



Investment Policy Statement

March 2024

This document serves as the Statement of Investment Guidelines for the Community Foundation of Northeast Iowa (“the Foundation”). Defined below are the objectives, risks, and constraints by which the endowment fund of the Foundation (“the Fund”) will be managed. This document is to be reviewed annually and updated as needed.

INVESTMENT GUIDELINES

In establishing investment guidelines for the Fund, the Foundation’s Investment Committee (“the Committee”) has considered the long-term nature of the asset pool as well as the cash flow needs of the Fund. In addition, the Committee has considered the risk and return characteristics of the various asset classes available to institutional investors and sought the guidance of outside consultants. The Fund is non-taxable and therefore the investment managers should manage without consideration for tax issues.

The Foundation will remain in compliance with the federal legislation adopted in the fall of 2006 under the Pension and Protection Act (HR4) as it relates to holdings of business enterprises in donor advised funds.

DELEGATION OF RESPONSIBILITIES

The following is a description of the primary investment-related responsibilities of various parties as they relate to the Foundation. This summary is meant to serve as a guide and a communications aid for the parties with responsibilities related to the investment program.

Responsibilities of the Investment Committee

- Approve Investment Policy Statement and monitor the implementation of the Statement.
- Approve the selection and retention of outside professionals related to the investment program.
- Use available information and resources, including advice from the investment consultant, to select and retain investment managers and other professionals as needed to assist in the administration and implementation of the Investment Policy Statement.
- On a quarterly, or other periodic basis, monitor the asset allocation, investment manager performance, and conduct of all professionals associated with the Foundation’s investment program.

Responsibilities of the Investment Consultant

- Provide advice to the Investment Committee to determine the most effective investment program and the allocation of assets among the various investment choices.
- Measure investment performance results, evaluate the investment program, and advise the Investment Committee as to the performance and continuing appropriateness of each investment manager.
- Recommend modifications to the investment policies, objectives, guidelines, or management structure as appropriate.
- Promptly inform the Committee or staff regarding significant matters pertaining to the investment of the Foundation’s assets.

Responsibilities of the Investment Managers

- Comply with all applicable laws, regulations, and rulings.
- Manage the portion of the Foundation’s investments under their control in accordance with the policy objectives and guidelines as established.

- Exercise full investment discretion within the policies and standards as established as to buy, hold, and sell decisions for the assets under management.
- On at least a quarterly basis, reconcile the account's positions with the custodian.
- Promptly inform the Investment Committee, staff, and the investment consultant regarding significant matters pertaining to the investment of the Foundation's assets, including, but not limited to changes in ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.

Responsibilities of Custodian

- Hold, safeguard, and accurately price the assets of the Foundation.
- Collect the interest, dividends, distributions, redemptions, or any other amounts due.
- Report all financial transactions to company representatives and the investment consultant.
- Prepare periodic summaries of transactions, asset valuations, and other related information as deemed appropriate.
- All cash, interest earned, and dividend payments shall be swept on a daily basis into an investment-grade short-term money market fund.
- Perform any and all duties as detailed in the respective custodial agreement.

GOALS AND OBJECTIVES

The performance objective of the Fund is to achieve a target return in excess the sum of the spending rate, long term inflation rate, and aggregate cost of portfolio management. The Foundation seeks to spend 4% of the average market value using an eight quarter trailing average.

Secondarily, the performance objective of the Fund is to exceed, after investment management fees, a customized blended benchmark based on the target asset allocation stated below. To evaluate success, the Committee will compare the performance of the Fund to the performance of a custom benchmark. This benchmark will consist of a weighted-average of market indices that represents a passive implementation of the investment guidelines targets, consisting of the following indices and correspondent weights:

Index	Weight
Bloomberg Intermediate Government / Credit Bond Index	5.0%
Bloomberg Aggregate Bond Index	5.0%
Bloomberg Aggregate Global Bond Index	5.0%
S&P 500 Index	21.0%
Russell MidCap Growth Index	6.0%
Russell 2000 Value Index	3.0%
FTSE Developed ex North America Index	11.0%
MSCI Emerging Markets Index	5.0%
MSCI EAFE Small Cap Index	4.0%
Burgiss Global All Private Equity Index	15.0%
Burgiss Global Private Debt Index	5.0%
NFI Open-End Diversified Core (ODCE) Index	7.0%
CPI + 3%	8.0%
Total	100.0%

RISKS

The Committee will permit the Fund to experience an overall level of risk consistent with the Policy Asset Allocation described below. In general, active managers will be expected to provide returns greater than their appropriate benchmark, net of fees, while utilizing acceptable levels of risk over a moving three year period.

CONSTRAINTS

Liquidity

The Foundation does have a small, ongoing need for liquidity

Time Horizon

The Foundation has an infinite life and should be managed with a time horizon much longer than the normal investment cycle, such as fifty to one hundred years.

Taxes

The Foundation is a tax-exempt organization

ASSET ALLOCATION

The Fund shall maintain an asset allocation as deemed appropriate by the Committee, upon advice by the investment consultant. The Committee and investment consultant will review the asset allocation every quarter and consider changes as deemed prudent. The Committee will notify the discretionary investment manager in writing when changes are being made. The Committee has adopted the asset allocation outlined below to serve as a guide.

Asset Class	Target	Minimum	Maximum
Intermediate U.S. Fixed Income	5.0%	2.5%	7.5%
Broad U.S. Fixed Income	5.0%	2.5%	7.5%
Global Fixed Income	5.0%	2.5%	7.5%
Total Fixed Income	15.0%	7.5%	25.0%
U.S. Large Cap Core	21.0%	15.0%	30.0%
U.S. Mid Cap Growth	6.0%	4.0%	9.0%
U.S. Small Cap Value	3.0%	0.0%	5.0%
Total U.S. Equity	30.0%	15.0%	40.0%
Non-U.S. Large Cap Core	11.0%	6.0%	16.0%
Emerging Market Equity	5.0%	3.0%	8.0%
Non-U.S. Small Cap Core	4.0%	2.0%	7.0%
Total Non-U.S. Equity	20.0%	15.0%	35.0%
Private Equity	15.0%	5.0%	25.0%
Private Credit	5.0%	0.0%	15.0%
Core Real Estate	7.0%	2.0%	13.0%
Global Infrastructure	8.0%	2.0%	13.0%
Total	100.0%		

Note: Subtotals for minimums and maximums may not equal the sum of the corresponding minimums and maximums for the respective asset classes. Allocation targets, therefore, should be reviewed for both asset classes and sub-asset classes.

PORTFOLIO REBALANCING

The portfolio will be rebalanced on a regular basis to bring the asset allocation in-line with the target ranges. The Committee, with the assistance of the investment consultant, will review the asset allocation of the Fund on a regular basis and adjust the portfolio to comply with the aforementioned guidelines. The Committee anticipates that the ongoing natural cash flow needs of the Foundation will be sufficient to maintain the asset allocation of the Fund within policy guidelines under most market conditions.

PORTFOLIO EVALUATION

The Fund will be evaluated by the independent investment consultant on a quarterly basis. The investment consultant will meet with the various investment managers, the Committee, and staff on a regular basis to review any changes to the investment guidelines and analyze the investment performance and structure of the Fund. The investment manager(s) shall also provide written reports to the investment consultant on a quarterly basis detailing at minimum the following:

- Financial Market Outlook
- Market values and all cash flows into and out of the portfolio
- Performance of most recent quarter, year-to-date, and annualized returns, as well as calendar year returns, for all periods since inception compared to policy benchmark
- Written comments detailing positive and negative performance factors
- Investment fees for period

The investment consultant will promptly review any sizable shortfall in performance relative to objectives stated herein. Moreover, the investment managers and/or investment consultant will inform the Committee of any compelling reason to change any of these guidelines due to investment market outlook or a change in plan structure or funding.

INVESTMENT MANAGER EVALUATION TERMINOLOGY

The following terminology has been developed by Marquette Associates, Inc. to facilitate communication among the Investment Manager(s), investment consultant, and the Committee. Each term signifies a particular status with the Fund and any conditions that may require improvement.

“In-Compliance” –

Marquette has not been notified of any issues or changes to the investment manager that would materially impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

“Alert” –

The investment manager has experienced a problem in performance (usually relative to a benchmark), a change in investment characteristics, an alteration in management style, ownership, or key investment professionals, and/or any other irregularities that may impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

“On Notice” –

The investment manager has experienced continued concern with one or more Alert issues. Failure to improve upon stated issues within a certain time frame may justify termination.

“Termination” – The investment manager has been terminated and transition plans are in place.

INVESTMENT MANAGER REPLACEMENT PROCESS

If the Committee determines, with investment consultant’s assistance, that an investment manager should be replaced or added, the Committee will evaluate no less than three potential alternatives unless circumstances do not permit. Once the Committee has determined that an investment manager is going to be replaced, the Committee will follow, at minimum, the criteria outlined below when evaluating investment managers for inclusion in the selection process.

- Investment manager organization strength.
- Investment professional tenure.
- Well articulated and consistent application of investment philosophy and process.
- Portfolio characteristics relative to style benchmark.
- Sector weightings relative to style benchmark.
- Consistent long-term performance relative to style benchmark and industry style universe.
- Portfolio’s long-term risk/reward profile compared to style benchmark and industry style universe.

- Investment management fee at or below industry average.

INVESTMENT MANAGER GUIDELINES AND CONSTRAINTS

The Fund has adopted a policy of retaining external investment advisors to manage assets for the Fund. Each of the advisors appointed by the Fund has shown historical expertise in the management of assets within their disciplines for which they have been retained.

Intermediate U.S. Fixed Income

Governed by the guidelines and restrictions contained in its prospectus.

Broad U.S. Fixed Income

Governed by the guidelines and restrictions contained in its prospectus and the portfolio will consist almost exclusively of the bonds that comprise the BarCap Aggregate Bond Index.

Global Fixed Income

Governed by the guidelines and restrictions contained in its prospectus.

U.S. Large Cap Core Equity

Governed by the guidelines and restrictions contained in its prospectus and the fund will consist almost exclusively of the common stocks that comprise the S&P 500 Index.

U.S. Mid Cap Growth Equity

Governed by the guidelines and restrictions contained in its prospectus.

U.S. Small Cap Value Equity

Governed by the guidelines and restrictions contained in its prospectus.

Non-US Large Cap Core Equity

Governed by the guidelines and restrictions contained in its prospectus and the fund will consist almost exclusively of the stocks that comprise the FTSE Developed ex North America Index.

Emerging Markets Equity

Governed by the guidelines and restrictions contained in its prospectus.

Non-U.S. Small Cap Core Equity

Governed by the guidelines and restrictions contained in its prospectus.

Private Equity

Governed by the guidelines and restrictions contained in its participation agreement.

Private Credit

Governed by the guidelines and restrictions contained in its participation agreement.

Core Real Estate

Governed by the guidelines and restrictions contained in its participation agreement.

Global Infrastructure

Governed by the guidelines and restrictions contained in its participation agreement.

INVESTMENT MANAGERS

Asset Class	Index	Investment Manager
Intermediate U.S. Fixed Income	Bloomberg Intermediate Government / Credit Bond Index	Baird Advisors Intermediate Bond
Broad U.S. Fixed Income	Bloomberg Aggregate Bond Index	Vanguard Total Bond Market Index
Global Fixed Income	Bloomberg Aggregate Global Bond Index	BNY Global Fixed Income
U.S. Large Cap Core	S&P 500 Index	Vanguard S&P 500 Index
U.S. Mid Cap Growth	Russell MidCap Growth Index	Baird Mid Cap Growth
U.S. Small Cap Value	Russell 2000 Value Index	DFA U.S. Targeted Value
Non-U.S. Large Cap Core	FTSE Developed ex North America Index	Vanguard Developed Markets Index
Emerging Markets	MSCI Emerging Markets Index	Oppenheimer Developing Markets
Non-U.S. Small Cap Core	MSCI EAFE Small Cap Index	T. Rowe Price International Discovery
Private Equity	Burgiss Global All Private Equity Index	Portfolio Advisors, LLC Fort Washington Siguler Guff, Top Tier
Private Credit	Burgiss Global Private Debt Index	Golub Capital Partners International 15, L.P.
Core Real Estate	NFI Open-End Diversified Core (ODCE) Index	RREEF America II
Global Infrastructure	CPI + 3%	JPMorgan Asset Mngt

OTHER FUND PROFESSIONALS

Custodian US Bank

Investment Consultant Marquette Associates, Inc.

ENFORCEMENT

The Committee expects each investment manager and the investment consultant to comply with this statement. If any investment manager or the investment consultant concludes that any aspect of this statement is inappropriate or will unnecessarily inhibit performance, the manager is obligated to notify the Committee rather than fail to comply with the statement.

AMENDMENT

The Board of Directors may, in its discretion, modify or withdraw this statement at any time.

Adopted and Approved: Recommended the 17th of January, 2024 by the CFNEIA Investment Committee, Approved by Board of Directors the __ of March, 2024.