**Harrison County Community Foundation, Inc.**

#### Finance Committee

#### Purpose and Policies

# Adopted March 1, 2004

# SECTION I

# PURPOSE

**A. The purpose of this committee is to provide financial guidance to the Board of Directors of the Harrison County Community Foundation (HCCF). This responsibility includes, but may not be limited to, the development and maintenance of a budget process and the development and maintenance of****Spending and Investment policies.**

**B. The recommendations of this committee for each of the above stated areas of responsibility are subject to the approval of the Board of Directors.**

**C. Each element shall be addressed in separate policy and procedure statements.**

# SECTION II

## BUDGET POLICY

**A. The Finance Committee shall prepare an annual operating budget for the Foundation. This budget shall be subject to approval of the Board of Directors of the Foundation and shall include all reasonable income and expenses anticipated by the Board.**

**B. This Operating Budget shall be prepared for presentation to the Board of Directors for approval, not later than the monthly board of directors meeting in December each year.**

**C. The budget shall be reviewed by the Finance Committee at least on a quarterly basis. Comparative analysis of the budget with actual expenses shall be reported to the Board of Directors. Interim adjustments may be made, subject to approval by the Board of Directors.**

**D. Required adjustments, based on portfolio performance and funds availability shall be recommended to the Board of Directors for approval.**

**E. Within the board approved budget and considering variables such as service contract, product availability, lowest price, or past service, the executive director may arrange for goods or services of a routine nature not to exceed $5,000. Multi-year relationships are authorized but no goods or services arrangement shall exceed three (3) years without review and may include seeking new comparative pricing.**

**F. Goods and services for the Foundation expected to cost more than $5,000 will be recommended to the Board of Directors by the appropriate committee through competitive**

**bids or comparative pricing by at least two vendors. The committees may consider variables such as service contract, product availability, lowest price, or past service. Multi-year relationships may be approved but no goods or services contract period shall exceed five (5) years without review and may include seeking new comparative bids or quotes.**

**G. Directors & Officers insurance will be held at $5 million in coverage. The basis for calculating liability insurance coverage will be approximately 4% (4 percent) of the combined total assets. Liability insurance will increase in $25 million combined total asset increments.**

**SECTION III**

## SPENDING POLICY

**A. The objective of the Foundation’s spending policy is to allocate total earnings between current spending and reinvestment for future earnings, and to provide a predictable and**

**growing stream of income to accomplish the Foundation’s goals and purposes. Achievement of these dual objectives shall ensure that the fund preserves real purchasing power in perpetuity while providing support to eligible activities.**

**B. The spend-able return from the Restricted Endowment Funds shall be five percent (5%) of the funds fair market value, based on a rolling average from the previous four (4) quarters. Available income not spent during the year will be carried forward and available for future spending, unless the board of directors approves a written request from an endowment donor or advisor to add any unspent distributable amount to the principle. The Unrestricted assets held with an investment firm or on deposit in a checking account shall not be included for calculating spend-able assets. The Unrestricted Funds held with an investment firm excluding the Building Fund investments may be used to provide matching funds to donor gifts into HCCF endowments.**

**C. Notwithstanding B above, the Foundation may, from to time, vote to approve funding for grants, projects or programs requiring funds greater than allowed by this Spending Policy. Requests to support such grants, projects or programs will be made to the Board of Directors of the Harrison County Community Foundation Supporting Organization, Inc.**

# SECTION IV

### INVESTMENT POLICY

## OBJECTIVES

**A. The Foundation's assets must be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity would use in the conduct of an enterprise of a like character and with like purposes. The investment objective shall be to fund the Foundation's Spending Policy while meeting the following long term goals:**

1. **Preservation of the real purchasing power of the principal;**

1. **Provide a growing stream of income that keeps pace with the rate of inflation to be**

**used to sustain the operations and grant making capacity of the Foundation. Such income may be derived not only from dividends and interest, but also from realized capital appreciation. The specific objective is to achieve an average annual return equal to the Consumer Price Index plus 5% for the aggregate investments subject to this Investment Policy Statement.**

## RISK TOLERANCE

**B. The perpetual nature of the Foundation's existence and its long term investment objective permit the Foundation to assume a reasonable level of risk. Reasonable consistency of return on an annual basis is important to assure the Foundation's ability to sustain a level of operation that shall provide for its continued growth.**

## *INVESTMENT APPROACH*

**INVESTMENT MANAGER SELECTION/RETENTION CRITERIA**

**C. The investment objectives of the Foundation shall best be achieved by engaging the services of a professional investment manager, or managers, as deemed appropriate, to advise and direct investments. These managers shall have discretion in the selection of securities within the parameters of this policy.**

**D. Investment manager(s) is/are expected to act in an ethical manner and with integrity in all phases of the investment process. Investment managers shall comply with the Code of Ethics and the Standards of Professional Conduct as established by the Association for Investment Management and Research (AIMR).**

**Selection of managers will be made using the following criteria:**

* **Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance.**
* **Length of time the fund has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager’s organization, personnel, or compensation.**
* **Historical volatility and downside risk of each proposed manager.**
* **How well each proposed manager complements other managers in the portfolio.**
* **The current economic environment and how manager has performed historically in such an environment.**
* **Delegation to an investment management consultant or outsourcing firm to take on the fiduciary responsibility of managing the investment manager search, replace and monitor process is permissible. The Finance Committee shall report to the Board any providers that are recommended for this purpose.**

1. **Risk Aversion. The Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund’s objectives. However, the investment managers will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives as compared with an appropriate benchmark.**

## INVESTMENT GUIDELINES

**F. Portfolio assets may be invested in a mix of common stocks, preferred stocks, investment grade corporate bonds, non-investment grade debt securities, convertible bonds, money market funds, U. S. Treasury and Government Agency obligations, commercial paper, International Government debt obligations and other International debt securities, bank certificates of deposit, and in common trust funds and mutual funds that invest in any of the above mentioned instruments. Comingled pooled fund and mutual fund vehicles will be governed by their own respective guidelines. Assets meeting the above criteria are listed in Appendix A: Allowable Assets. See Appendix C for Asset Allocation. Restrictions apply as follows:**

**(1) The Finance Committee shall establish broad asset allocation guidelines. Equities**

**should comprise 40 to 75 percent of the portfolio.**

**(2) The purpose of the Foundation's equity investment portfolio is to provide capital**

**appreciation, and secondarily to provide a reasonable current income. The equity portfolios shall consist of marketable securities that may be purchased on recognized exchanges in the U.S. In any case, the following restrictions apply:**

1. **The equity securities of any one corporate issuer should not exceed 10 percent of**

**the equity portion, based on market value, of any manager's portfolio.**

1. **The equity securities of any single corporation and its related entities should not exceed 10 percent of the total issued and outstanding shares of such corporation.**
2. **No more than 20 percent of the portfolio should be invested in any one industry.**

**(3) Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rule apply to donor-advised funds as if they were private foundations. That is, the holdings of a donor-advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:**

**(a) 20 percent of the voting stock of an incorporated business.**

**(b) 20 percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity.**

**(c) Any interest in a sole proprietorship.**

**(d) Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury.**

**(4) The Foundation’s fixed income portfolio’s primary objective is to provide current income while protecting principal through a mix of high quality investment grade bonds BBB or higher by a nationally recognized statistical rating organization, and mutual funds that can invest in high quality bonds, higher yielding bonds, and foreign debt securities.**

**(5) The portfolios need not maintain a cash balance among the assets, except as may be dictated for investment or operational reasons. All capital gains, interest, and dividends paid can be reinvested.**

**G. In any separately managed accounts customized for HCCF, short sales, commodities transactions, purchasing securities on margin, and the writing, purchasing or selling of naked options are NOT ALLOWED.**

**H. The Finance Committee shall meet quarterly to review the investment results. The Investment Advisor shall keep the Finance Committee apprised of any material changes in the Investment Advisor’s outlook, recommended investment changes, and tactics. In advance of the quarterly meeting, the investment manager shall provide a report evaluating the current investment holdings along with the performance of the portfolio as measured against standard benchmarks. Specific total rate of return goals are expected to be met on a cumulative basis over a 3-5 year time period and shall be evaluated accordingly. Capital values do fluctuate over shorter periods and the Finance Committee recognizes that the possibility of capital loss does exist. However, historical asset class return data suggests that the risk of principal loss over a holding period of at least 3-5 years can be minimized with the long-term investment mix employed under this Investment Policy Statement. For the purposes of planning, the time horizon for investments is to be in excess of 10 years.**

**I.** **The Finance Committee meets quarterly to review investment results and understands the assets of the Harrison County Community Foundation are designed with a long-term outlook. However, markets can change rapidly and it is the goal of the Finance Committee to be proactive in addressing the portfolios during times of market distress. If the portfolio of the Harrison County Community Foundation experiences a risk of loss greater than the 95th percentile of expected returns in a given month or further, then the Finance Committee will call the Investment Manager for an inter-quarter meeting and/or conference call to assess the market environment, how it impacts the portfolio, and whether a change is needed to reduce the long-term impact on the sustainability and success of the Foundation. \*Currently, the asset allocation of the Harrison County Community Foundation has an expected return of 7.0% (gross of fees) and a risk of loss expectation of -10%. If the Harrison County Community Foundation were to experience performance beyond the -10% in any month or longer, a follow-up with the Investment Manager is warranted.**

*\*As the asset allocation or the Capital Market Assumptions of the Harrison County Community Foundation adjusts, the expected return and risk of loss expectations will adjust too. All expected return and risk of loss expectations are derived using the Investment Manager’s Capital Market Assumptions*

**J. The assets of Harrison County Community Foundation shall be managed in concert with assets of the Harrison County Community Foundation Supporting Organization and Harrison County Community Fund. If assets are added to any of the organizations between Finance Committee quarterly meetings, the assets shall be invested according to the last approved asset allocation.**

# Adopted March 1, 2004

Amended October 2, 2006 Section V

Amended December 4, 2006 Section III

# Amended October 1, 2007 Section V

# Amended November 5, 2007 Section III

Amended December 3, 2007 Section IV

Amended February 4, 2008 Section V (J)

Amended May 5, 2008 Section II (E) Section V (I-1)

Amended August 4, 2008 Section IV (A-2), (D), (F-4). (H), (I), Appendix C

Amended December 7, 2009 Section II (B), Section IV (G), Appendix C

Amended May 3, 2010 Section II (E)

Amended January 7, 2013 Section I, Section IV (D6, F, G), Appendix A, Appendix B (4), Appendix C

Amended March 4, 2013 Section IV (I)

Amended August 4, 2014 Section II (G)

Amended June 6, 2016, Section V Deleted

Amended November 6, 2017 Appendix C

Amended May 7, 2018 Appendix B, C, D

**Harrison County Community Foundation**

**Finance Committee – Purpose and Policy**

**APPENDIX A**

**ALLOWABLE ASSETS**

**1. Cash Equivalents**

**Treasury Bills**

**Money Market Funds**

**STIF Funds (Short-term Investment Funds)**

**Commercial Paper**

**Banker's Acceptances**

**Repurchase Agreements**

**Certificates of Deposit**

**2. Fixed Income Securities**

**U. S. Government and Agency Securities**

**Corporate Notes and Bonds**

**Mortgage Backed Bonds**

**Preferred Stock**

**High Yield Lower Quality Bonds (with special manager only)**

**Asset-backed Securities**

**Non-US Government Obligations**

**Non-US Corporate Notes and Bonds**

**Bank Loans**

**3. Equity Securities**

**Common Stocks**

**Convertible Notes and Bonds**

**Convertible Preferred Stocks**

**American Depository Receipts (ADR) of Non-U. S. Companies**

**Stocks of Non-U.S. Companies (Ordinary Shares)**

**4. Mutual Funds**

**Mutual Funds that invest in securities as allowed in this statement.**

**5. Alternatives**

**Hedge Funds and hedge fund strategies**

**Private Real Estate**

**Commodities**

**Private Equity**

**6. Other Assets**

**GIC (Guaranteed Investment Contracts issued by Best Rate "A" insurance**

**companies)**

**Common Trust Funds**

**Harrison County Community Foundation**

**Finance Committee - Asset Class Descriptions**

**APPENDIX B**

**Cash Equivalents**

The investments selected by the Investment Manager may include a small portion of total assets in cash reserves when deemed appropriate.

Cash equivalent reserves will consist of money market securities such as high quality, short-term debt instruments. They include: (i) bankers' acceptances, certificates of deposits, notes and time deposits of highly-rated U.S. and foreign banks; (ii) U.S. Treasury obligations and obligations issued or guaranteed by the agencies and instrumentalities of the U.S. Government; (iii) high-quality commercial paper issued by U.S. and foreign corporations; (iv) debt obligations with a maturity of one year or less issued by corporations with outstanding high-quality commercial paper; (v) repurchase agreements involving any of the foregoing obligations entered into with highly-rated banks and broker-dealers; and (vi) foreign government obligations.

**Fixed Income Securities**

**Domestic Fixed Income**

The investment grade portion of the domestic fixed income portfolio will consist primarily of fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by an NRSRO at the time of purchase, or, if not rated are determined to be of comparable quality by the Investment Manager or a mutual fund sub-Investment Manager. The portfolio may invest in traditional fixed income securities, such as bonds and debentures, issued by domestic and foreign private and governmental issuers, including mortgage-backed and asset-backed securities. In addition, the portfolio may also contain structured securities that make interest and principal payments based upon the performance of specified assets or indices. Structured securities include mortgage-backed securities such as pass-through certificates, collateralized mortgage obligations and interest and principal only components of mortgage-backed securities. Other investments include mortgage dollar roll transactions, Yankee obligations and obligations of supranational entities.

The high yield portion of the domestic fixed income portfolio will consist primarily of fixed income securities that are rated below investment grade, i.e., rated below the top four rating categories by a NRSRO at the time of purchase, or, if not rated, determined to be of comparable quality by the Investment Manager or a mutual fund sub-Investment Manager. There is no bottom limit on the ratings of high yield securities that may be purchased and held in the portfolio. Any remaining assets may be invested in equity, investment grade fixed income and money market securities.

**Ultra Short Duration Fixed Income**

The ultra short duration fixed income portion of the portfolio will consist of investment grade U.S. dollar-denominated debt instruments, including: (i) commercial paper and other corporate obligations; (ii) certificates of deposit, time deposits, bankers’ acceptances, bank notes and other obligations of U.S. savings and loan and thrift institutions, U.S. commercial banks (including foreign branches of such banks), and foreign banks, that meet certain asset requirements; (iii) U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by agencies or instrumentalities of the U.S. Government; (iv) mortgage-backed securities; (v) asset-backed securities; (vi) fully-collateralized repurchase agreements involving any of the foregoing obligations; and (vii) U.S. dollar-denominated instruments of foreign issuers. In addition, the allocation may invest in futures contracts, options, swaps and other similar instruments.   The allocation will maintain duration of 18 months or less under normal market conditions.

**Short Duration Government**

The short-duration government portion of the portfolio invests substantially all of its net assets in U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by agencies or instrumentalities of the U.S. Government, including mortgage-backed securities, and repurchase agreements collateralized by such obligations. The Fund may invest in securities issued by various entities sponsored by the U.S. government, such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. While the allocation may invest in securities with any maturity or duration, it will strive to maintain a portfolio duration of up to three years under normal market conditions.

**Non U.S. Fixed Income**

The non-U.S. investment grade portion of the fixed income portfolio will consist primarily of securities of non-U.S. issuers located in at least three countries other than the United States. Any remaining assets may be invested in obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities and preferred stocks. The non-U.S. investment grade portion will concentrate its investments in developed countries.

Non-U.S. investment grade fixed income securities will be traditional fixed income securities, such as bonds and debentures, and will be issued by foreign private and governmental issuers and may include mortgage-backed and asset-backed securities. The allocation may also contain structured securities that derive interest and principal payments from specified assets or indices. The allocation will be comprised primarily of investment grade securities denominated in various currencies, including the European Currency Unit. Investment grade securities are rated in one of the highest four rating categories by an NRSRO, or, if not rated, determined to be of comparable quality as determined by the Investment Manager or a mutual fund sub-Investment Manager.

**Equity Securities**

**Domestic Equity**

The Domestic Equity portion of the portfolio will consist primarily of equity securities of companies that are listed on registered exchanges or actively traded in the over the counter market. The equity portion may also be invested in securities that are not readily marketable (illiquid and restricted securities), receipts, securities issued by investment companies, warrants, repurchase agreements, convertible securities and US dollar denominated securities of foreign issuers that are traded on registered exchanges or listed on NASDAQ. A portion of the equity allocation may also be invested in fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by a nationally recognized statistical rating organization ("NRSRO"), or, if not rated, determined to be of comparable quality by the Investment Manager or a mutual fund sub-Investment Manager. The Investment Manager will equitize cash to remain as fully invested as possible.

**Non-U.S. Equity**

The non-U.S. equity portion of the portfolio will consist primarily of equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants and rights to subscribe to common stocks, American Depository Receipts, European Depository Receipts and investment company securities including securities issued by foreign investment companies) of non-U.S. issuers purchased in foreign markets, on U.S. or foreign registered exchanges, or the over-the-counter markets.  The issuers of the securities are located in countries other than the United States, including emerging market countries.    Additionally, the allocation may seek to enhance returns by active management of currency exposure.  This strategy may involve taking long and short positions using futures, foreign currency forward contracts, foreign currencies and other derivatives. The allocation may also engage in currency transactions in an attempt to take advantage of certain inefficiencies in the currency exchange market, to increase the exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one currency to another.  Any remaining assets may be invested in fixed income securities of emerging market governments and companies.  Certain securities issued by governments of emerging market countries are, or may be, eligible for conversion into investments in emerging market companies under debt conversion programs sponsored by such governments.

**Managed Volatility**

The managed volatility portion of the portfolio will typically consist of securities of U.S. and global companies of all capitalization ranges.  These securities may include common stocks, preferred stocks, warrants, ETFs, depositary receipts and equity options.  The allocation will invest primarily in companies located in developed countries, but may also invest in companies located in emerging markets.  The allocation seeks to achieve lower volatility by constructing an allocation of securities that are expected to produce a less volatile return stream to the market.   The securities are weighed based on their total expected risk and return, without regard to market capitalization and industry.

**Multi-Asset**

**Dynamic Asset Allocation Strategy**

The goal of this strategy is to serve as an active overlay to a broader strategic portfolio allocation. The strategy seeks to maintain an asset allocation among global asset classes. The allocation among asset classes will be actively managed, based on the views of current market conditions and outlook for each asset class. The strategy may obtain its exposures to a particular asset class by investing directly (e.g., in equity and fixed income securities and other instruments) or indirectly (e.g., through the use of other pooled investment vehicles and derivative instruments, principally futures contracts, forward contracts, options and swaps). The proportional investments in each asset class may change from time to time as risk-adjusted return expectations shift.

**Multi Asset Real Return Strategy**

This allocation will pursue its investment goal by selecting investments from a broad range of asset classes, including fixed income and equity securities, and commodity linked instruments.  The allocation seeks “real return” (i.e., total returns that exceed the rate of inflation over a full market cycle).  Fixed income securities will include: (i) securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities and obligations of U.S. and foreign commercial banks, (ii) obligations of foreign governments; (iii) Treasury Inflation Protected Securities (“TIPS”) and other inflation-linked debt securities; (iv) U.S. and foreign corporate debt securities, including commercial paper, and fully-collateralized repurchase agreements with highly rated counterparties (those rated A or better); and (v) securitized issues such as mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities and collateralized debt obligations.  The allocation may invest in debt securities of any credit quality and with a broad range of maturities.  Equity securities may include common or preferred stocks, warrants, rights, depositary receipts, equity-linked securities and other equity interests.  In addition to direct investment in securities and other instruments, the allocation may invest in other funds, including exchange traded funds (“ETFs”), other pooled investment vehicles, and real estate investment trusts (“REITs”) and U.S. and non-U.S. real estate companies.  A portion of the allocation assets may also be invested in commodity-linked securities to provide exposure to the investment returns of the commodities markets, without investing directly in physical commodities.  The allocation may also invest in equity securities of issuers in commodity-related industries*.* Further the allocation will have the ability to invest in commodity-linked swap agreements and other commodity-linked derivative instruments, futures contracts on individual commodities and options on them*.* The allocation may also invest in futures contracts, options, forward contracts and swaps and credit default swaps for return enhancement or hedging purposes.

**Alternative Assets**

**Hedge Funds**

The hedge fund portion of the portfolio may consist of various index-listed as well as over-the-counter securities including but not limited to: common or preferred stock issued by U.S. and non-U.S. corporations, debt securities issued by U.S. and non-U.S. corporations, governments, or government-sponsored agencies, asset-backed securities, convertible bonds, warrants, and exchange-traded funds. The hedge fund portion of the portfolio may also consist of various index-listed or over-the-counter derivative instruments including but not limited to: forward contracts, futures contracts, options, swaps, and swap options. Derivatives may be valued based on the price of underlying debt or equity securities or the level of particular economic variables such as interest rates, inflation rates, currency exchange rates, or commodity prices.

In addition to purchasing securities outright hedge funds may employ specialized investment techniques, such as short-selling and using leverage.

**Structured Credit**

The strategy pursues its investment objective through exposure to collateralized debt obligations (“CDOs”) and other structured credit investments. The strategy will primarily invest in the equity and mezzanine debt securities of CDOs. CDOs involve special purpose investment vehicles formed to acquire and manage a pool of loans, bonds and/or other fixed income assets of various types.

In addition to CDOs, the strategy’s investments may include fixed income securities, loan participations, credit-linked notes, medium term notes, registered and unregistered investment companies or pooled investment vehicles, and derivative instruments, such as credit default swaps and total return swaps (collectively with CDOs, “Structured Credit Investments”).

**Energy Debt**

The energy debt strategy pursues its investment objective by targeting investments that will have strong liquidity profiles, high asset coverage and potential upside with improving energy fundamentals. These investments include exploration and production (E&P) company debt, energy services company debt, drillship company debt and other energy-related debt instruments such as power generators, coal producers and other opportunistic investments.

**Core Property**

The Property strategy will pursue its investment objective by utilizing a “fund of funds” approach, which includes investments in various investment funds that invest directly in commercial real estate properties, such as real estate investment trusts (“REITS”), hedge funds, private equity funds, hybrid funds and any other “alternative” investment funds (collectively, “Underlying Funds”). The primary investments will be in domestic, open-end funds focused on core real estate properties. Core real estate properties are high-quality, income-generating office and industrial properties, leased or pre-leased to creditworthy companies and governmental entities. The strategy is also permitted to invest in less liquid strategies and properties focused on value-added and opportunistic real estate opportunities. Value-added and opportunistic investment strategies offer the potential for higher returns, often entail some amount of illiquidity, and are typically perceived as having a higher risk profile than core investment strategies.

**Harrison County Community Foundation**

**Finance Committee - Purpose and Policy**

**APPENDIX C**

**DEFINITIONS**

**1.  *Finance Committee* (herein referred to as the "Committee") shall refer to the group of individuals established by the Board of Directors to administer and oversee the Fund and will report to the Board through the Finance Committee.**

**2. *Fiduciary* shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of the Foundation Fund's assets.**

**3. *Investment Manager* shall mean any individual, or group of individuals, contracted to manage the investments of all or part of the Funds' assets.**

**4.  *Investment Management Consultant or Investment Outsourcer* shall mean any individual or organization contracted to provide advisory services, including: advice;investment objectives and/or asset allocation; rebalancing; manager searches, which may include hiring, monitoring and terminating; and performance monitoring.**

**5.  *Securities* shall refer to the marketable investment securities that are defined as acceptable in this statement.**

**6. *Investment Horizon* shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this policy statement is to be in excess of 10 years.**

**HARRISON COUNTY COMMUNITY FOUNDATION**

**Finance Committee – Purpose and Policy**

**APPENDIX D**

**ASSET ALLOCATION**

**Category Holdings Range Current Target**

**Cash 0 - 15% 0.0%**

**Taxable Money Market Funds 1 - 15% 0.0%**

**Bonds 15 – 45% 23.0%**

**Corporate Bonds Manager Discretion**

**U. S. Treasury Bonds Manager Discretion**

**Mortgage Backed Securities Manager Discretion**

**Equities 40 – 75% 55.0%**

**U. S. Large Cap Stocks 15 – 50% 25.0%**

**U. S. Mid Cap Stocks 0 – 20% 0.0%**

**U. S. Small Cap Stocks 0 – 20% 4.0%**

**International Stocks 0 – 35% 26.0%**

**Other Assets**

**Program Related Investments 0 – 5%**

**Inflation-Linked Investments 0 – 10% 5.0%**

**Alternatives 0 – 25% 17.0%**

**Hedge Funds 0 – 10% 4.0%**

**Private Real Estate 0 – 10% 6.0%**

**Structured Credit 0 – 10% 3.5%**

**Commodities 0 – 15% 3.5%**

**Rebalancing will be considered if market movement takes any asset category outside of its allowable range stated above, cash flows will be used whenever possible to rebalance asset categories.**