



Investment Policy

Introduction

This statement sets forth the policy of the Board of Directors of the Community Foundation of Dunn County (CFDC) regarding investments purchased, held, or sold, and the distribution of income from invested funds. The community foundation portfolios are comprised of financial assets or real properties as well as the income and gains or losses, therefrom derived from donations or grants given to CFDC. This statement is to be distributed to any investment advisor utilized by the Foundation. The Investment Committee is to ensure compliance with this statement on behalf of the Board of Directors. Any exception or deviations from this statement must be approved by the Board of Directors of the Foundation.

Investment Objectives

It is the intent of the Investment Committee of CFDC that the assets entrusted to the foundation are managed prudently and productively in accordance with all pertinent provisions of the Wisconsin statutes regarding institutional funds. The guidelines and goals of each of the portfolios will reflect the purposes, risk tolerance, legal restrictions, and time horizons associated with each as well as specific asset allocation guidelines. The purpose of this policy statement is to provide long-term direction for the investment of each of the investment portfolios.

Investment of Funds

The General Endowment Fund – This portfolio is comprised of the General Endowment Fund of CFDC as well as all other permanently restricted named funds whose objectives, risk tolerance, legal restrictions, and time horizons are reflected in the guidelines and goals of this fund. The General Endowment Fund portfolio was created for the purpose of providing adequate income for funding grants awarded by the foundation over the long term. As such, the objective is to increase the value of the fund over time while remaining vigilant of the need to preserve asset value. The Fund was established by the Board of Directors in conjunction with a comprehensive review of the Fund's goals, expectations, risk tolerances, current and projected financial requirements, unique circumstances and present investment election.

Details of the General Endowment Investment Strategy are available in the Investment Policy Statement prepared by our Investment Advisors and approved by the Board of Directors annually. The Investment Committee requires liquidity to meet the Board's annual 5% spending rule. The Strategic asset allocation is 60% equity (both domestic and foreign equities) and 40% bond, debt or cash equivalent securities. A plus or minus 5% range is acceptable before rebalancing. Rebalancing the portfolio will occur annually or more often at the discretion of the committee.

Sub asset classes of the fund include: domestic equity, large, mid or small, international developed equity, emerging markets equity, core fixed income, domestic high yield fixed income, international fixed income (un-hedged), emerging markets debt (high yield of local currency) and cash and equivalents. Evaluation benchmark:

Total portfolio return, evaluated on a risk and return basis against (1) a weighted index representing the target allocation and (2) Callan's endowment/foundation database or a similar analytical tool.

2. *The Charitable Investor Fund* – This portfolio is comprised of assets whose objectives, risk tolerance, legal restrictions, and time horizons are reflected in the guidelines and goals of this fund. This fund may be selected by donors who have attained a minimum contribution of \$500,000 and wish for more market exposure and have a tolerance for higher risk and greater volatility. The objective of the fund is long-term growth.

The Strategic asset allocation is 80% equity (both domestic and foreign) and 20% bond, debt or cash equivalent securities. A plus or minus 5% range is acceptable before rebalancing.

The target equity allocation of the fund should not exceed 40% international. Rebalancing the portfolio will occur annually or more often at the discretion of the committee.

3. *The Heritage Investor Fund* – This portfolio is comprised of assets whose objectives, risk tolerance, legal restrictions, and time horizons are reflected in the guidelines and goals of this fund. This fund may be selected by donors who have attained a minimum contribution of \$500,000 and wish for no market exposure, and minimal risk. The objective of the fund is preservation of capital.

The asset allocation of the fund is 100% in a federally insured or government securities money market fund.

4. *Donor Preferred Fund* – The objective of this investment option is to allow flexibility for accepting donations and investing those donations with the advice of the donor (see Board's Variance Power). This option is only available for new donations to the foundation which will equal or exceed \$500,000 in value.

Excess Business Holdings

The Pension Protection Act of 2006 ("PPA") precludes DAFs from holding more than a minor interest in a business when the donor, fund advisor or a related party ("disqualified person") also holds an interest in the business. This is known as the "excess business holdings" rule. Generally, the excess business holdings rule states that a DAF and persons who are disqualified persons with respect to the DAF may not together hold more than a twenty percent interest in a business enterprise (twenty percent of the voting stock of an incorporated business; twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity; or any interest in a sole proprietorship or unincorporated entity). DAFs receiving gifts of interests in a business enterprise after the effective date of the PPA (August 17, 2006) will have five years to divest holdings that are above the permitted amount.

Although the Foundation does not currently accept gifts of interests in a business enterprise, should that policy change, the Foundation will adhere to IRC 4943 by identifying any potential gift to a DAF that would qualify as an excess business holding and will notify the prospective donor of the PPA requirements prior to the contribution. In addition, should the Foundation accept the gift, the Foundation will monitor any such holding and will dispose of any excess business holding prior to the five-year time limit (or within ten years if the Treasury Department grants an additional five-year holding period), as required by law.

Transfer of Funds

Donors selecting Options 2, 3 and 4 must remain in the chosen investment fund for a minimum of 12 months. After that time, the donor may request in writing that their funds be transferred to another approved

investment fund of the CFDC. Such transfers must be approved by the Board of Directors and a transfer fee of no less than \$250.00 will be charged to the fund.

Board of Director's Variance Power

It is important for all donors to understand that all assets held by the CFDC shall be subject to the Articles of Incorporation and Bylaws of the Foundation, including, but not limited to, the power contained therein for the Board of Directors of the Foundation to modify any restriction or consideration on the distribution of funds from the Fund for any specified charitable purposes or to specified organizations, if in the sole judgment of the Board of Directors of the Foundation (without the necessity of the approval of any participating trustees, agent or custodian), such restriction or condition becomes, in effect, unnecessary, undesirable, impractical, incapable of fulfillment or inconsistent with investment needs of the Foundation or with the charitable needs of the community or area served by the Foundation.

Portfolio Requirements and Guidelines

All investment portfolios shall be invested in securities that are publicly traded in sufficient volume that prompt sales can be affected. Any exceptions to this liquidity policy must be approved by the Board of Directors.

The following are approved investment vehicles: publicly traded domestic common stocks in the small, mid, or large capitalization categories; publicly traded domestic preferred stock; publicly traded United States government bonds; United States government agency securities whether mortgage backed or otherwise; asset-backed securities; corporate bonds; cash equivalents; ETFs; high yield bonds and any mutual fund which invests primarily in the above listed approved securities.

Control and Monitoring

The selected investment advisors will have a fiduciary or best interest responsibility. Approval of the investment advisor shall be by majority vote of the Board of Directors. Fees or expenses paid or other contractual items shall be reasonable and competitive in the marketplace for such services.

No less than quarterly financial reports shall be provided to the Investment Committee and the Board of Directors.

This Investment Policy for Endowment Funds was adopted on March 23, 2023, and reflects only changes necessary as a result of the legal name change of the Foundation and its logo. All other provisions are the same as those adopted on August 17, 2011.

Revised and Approved:	June 16, 2010
Amended:	August 17, 2011
Amended:	May 29 th , 2016