurate and timely reports of all activity needed by the Custodian to carry out its responsibilities.
13. Provide relevant information to the Custodian and Foundation's auditors regarding the valuation of private investments.
14. Meet at least annually with the Investment Committee to review strategy and performance.

INVESTMENT MANAGERS

1. Open communication between the underlying Investment Managers and each Investment Advisor is critical to the success of the Foundation. It is expected that the underlying managers shall make information readily available that is essential to the Investment Advisor's ability to manage their portfolio. It is expected that the Investment Advisors will seek relevant information required to assess the Investment Managers' performances.
2. Where the relationship of the Investment Manager is directly linked to the Foundation through the Investment Committee and the Foundation staff, the Investment Manager shall be responsible for managing the assets in its portfolio and voting proxies in the best interests of the Foundation. The Investment Manager shall furnish information to the Foundation. Examples of such information are set out below:
 - i. Reviews of key investment decisions, investment performance, and portfolio structure.
 - ii. Updates on any organizational changes, including, investment personnel and processes, as well as any other material information that would influence the Investment Committee's decision to retain such investment manager.
 - iii. Transactions and asset statements
 - iv. Quarterly performance reviews net of fees with fees described;
 - v. Accurate and timely reports of all activity needed by the Custodian to carry out its responsibilities;
 - vi. Relevant information to the Custodian and Foundation's auditors regarding the valuation of private investments;
 - vii. Annual summary of proxy voting and soft dollar brokerage as defined in the respective sections of this IPS;
 - viii. Other reports or information as needed.

It is expected that Investment Managers will meet annually with the Investment Committee or its representative.

CUSTODIAN

The Custodian is an integral part of managing and overseeing the Foundation's portfolio. Open communications with the Foundation, its Investment Advisors and Investment Managers (if needed) will ensure accurate and timely reporting, and may provide early detection of any unexpected compliance or reporting problems.

The Custodian shall:

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 Foundation, its Investment Advisors and Investment Managers (where applicable) special reports as reasonably requested; and

3. Communicate immediately any concerns regarding portfolio transactions or valuation, or material changes in trustee personnel or procedures.
 4. Provide the Investment Committee with a consolidated performance report for the entire portfolio on a quarterly basis.
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OBJECTIVES

The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses including those imposed by the foundation itself), through appreciation and income, greater than the rate of inflation (as measured by the Consumer Price Index) plus any spending, which is anticipated, on average, not to exceed 5% annually of the Fund, valued over rolling 16 quarter periods, thus protecting the purchasing power of the assets.

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.

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

Each Investment Advisor is responsible for submitting to the Foundation an Asset Allocation Table which specifies the major and minor categories of assets which will be used to meet the Foundation's objectives, the percentage range, and targets within each range. Investment Managers may be requested to submit the same information at the discretion of the Investment Committee. Reports submitted to the Foundation will show the investment managers or assets within each category and the percentage of the portfolio at market value. The selection and use of specific benchmarks to gauge the relative performance is expected.

The asset categories described in the following table are intended to represent very broadly a ratio of 85% equity assets representing ownership of property interests with variable returns and 15% fixed income assets representing debt issues or other property interests with more predictable returns. Some assets or categories may have both of these characteristics.

LIQUIDITY

The Foundation seeks to maintain adequate liquidity to accommodate spending needs and other requirements as communicated by the Board. Liquid assets, defined as assets that can be converted to cash within one year without having to be sold at a discount (e.g., public stocks), will comprise of at least 60% of the value of the Fund after accounting for uncalled committed capital. The target allocation to illiquid assets, defined as assets that cannot be converted to cash within ten years without having to be sold at a discount (e.g., private equity partnerships) is 20% of the Fund. In between liquid assets and illiquid assets are semi-liquid assets, defined as assets that can be converted to cash beyond one year and within ten years (e.g., some hedge fund partnerships). The liquidity profile will be reviewed at Investment Committee meetings.

CASH MANAGEMENT

Each quarter the Foundation's Chief Financial Officer will prepare a 90-day forecast of cash inflows and outflows for review by the President and Chair of the Finance Committee. The Foundation President and Chair of the Investment Committee are authorized to manage unexpected cash inflow and outflow needs on behalf of the Investment Committee, if necessary, in between quarterly meetings of the Investment Committee. The goal of cash management is to avoid unnecessary transaction costs incurred by the portfolio (i.e., placement and liquidation costs) while at the same time deploying excess cash into the investment portfolio without delay.

ASSET ALLOCATION TABLE

Composite Portfolio

Asset Class	Min	Target	Max	Benchmark
Equities	60%	77%	90%	
Public Equities	40%	60%	80%	MSCI All Country World Index Investable Markets Index
Private Equity*	5%	17%	30%	CFEC Private Equity Return
Real Assets	0%	3%	10%	
Private Real Assets*	0%	3%	10%	CFEC Private Real Assets Return
Fixed Income	5%	12%	20%	Bloomberg US Aggregate Index
Diversifying Strategies	0%	5%	20%	HFRI FOF Composite Index
Cash	0%	3%	10%	BofA Merrill Lynch 3-Month U.S. T-Bill
*Components of Private Capital to add up to 20% Target and 5%/30% min/max				

PERFORMANCE MEASUREMENT

All investment returns shall be measured net of fees.

TIME HORIZON

The Investment Committee seeks to achieve investment objectives over a full market cycle. The Investment 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 underperformance relative to the broad markets. For this reason, long-term investment returns will be measured over a 5-year moving period. Intermediate investment returns shall be reported over 1-year and 3-year moving periods.

PRIMARY MISSION

The primary objective of the Foundation is to achieve a total return, net of fees, in excess of spending and inflation.

Total Return greater than Consumer Price Index + 5%

COMPOSITE 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 Categories</u>
60%	MSCI All Country World Index Inv. Mrkts Index	Global Public Equities
17%	CFEC Private Equity Return	CFEC Private Equity Investments
3%	CFEC Private Real Assets Return	CFEC Private Real Assets Investments
12%	Bloomberg US Aggregate Index	Fixed Income
5%	HFRI FOF Composite Index	Diversifying Strategies
3%	BofA Merrill Lynch 3-month US T-Bill Index	Cash

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 for 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 have been met for the Foundation's investments.

DOCUMENTATION

This IPS was last reviewed and approved by the Board in its meeting on the ____12th____ day of ____December____, ____2024____.