



INVESTMENT POLICY FACT SHEET

*A copy of the full Investment Policy Statement is available from the
Community Foundation office upon request.*

The Investment Policy assists the Community Foundation of Harford County (CFHC) in effectively supervising, monitoring, reporting and evaluating the management of CFHC assets consistent with investment objectives.

The CFHC Board of Directors has ultimate fiduciary responsibility for the investable assets of the foundation. In keeping with CFHC bylaws, the Board has created an Investment Committee that will oversee the CFHC investment portfolio. All members of the CFHC Investment Committee have a legal responsibility for wisely overseeing the investment of CFHC funds.

Investment Committee, Chair – Patrick Pollard

The Investment Committee is a committee comprised of representatives from the Board, staff, the community, and the Investment Advisor. They are responsible for overseeing the management of Foundation assets and implementing the investment policy set forth in the Investment Policy Statement. They shall act solely in the best interest of the Foundation and in concert with the mission of the Foundation. They are authorized to engage the services of investment professionals. Currently, the CFHC investment portfolio Investment Advisor is Elizabeth Plunkett, Wells Fargo Advisors, at the direction of the CFHC Investment Committee. A full list of committee members and investment fees is available on the CFHC website and by request from CFHC.

Objectives

The performance objective is to grow the market value of assets less inflation, spending, and expenses, over a full market cycle (defined as a three to five year period) without undue exposure to risk. CFHC seeks to:

1. Earn a total return of 5% over inflation.
2. Obtain and maintain a level of programs and services through sufficient total return that is reinvested and new funds that are added to keep pace with cost increases and program expansions.
3. Maximize return within reasonable and prudent levels of risk.
4. Maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.

Risk Tolerances

CFHC recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio. CFHC's prospects for the future, current financial condition and level of funding in the portfolio suggest collectively minimal interim fluctuations in market value and rates of return may be tolerated with the portfolio in order to achieve longer-term objectives.

Strategy

The Portfolio is expected to endure into perpetuity and inflation is a key component in its Performance Objective. Therefore the long-term advantage of investing in equity securities outweighs their associated short-term volatility (risk). As a result, the majority of assets will be invested in equity or equity-like securities (alternative investments). 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. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs.

The Committee's general policy shall be to diversify investments within equity and fixed income securities, in addition to alternative investments so as to provide a balance that will enhance total return.

Spending Policy for Endowed Funds

Spending for donor-advised funds will be in accordance with IRS requirements. Distributions from funds that are not donor-advised will be made in accordance with CFHC's spending policy for endowed funds, which sets an annual spending rate that is based on the community foundation's projection of return on investments and that takes into account inflation, the community foundation's administrative fee and other fund expenses.

Asset Allocation Targets

ASSET CLASS	TARGET	ACCEPTABLE RANGE
U.S. Equities	50%	30% - 70%
Non U.S. Equities	15%	5% - 25%
TOTAL EQUITIES	65%	35% - 95%
Fixed Income	20%	10% - 30%
Alternative Investments	10%	0% - 20%
Cash Equivalents	5%	0% - 10%
TOTAL FIXED INCOME	35%	10% - 40%