



## **Investment Policy Statement**

### **Short Term Portfolio**

**Policy #:**  
**Version #:**

**Effective Date:** March 9, 2016  
**Updated:**  
**Category:** Finance & Accounting

## **Purpose of this Investment Policy Statement**

This investment policy statement is set forth by the Board of Directors of Community First Foundation (the Foundation) in order to:

- 1) Define the investment goals and objectives of the Foundation
- 2) Establish the overall investment parameters for the Short Term Portfolio (the Portfolio) including:
  - a. Downside risk limitations
  - b. Growth expectations
  - c. Liquidity guidelines
- 3) Delegate certain responsibilities to the Finance and Investment Committee
- 4) Establish reporting and monitoring requirements.

## **Goal of Foundation**

The Board of Directors believes that some funds have a time horizon of less than 5 years and should be invested in with the appropriate level of risk. While investment returns are desired and risk is to be accepted in the Portfolio, more emphasis should be placed on preservation of capital than on return. To attain this goal, the overriding investment objective for the Portfolio is to maintain purchasing power and generate investment returns, collectively total return, while carrying out the mission of the Foundation.

## **Investment Objectives**

To meet the needs of the Foundation, the investment strategy emphasizes capital preservation as defined above. Specifically, the objectives in the investment management of the Portfolio is:

- Preservation of Purchasing Power: to achieve returns equal to the rate of inflation over the investment horizon in order to preserve purchasing power of the Portfolio's assets.
- Maximizing the generation of investment returns in excess of purchasing power while avoiding excessive risk. Risk control is an important element in the investment of the Portfolio's assets.

**In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of the Portfolio toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.**

**Planning Time Horizon:** .....Less than 5 years  
**Targeted Return:**.....CPI +2%(1)  
**Risk Tolerance:**.....Modeled losses not to exceed -8% in any year, with a statistical confidence level of 95% (2)  
**Liquidity:**.....One hundred percent of the Portfolio’s assets are to be invested in securities that are daily liquid.

<b>Asset Allocation</b>	<b>Not to Exceed</b>
Equities	35%
Fixed Income	90%
Cash Equivalents	10%

**Diversification**   The Portfolio is to be diversified among asset classes and within asset classes to meet its objectives, as well as among different investment strategies, styles and investment managers.

**Governance**   Uniform Prudent Management of Institutional Funds Act (UPMIFA).

(1) Annual modeled returns may vary from the Targeted Return based upon risk tolerance and other cost/benefit considerations.

(2) There is a 5% probability that the 1-year risk tolerance of -8% will be exceeded. Actual losses may exceed modeled losses throughout the year. Modeled losses will be reviewed and revised annually based on future capital market assumptions.

**Delegation of Responsibility**  
**Responsibility of the Finance and Investment Committee of the Foundation**

Subject to the terms of this investment policy statement, the Board of Directors delegates responsibility for the management of the assets of the Portfolio to the Finance and Investment Committee (the FIC). In fulfilling this responsibility, the Foundation will retain the services of an Investment Management Consultant to act as an advisor to the FIC. The selection of an Investment Management Consultant, and the scope of services to be provided, will be determined at the discretion of the FIC.

**Portfolio Review and Monitoring**  
**Investment Performance Review and Evaluation**

The Finance and Investment Committee shall provide investment performance updates and evaluations to the Board of Directors of the Foundation at least quarterly.

**Investment Policy Review**

To assure continued relevance of the guidelines, objectives, financial status, and capital-markets expectations as established in this Investment Policy Statement, the Board and FIC will review and evaluate this Investment Policy Statement at least annually.