THE COMMUNITY FOUNDATION
FOR CRAWFORD COUNTY
"Home is Why"

APPROVED BY THE BOARD OF TRUSTEES FEBRUARY 28, 2024

The Community Foundation for Crawford County

Mason Investment Advisory Services

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I. Introduction

The purposes of this Investment Policy Statement are to:

A. establish an understanding of the philosophy and investment objectives for the Foundation's Board of Trustees ("Board"), Investment Committee ("Committee"), donors, grantees, and the Investment Consultant ("Consultant");
B. serve as requirements for the Consultant retained; and
C. serve as the basis for monitoring the ongoing performance of the Consultant and The Community Foundation for Crawford County ("TCF4CC") in total.

TCF4CC is a public charitable organization incorporated in the State of Ohio in 1984 by citizens of the Bucyrus area and with the help of the Timken Foundation. The charitable features of TCF4CC are designed to improve the quality of life in the Bucyrus area through support of nonprofit programs and services in the areas of health, economic development, basic human needs, education, cultural activities, environment, community services, youth and recreational activities and the arts. The Foundation provides flexibility in responding to charitable requests and identifies changing needs within the community. The timely shifting of priorities is accomplished by a Board of Trustees, consisting of members selected for their experience in understanding the Crawford County community and awareness of a community foundation's role in addressing these concerns.

The investment funds of TCF4CC are a vital source of grants to the community. The growth and enhancement of the assets entrusted to the Foundation's stewardship (measured in constant dollars adjusted for inflation) is necessary to provide funds to enable the Foundation to meet changing conditions and address community pressures and opportunities. For these reasons, superior management of these assets is critical to enable TCF4CC to maintain its long-term interest and involvement in the philanthropic needs of the community.

The Committee is responsible for making recommendations to the Board of TCF4CC concerning the investment policies of the Foundation including, but not limited to, establishing investment policies, selecting the Consultant, approving the investment strategies of the Consultant, selecting master record keepers and custodians, determining the asset allocation, and monitoring investment performance.

Fiduciary Duty

In seeking to attain the investment objectives set forth in this policy, the Committee, Board and Investment Advisor shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires fiduciaries to apply the standard of prudence in investment decision making, stating "Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's portfolio…" All investment action and decisions must be based solely in the interest of the Foundation, taking into consideration the overall resources of the Foundation and the financial objectives of the Funds. Fiduciaries must also provide full and fair disclosure of all material facts regarding any potential conflicts of interest.
As summarized for the purposes of this Investment Policy Statement, the UPMIFA 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. This standard requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation. In making and implementing investment decisions, the Committee has a duty to diversity the investments unless, under special circumstances, the purposes of the Foundation are better served without diversifying.

In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

II. Investment Objectives

The primary investment objective of the TCF4CC's investment portfolio (the "Portfolio") is to provide a relatively stable, inflation adjusted, annual payout to support the Foundation's defined spending rate, as well as provide capital appreciation to grow the Portfolio over time. There will be some inevitable volatility in principal value in this Portfolio, but it may offer the potential for a sustainable payout plus underlying growth over the long term.

To assist the Foundation in gauging the success of the return on investments, the Foundation shall employ as its investment minimum return goal the following formula:

Nominal Net of Fee Internal Rate of Return - CPI = Spending Rate (4%) + Admin fee (1%) plus underlying growth in capital.

The target return is measured based on a trailing five year annualized return. This is the time period used to gauge whether or not the portfolio is meeting its objective. Each individual period may be more or less than the target. The probability of success of achieving the minimum return goal increases as the length of the evaluation period increases. It is anticipated that there will be periods of time where the five year trailing calculation will be below the minimum return goal. There must be a tolerance for these periods in order to remain with the long term strategy and not change at inopportune times.

III. Spending Policy

The Foundation shall distribute 4.0%% of the Portfolio's average market value over the prior 20 quarters to support the Foundation's charitable pursuits. This 20 quarter average was chosen to accommodate (smooth out) the payouts based on a more volatile, growth-oriented portfolio. The spending of assets will be consistent with guidelines established by the Board in a prudent manner upon consideration of several factors including but not limited to the following: economic conditions, the possible effects of inflation or deflation, the expected return of the investments, other resources of the Foundation and other factors identified by the Uniform Prudent Management of Institutional Funds Act.

This spending policy may be revised by the Committee and submitted to the Board for approval from time to time.

IV. Asset Allocation

The Committee believes that the Portfolios' risk and liquidity posture are, in large part, a function of asset class mix. The Consultant has presented, to the Committee, summary information about the long-term performance of various asset classes, focusing on balancing the risks and rewards of market behavior. Considering the Portfolio's investment objective, time horizon, risk tolerances, performance expectations, and asset class preferences, an appropriate portfolio allocation was identified, as shown in the following "Asset Allocation Targets" chart (see Appendix). The targets shown in the chart will not be changed without Committee approval.

After the allocation strategy is implemented, the Consultant is responsible for rebalancing the portfolio, applying the methodology approved by the Consultant's Investment Committee. Any change in methodology will be communicated to the Foundation in writing contemporaneously.

<u>Risk Considerations</u>

While acknowledging the importance of preserving capital, the Investment Committee recognizes the necessity of accepting risk if the Portfolio is to be able to meet its long-term investment goals. It is the view of the Committee that choices made with respect to asset allocation will be the major determinants of investment performance. The Investment Committee shall seek to ensure that the risks taken are appropriate and commensurate with the Portfolio's goals.

The Portfolio shall be diversified both by asset class and within asset classes. Within each asset class, investments shall be diversified further among economic sector, industry, quality and size. The purpose of this diversification is to provide a reasonable assurance that no single security or class of securities will have a disproportionate impact – positive or negative – on the overall performance of the Portfolio.

<u>Rebalancing</u>

The Investment Managers will actively manage the Asset Allocation of their Portfolio based on their determination of market valuations in each fund but remain within their target ranges at all times. Should any category move out of acceptable range due to market movements, the Investment Manager shall use prudence in rebalancing the portfolio, taking into consideration factors such as illiquidity and investment outlook.

Relative to the overall Asset Allocation of the Portfolio, the Investment Committee shall maintain the authority to oversee, manage and direct the Asset Allocation in according with the IPS. Specifically, it is the responsibility of the Investment Committee to review the overall Portfolio, and if necessary direct the Investment Advisor and/or the Investment Managers to reallocate the Asset Allocation in a designated manner.

V. Investment Restrictions

When selecting mutual funds and exchange-traded funds (ETFS), the Consultant will use due diligence criteria prescribed in this Investment Policy Statement (mutual funds and ETFs will be referred to as "managers" unless specifically referenced).

No "illiquid" investments, such as private placements, limited partnerships, and hedge fund vehicles (among others) may be purchased by the Consultant without the recommendation of the Committee and approval of the Board.

VI. Due Diligence Policy

For an asset allocation strategy to be effective, each asset class must be represented by using a manager that will best represent the class objective. Otherwise, the results will most likely be different than anticipated. This is particularly true during times of adversity or crisis.

A qualifying manager must be a registered investment advisor under the Investment Advisors Act of 1940. The Consultant will decide which managers to use based upon their particular contribution to the Fund.

To identify managers who fit the implementation objectives, a rigorous research process is followed. The research process involves first an evaluation of fund families to identify superior families, followed by an analysis comparing the individual managers of the approved fund families in each asset class.

Individual Manager Analysis
Individual funds are selected from the approved fund families mainly on the basis of the style of manager(s) which is most appropriate in terms of constructing the target model portfolio. The manager(s) selected within each asset class should provide the appropriate level of diversification and style purity with the best likelihood of providing optimal performance after the hire date. While analysis will vary by asset class, the goal is to utilize funds from the particular superior fund families which provide strengths most relevant to the asset class being evaluated. Managers will be regularly evaluated for style drift and competitive cost structure.

Benchmarks and Reference Points
Several evaluation benchmarks are required to measure both the success of the allocation strategy as well as the managers used to implement the allocation. To measure the success of the allocation strategy, the Committee will use both Domestic and Global Stock/Bond mixes, as well as a Growth Allocation Reference Point. These benchmarks are described below.

Domestic and Global Stock/Bond Mixes:
The Domestic and Global Stock/Bond Mixes are comprised of the same ratio of equity to fixed income as that of the Portfolio (77% equity and 23% fixed income). These mixes are derived from the indices described below. Monthly rebalancing is assumed. The performance of the equity/fixed

income mixes is presented net of the average annual Exchange Traded Fund (ETF) and Index Fund expense ratio, prorated monthly.

77/23 Domestic Stock Domestic Taxable Bond Mix
77% Wilshire 5000 Total Market Index
23% Bloomberg US Aggregate Bond Total Return Index

77/23 Global Stock Global Taxable Bond Mix
77% S&P Global Broad Market Index
23% Bloomberg Global Aggregate Total Return Index

The Wilshire 5000 Total Market Index represents all U.S. equity securities that have readily available prices.

The Bloomberg US Aggregate Bond Total Return Index represents the performance of the U.S. investment grade fixed-rate bond market, including both government and corporate bonds.

The S&P Global Broad Market Index (BMI) is a top-down, float capitalization-weighted index which measures the performance of the entire universe of institutionally investable equity securities.

The Bloomberg Global Aggregate Total Return Index provides a broad-based measure of the global investment-grade fixed income market, including government, credit and collateralized securities.

The Portfolio, which contains both domestic and global investments that are not intended to match the domestic and global weightings of these stock/bond mixes, may achieve returns that are greater or less than these mixes, depending upon the relative performance of the domestic and global investments.

Equity Biased Growth Reference Point: This reference point, produced by Morningstar, includes all funds contained within the Morningstar Allocation – 70%-85% Equity Allocation – 70%-85% equity portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios typically have 70% to 85% of assets in equities and the remainder in fixed income and cash.

The Committee agrees that this is a reference point. The performance of the Fund may be greater or less, depending upon how aggressive the asset allocation strategy is relative to that of the Managers included in the reference point.

Benchmarks for Managers
To measure the success of the managers used to implement the allocation, each manager will be measured against its specific peer group, using a category average of mutual funds with the same asset class focus. Fund families whose performance has, in aggregate, tended to be superior when compared to relative performance of other fund families will be deemed acceptable and thus generally used.

Other Considerations
Although short term underperformance will be tolerated and closely monitored by the Consultant, managers are normally expected to perform at or above their peer group averages. Both qualitative

and quantitative measures have been developed to determine when a manager termination is appropriate.

VII. Short Term Reserve Management Policy

From time to time TCF4CC may maintain large cash balances in reserve for future needs and contingencies. The Consultant is authorized to manage these reserves for enhanced yields consistent with a conservative cash management policy. To manage credit risk, instruments used for cash management will be limited to the following:

- Money Market Mutual Funds and "ultrashort bond funds"
- Government issues (known as "Treasuries")
- Government-Sponsored Enterprise Securities (known as "Agencies"), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government.
- FDIC insured Certificates of Deposit, to be bought in increments up to the maximum insured limit per bank to assure insurance coverage and only at banks rated 165 ("Excellent") or higher, as rated by the *Bank Financial Quarterly*, issued by IDC Financial Publishing, Inc.

With the possible exception of the "ultra short bond funds", no instrument will have a maturity at issue, or remaining maturity at purchase, of greater than twelve months. Generally, and depending upon the specific liquidity needs of the Foundation, a ladder strategy will be employed to further minimize interest rate risk.

VIII. Delegation of Authority and Responsibilities

Investment Committee
The Finance Committee is responsible for the development and implementation of the investment policy. This responsibility includes determining investment strategy, selecting the Investment Consultant, establishing the scope and terms of the delegation of the investment management of the Portfolio, and monitoring the Consultant's performance and compliance with the scope and terms of the delegation.

Board of Trustees
The Board shall have final responsibility for ensuring the prudent investment and management of assets comprising the Portfolio. The Board shall have the authority to approve or reject the Investment Policy Statement developed by the Committee. Once the Investment Policy Statement has been approved by the Board, the Board shall authorize the Committee to implement the Investment Policy Statement. At least annually, the Committee, possibly with the help of the Consultant, shall present to the Board a performance report and review of the Investment Policy.

President, Chairman, Treasurer, or Secretary of the Foundation
Sign all appropriate contracts, open accounts, and give any other authorizations needed by the Consultant to affect the terms of this Policy Statement.

Investment Consultant

The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:

1. Provide the Committee with quarterly performance reports. This report will measure performance of the Portfolio and each manager within the Portfolio, with comparisons to benchmarks and reference points as described in the Due Diligence Policy section (Section VI). Also, this report will illustrate actual asset allocations as compared to the targets set by this Policy Statement;

2. Report to the Committee quarterly;

3. Monitor the activities of each investment manager or investment fund;

4. Provide the Committee with an annual review of this Policy Statement, including an assessment of the TCF4CC's current asset allocation, spending policy, and investment objectives; and

5. Supply the Committee with other reports or information as reasonably requested.

The Consultant shall supervise and direct the investment of the Portfolio as specified in this Policy Statement. Supervision is continuous, with limited discretion. Limited discretion means that the Consultant is responsible for assessing the appropriateness of asset allocation strategies but does not have discretion to change the strategy without the Committee's approval. The Consultant has discretion and is required to rebalance the Portfolio to maintain the asset allocation using the methodology approved by the Consultant's Investment Committee. The Consultant also has discretion to change managers as required by the Due Diligence Policy described in this Policy Statement.

Custodian

Custodians are responsible for the safekeeping of the portfolio's assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings.
2. Collect all income and dividends owed to the portfolio.
3. Settle all transactions (buy-sell orders).

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Appendix

Mason Investment Management Services (MIMS)
D Asset Allocation Strategy
The Community Foundation For Crawford County

Recommended Asset Allocation	Model-D
Safety	
Cash	1.00%
Total Safety	**1.00%**
Income Assets	
Short Term Bond	4.00%
Intermediate Term Bond	8.50%
Inflation Protected Bond	4.00%
International Bond	5.50%
Total Income Assets	**22.00%**
Growth Assets	
Large-Cap Value	17.00%
Large-Cap Growth	11.00%
International Large-Cap Value	7.00%
International Large-Cap Growth	5.00%
Real Estate	7.00%
Total Growth Assets	**47.00%**
Aggressive Assets	
Small-Cap Value	11.00%
Small-Cap Growth	1.00%
Small-Cap Blend	2.50%
Global Small-Cap Growth	3.00%
International Small-Cap	4.50%
Energy/Natural Resources	8.00%
Total Aggressive Assets	**30.00%**
Total Portfolio	**100.00%**

Mason has the authority to make allocation adjustments to the above targets. Overall aggregate equity and bond targets will be similar to those above.

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Authorized Signer

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Authorized Signer

Note: it is normal for the portfolios to deviate to some degree from target percentages.