

Section:	<b>IV. FUNDS, FINANCIAL MANAGEMENT AND GRANT ACTIVITIES</b>
Document Number:	<b>IV.E.</b>
Document Name:	<b>INVESTMENT POLICY STATEMENT</b>
Effective Date:	12/05/2007
Revision 1	04/06/2011
Revision 2	08/01/2012 - Added wording for outside investment manager
Revision 3	08/01/2013 - Revised ranges, funds, benchmarks and performance goal. Added UPMIFA revisions and simplified language
Revision 4	02/05/2014 – New asset Allocation Ranges, Targets and Benchmarks
Revision 5	04/01/2015 -Revised allocations, Targets and Benchmarks – Signatures at End
Revision 6	06/17/2017 – Outside Managed Funds established at \$100,000 to be brought up to \$250,000 w/ 36 months
Revision 7	02/06/2019 – Revised portfolio guidelines see Appendix Exhibit A
Revision 8	Per 5/5/21 Internal Control Policy changes approved by Board - Remove maximum # of committee members, change in outside managed fund authorization
Revision 9	2/1/2023 Reaffirm portfolio guidelines - signed

**EXECUTIVE SUMMARY:**

Foundation Name:	Communities of Coastal Georgia Foundation
IRS Tax ID:	20-2454729
Type of Fund:	Community Foundation
Planning Time Horizon:	5-10 years or longer
Minimum Return:	CPI + Spending Policy (said policy not to exceed 5% )
Risk Tolerance:	Moderate

**STATEMENT OF PURPOSE OF POLICY DOCUMENT**

**The Investment and Spending Policy for Endowment Funds** was originally adopted by the Board of Directors of the Communities of Coastal Georgia Foundation (the “Board”), December 5, 2007 to direct the prudent investment of its investment portfolio (the “Portfolio”) in a manner consistent with the investment objectives stated herein. Revisions are made, as appropriate, to reflect new asset allocations and to further define directives. The Board has delegated financial oversight of the Portfolio to the Finance/Investment Committee of the Board (the “Committee”). The Policy Statement shall be used by the Committee in its duty to oversee the investment portfolio and by the Portfolio’s Investment Managers and consultants, as appropriate.

The Board of Directors of the Communities of Coastal Georgia Foundation (CCGF) has adopted this Investment and Spending Policy (IPS) for its Endowment in order to:

- Establish in a written document an overall investment philosophy outlining the board’s attitudes, expectations, and guidelines as well as specific investment goals, limitations, and objectives.
- Ensure good stewardship, prudent investment, and payout of its donors’ philanthropic investments in their community through the Foundation in line with UPMIFA standards.
- Clearly articulate CCGF’s policies governing the investment of its Endowment to ensure a consistent understanding and application of such policies by its board, staff, finance committee, investment sub-committee, consultants, managers, and custodians.
- Address the fiduciary obligations and governance standards that apply to the Foundation’s board, staff, and committees to these managing and administrative entities.
- Set forth an investment structure for managing Foundation assets. This structure includes various asset classes, asset allocation policies, and investment approaches. In total, the structure is expected to produce adequate diversification and total investment return over a long-term horizon.
- Provide objectives that are sufficiently specific to be meaningful yet flexible enough to allow for changes in the securities markets and economy.
- Set forth the respective responsibilities of the various parties in connection with the establishment and implementation of this Policy.

## **INVESTMENT POLICY AND PURPOSE OF THE FUND**

The purpose of the Fund is to preserve the principal value of the assets and grow the assets while meeting annual spending goals to respond to the current and changing charitable needs in the Foundation’s geographic area of interest. The CCGF seeks to be a lasting, effective, and ever-increasing charitable resource for coastal Georgia. This requires a growing asset base as well as an annual return on that base which compares favorably to selected indexes. Through a combination of equity, fixed income, and selected alternative investments, the investment manager will employ a total return approach while managing risk through diversification, manager selection, and tactical asset allocation decisions.

## **STATEMENT OF OBJECTIVES**

The Directors will manage the Foundation assets in a manner consistent with the provisions of this Investment Policy Statement and applicable laws and regulations. They will establish an investment mix for the Fund assets in terms of minimum commitments that may be made in equities, fixed income, and other appropriate investments. The Directors will select investment managers and investment vehicles to secure professional management of each component of the investment mix.

The objectives of the Fund have been established in conjunction with a comprehensive review of the Foundation's current and projected financial requirements. The objectives are:

1. Comply with applicable laws, rules and regulations and fiduciary, prudence and due diligence requirements;
2. Provide a relatively predictable and increasing stream of charitable distributions while seeking to preserve long term real purchasing power;
3. Follow a stated spending policy.

The Directors acknowledges that investment results are a critical component in achieving the Foundation's funding and financial objectives.

## INVESTMENT POLICY GUIDELINES

### Investment Objective:

***Total Return greater than Consumer Price Index + Spending Policy + Administrative Fees***

The primary investment objective of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, **equal to or greater than** the rate of inflation (Consumer Price Index) plus any spending and administrative expenses thus, at a minimum maintaining the purchasing power of the Foundation. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending.

### Time Horizon

The guidelines are based on an investment horizon of five - ten years or longer. Interim fluctuations in the financial position of the Fund are to be expected and should be viewed in the context of the long-term objectives and strategies of the Fund. The Fund's strategic allocation is based on this long-term perspective.

Short-term liquidity reserves should be maintained to the extent necessary to address net cash flows from contributions, Foundation expenses and spending plans.

### Fiduciary Duty

All assets shall be managed consistent with sound and prudent fiduciary practices. In seeking to attain the investment objectives set forth in the policy, the Committee shall manage and invest the assets in good faith and with prudence in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the State of Georgia, effective July 1, 2008. The most significant change from its predecessor UMIFA is its elimination of the "historic dollar value" limitation on expenditures from endowment funds. Before UPMIFA, institutions were limited in their

ability to spend from “underwater” endowment funds. All investment actions and decisions must be based solely in the interest of the Foundation.

UPMIFA identifies seven factors that must be considered in the governing board’s decision to appropriate for expenditure or accumulate endowment fund assets:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of the institution and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the institution
- (7) The investment policy of the institution

### **Risk Tolerance**

The Directors acknowledge that some risk in the value of the Fund must be assumed to achieve the Fund’s long-term investment objectives. In addition, the Directors recognize the difficulty of achieving the Fund’s investment objectives in light of the uncertainties and complexities of investment markets.

The Directors assessed the financial health and future growth prospects for the Foundation in determining the Fund’s ability to accept risk in investment returns. The Directors determined that the totality of the factors suggest that the Fund can tolerate interim fluctuations in market value and rates of return in order to achieve long-term objectives.

### **Performance Expectations**

The desired investment objective is a long-term rate of return net of investment fees that is at least 5%, greater than the anticipated rate of inflation as measured by the Consumer Price Index.

### **Asset Allocation Constraints**

A primary function of the asset mix for the Directors are the Fund’s risk and liquidity postures. The Directors reviewed the long-term risk, return, and correlation characteristics of various asset classes and have adopted a policy that investments from the Foundation, will be diversified to prevent adverse effects of any given investment from unduly penalizing the overall portfolio performance.

Asset allocation among equities, fixed income, and alternative investments including hedge funds, real estate, and commodities shall be one method of diversification of investment of Endowment Funds. As the Portfolio is expected to be permanent and because inflation is a key component in its performance objective, the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability especially during periods of weak or negative equity markets.

Ranges: Asset Classes have been selected for inclusion in the asset mix since, as a group, they provide the opportunity to pursue desired return objectives while offering diversification benefits. Please refer to Appendix Exhibit A for a current listing of asset class targets and ranges.

### **Investment Limitations**

1. No more than 10% of a manager's portfolio may be held in the securities of a single issuer.
2. No more than 8% of the total outstanding shares in any company may be held at any time.
3. For diversification purposes, each Manager's equity portfolio should have in excess of 20 positions unless prior authorization is given by the Community Foundation Investment Committee.
4. Alternative investments shall not exceed 20% of the Foundation's assets based on market value.
5. No more than 4% of the Foundation may be managed by any single Alternative Investments Manager. This does not apply to Fund of Funds.

### **REBALANCING OF TARGET ALLOCATION**

Rebalancing the Fund allocation with consideration of the targets and limits given for the various asset classes serves the purpose of maintaining the risk and expected return of the Fund within parameters set by the Directors. Reallocations among asset classes shall reflect the following consideration:

- The investment manager will rebalance the portfolio within the investment guidelines stated herein.

### **Ethics and Standards**

The members of the Committee will act in good faith, with care and due diligence, and in a manner reasonably believed to be in the best interest of the Foundation. Members of the Committee must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests, as set forth in the Foundation's Conflict of Interest Policy in which must be duly recorded in the minutes of Committee meetings.

### **SECURITIES ROLES AND GUIDELINES**

#### **Domestic Equities**

The Directors' decision to invest in domestic equities is based on the expected benefits of investing in this higher returning asset class. Investments will be made in accordance with the following approved guidelines:

- The domestic equity manager will manage an equity-oriented portfolio with exposure primarily to domestic securities.

Performance will be evaluated against a relevant style-oriented index. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the index.

### **International Equities**

The Directors' decision to diversify internationally is based on the expected benefits of improved return from an increased investment universe and reduced volatility.

Investments will be in accordance with the following approved guidelines:

- The international equity manager will manage an equity-oriented portfolio. This is not intended to preclude the tactical use of non-U.S. dollar denominated and dollar or non-dollar short-term investments maturing in 12 months or less.
- The international equity portfolio will provide ex-U.S. exposure that meets the diversification objectives for international investments. The international equity manager will refrain from investing in U.S. securities other than short-term investments.

Currency exposure may be hedged into U.S. dollars or into other currencies in an amount not to exceed total investment (including cash) in any currency being hedged.

Performance will be evaluated against a relevant style-oriented index. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the index.

### **Fixed Income**

The Directors' decision to diversify into fixed-income investments is based on the following asset class expectations:

- Reduce volatility of the total Fund,
- Generate a relatively stable cash flow.

Performance will be evaluated against a relevant style-oriented index. It is expected that each active portfolio will achieve a return over a full market cycle in excess of the index.

### **Cash Equivalents**

The Directors' decision to invest in cash equivalents is based on the need for adequate liquidity to meet obligations and to control exposure to investment risk. Emphasis will be on high-quality, shorter-term investments. Portfolio holdings will be sufficiently marketable to ensure that adequate cash can be provided on a same-or next-day notice, with no material impact on market value. Performance will be evaluated against a relevant style-oriented index. It is expected that each portfolio will achieve a return over a full market cycle in excess of the index.

## **CONTROL PROCEDURES**

### **Duties and Responsibilities:**

**The CCGF Board of Directors** has final responsibility for overseeing the investment of the Portfolio. The Board sets and approves the Investment Policy Statement and delegates responsibility to the Finance/Investment Committee for implementation and monitoring. Quarterly, the full Board will receive a performance report from the Committee chair. At least annually, the investment policy statement will be reviewed by the committee and investment manager for changes to be recommended to the full board.

**The Finance/ Investment Committee (“Committee”)** is responsible for investing the Foundation’s financial assets and implementing the Investment Policy. This responsibility includes recommending to the Board of Directors investment strategy and asset allocation, engaging and evaluating consultants, managers and custodians, meeting and monitoring performance of the investment portfolio at least quarterly, and maintaining sufficient knowledge about the portfolio and its managers to be reasonably assured of their compliance with the Investment Policy Statement. The Committee shall be composed of no less than three members, the majority of whom will be Board members.

**The Finance/Investment Committee Chair** has the responsibility to ensure that the assets of the Endowment are managed in a manner that is consistent with the policies and objectives of the Foundation. The Chair is also responsible for communicating with the board on investment issues.

**The Investment Manager**, as retained by the Board, has the responsibility to manage the Fund assets under its care in accordance with the investment policy objectives and guidelines and as expressed in separate written agreements. The Manager will agree in writing to the fiduciary responsibility as set forth in this investment policy and as modified in the future. The Manager will exercise investment discretion within the guidelines set forth and will promptly inform the Directors in writing of all significant and/or material matters and changes pertaining to the investment of Fund assets and the ownership, management, or financial stability of the Investment Manager. The Manager will promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan, including the responsibility to vote proxies related to the investment manager’s proprietary investment Funds held in the Plan, unless voting responsibility has been reserved in writing to the Foundation Board or its designee. The Manager has the right to solicit proxy voting recommendations from an independent qualified party, on matters that might involve potential conflicts of interest in the performance of the manager’s duties hereunder. Each manager shall keep detailed records of its proxy and corporate actions voting activities and comply with all regulatory obligations.

The investment manager will be reviewed and evaluated on an ongoing basis for his ability to meet or exceed performance objectives as stated in this policy statement, adherence to the philosophy and style articulated by the Committee, ability to meet or exceed the benchmarks agreed upon, performance of other investment managers who

adhere to the same or similar style, continuity of personnel and corporate practices, and level of client service.

### **SPENDING POLICY**

The Directors will strike a balance of meeting reasonable current expenses in the short run and maintaining the purchasing power of the portfolio over the long run. The management of the Foundation's assets generally should reflect an expected distribution ceiling of five percent (5%). The spending policy target, as determined by the Board at its annual meeting, is applied to the average asset value calculated on September 30<sup>th</sup> each year over a rolling twelve-quarter period. This will have the effect of averaging the spending levels and will assist with annual budgeting. It will also have the benefit of not limiting the spending levels during a particular down year in the market or creating an environment of overspending in a particular strong year in the market. The Directors recognize that 5% is the current ceiling and reserve the right in any given year to spend below that figure. The Directors will review at the annual meeting of the Board the spending policy of the Foundation and determine whether changes are advisable.

### **BROKERAGE POLICY**

All transactions effected for the Fund will be "subjected to the best price and execution." If an investment manager utilizes brokerage commissions from the Fund assets to effect soft dollar transactions, detailed records will be kept, and the generation and use of soft dollars shall at all times comply with the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **MONITORING INVESTMENT PORTFOLIOS**

Quarterly performance will be evaluated to assess progress toward attainment of longer-term objectives. The Directors understand that there are likely to be short-term periods during which investment performance results deviate from market and relevant style-oriented benchmarks. The Directors' review of each portfolio will focus on:

1. Adherence to IPS guidelines,
2. Material changes in the manager's organization, investment philosophy and/or personnel
3. Directors' continuing confidence in the investment manager, and
4. Performance comparisons with appropriate benchmarks.

### **DONOR RECOMMENDATION ON OUTSIDE MANAGEMENT OF DAF**

A donor who establishes either an endowed or non-endowed donor advised fund as a component fund of the Foundation may request that the Foundation use a specific investment advisor and/or money manager(s) (collectively and individually "advisors") to invest the funds. The Board has established a minimum of \$100,000 to be brought up to \$250,000 within 36 months to utilize this option. The donor recognizes that the fees and expenses charged by his or her chosen advisor will be deducted from the total return of the fund. The donor and the advisor recognize the financial policies (Investment and Spending Policies and the Administrative Fee Schedule) of the

Foundation apply to the donor's fund, that the fund is the property of the Foundation alone, and that the donor shall exert no influence on its management. A separate policy regarding outside management and detailing its conduct has been approved by the Foundation's Finance/Investment Committee.

**Outside Managed Fund Delegated Authority**

The Foundation's President/CEO has the authority to open and close outside managed funds that adhere to the investment policy and outside management fund guidelines. All special requests outside of policy guidelines must go before the Finance/Investment committee for review.

**INVESTMENT POLICY STATEMENT MODIFICATIONS**

The Directors shall review specific investment objectives and guidelines stated herein at least once annually. The Directors may modify this Investment Policy Statement in whole or in part at any time. The Directors shall communicate changes to this policy to investment managers and shall obtain written acknowledgement of the changes from the managers. All changes to the policy statement shall be in writing and approved by the Directors.

**COMMUNITIES OF COASTAL GEORGIA FOUNDATION**  
**IPS EXHIBIT A**  
**PORTFOLIO GUIDELINES**

Asset Class	Target	Range	Benchmark	Morningstar Peer Group
<b>TOTAL EQUITY</b>	<b>65%</b>	<b>50-75%</b>		
<b>DOMESTIC</b>	<b>50%</b>	<b>20-75%</b>		
Large Cap	37%	20-60%	S&P 500	Large-Cap Blend Equity
Mid Cap	8%	0-15%	Russell Mid Cap	Mid-Cap Equity
Small Cap	5%	0-15%	Russell 2000	Small-Cap Equity
US REITs	0%	0-10%	NAREIT Equity	Real Estate
<b>INTERNATIONAL</b>	<b>15%</b>	<b>0-30%</b>		
Developed	10%	0-20%	MSCI EAFE	Foreign Large Blend
Emerging	5%	0-10%	MSCI Emerging Markets	Diversified Emerging Markets
<b>FIXED INCOME</b>	<b>29%</b>	<b>20-45%</b>		
Core Investment Grade	26%	20-45%	Bloomberg Barclays Aggregate	Intermediate-Term Bond
High Yield	3%	0-10%	Bloomberg Barclays US Corporate High Yield	High Yield Bond
International Developed	0%	0-10%	JPM GBI Global Bond (hedged)	World Bond
International Emerging	0%	0-10%	JPM GBI – EM Global Diversified (un-hedged)	Emerging Markets Bond
<b>ALTERNATIVES</b>	<b>5%</b>	<b>0-15%</b>		
Diversified Hedge Funds	2%	0-10%	HFRX Global Hedge	Multialternative
Hedged Equity	3%	0-10%	HFRX Equity Hedge	Long/Short Equity
Commodities	0%	0-10%	DJ UBS Commodity Index	Commodities
<b>CASH</b>	<b>1%</b>	<b>0-25%</b>		

**Policy Benchmark** – the policy benchmark is a passive blended benchmark of:

- 50% Russell 3000
- 15% MSCI All Country World Index (ACWI) Ex US
- 30% Barclays US Aggregate
- 5% HFRX Global Hedge

Communities of Coastal Georgia Foundation Acknowledgement

Print Name	Signature	Date
<u>Rene' Shelnett</u> - Finance & Investment Committee Chair	<u></u>	<u>2-15-23</u>

Print Name	Signature	Date
<u>Hillary Stringfellow</u> - Board Chair	<u></u>	<u>2-14-2023</u>

Truist Foundations & Endowments Specialty Practice Acknowledgement

Print Name	Signature	Date
<u>Kim Krause</u>	<u></u>	<u>2-13-2023</u>