

## Investment Policy Statement for Individually Managed Funds

At the Community Foundation for Greater Atlanta (the Foundation), donors may recommend an external investment advisor to manage the assets of their funds. The Foundation retains the donor recommended external investment advisor as long as the external investment advisor is qualified, follows the Foundation's investment policy, and meets the Foundation's due diligence criteria.

The objective of the Foundation's individually managed program is to enable donor-advised funds to be invested with an external investment advisor, in a manner appropriate to the fund's time horizon and the donor's grant making intentions, within the parameters of the Investment Policy Statement for Individually Managed Funds.

The Overarching Investment Policy Statement (IPS) of the Foundation establishes general responsibilities and guidelines for the management of Foundation investment assets. Exhibit B of the IPS (IPS for Individually Managed Funds) addresses investments by external investment advisors in the Individually Managed Funds program of the Foundation. The guidelines presented here are updates as of February 2016 and supersede any previous policy for individually managed funds.

### FUND GUIDELINES

#### **Administrative Fee for Individually Managed Funds**

A minimum administrative fee of \$5,000 per year is charged on a quarterly basis. Please reference full fee schedule.

#### **Investment Fee for Individually Managed Funds**

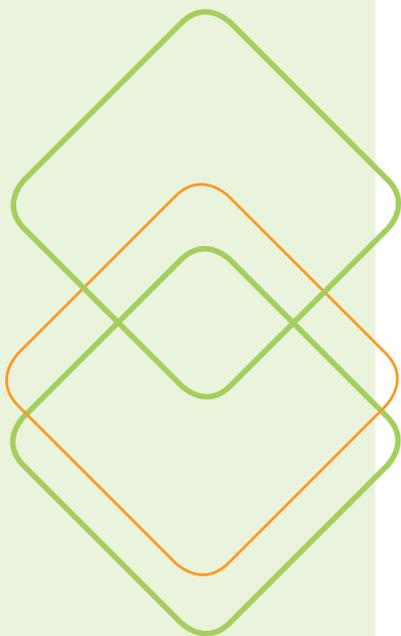
Investment fee charged by external manager.

#### **Approval Process**

A charitable donation can be recognized by the donor, as soon as the donation is received by the Foundation into a separate custodial account owned by the Foundation. The external investment advisor is not officially hired by the Foundation until the items listed below are completed. Note that some of these steps can be completed before the gift is received.

- 1** The Foundation has received the Investment Allocation Letter (Appendix A) from the donor advisor of the fund. This letter must include a recommendation to use a specific external investment advisor, and a recommended selection of one of the six investment options available in the IPS for Individually Managed Funds.
- 2** External investment advisor has acknowledged this IPS for Individually Managed Funds via signature on the acknowledgment page.
- 3** External investment advisor due diligence procedures are completed by the Foundation. Due diligence procedures will be completed by the Foundation within a reasonable period of time. External investment advisors of existing funds in the program can be assumed to have already gone through Foundation due diligence.

External investment advisors must be (1) registered under the Investment Company Act of 1940, (2) a bank, (3) an insurance company qualified to perform the services of managing Foundation assets, or (4) another person or organization authorized by applicable law or regulation to manage investment assets.





# Overarching Investment Policy for Individually Managed Funds

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## RESPONSIBILITIES

All assets are owned by and under the sole control of the Foundation. As such, all investment decisions must be made by the Foundation. Investment performance and compliance will be reviewed periodically by the Foundation's staff and committee.

### External Investment Advisor Responsibilities

- ◆ Establish the fund account with a qualified custodian in the name of “The Community Foundation for Greater Atlanta, Inc.”, with a reference to the fund name.
- ◆ Acknowledge that the Foundation is the owner of the account, and that the external investment advisor shall take instructions (both written and verbal) only from authorized employees of the Foundation (never from the donor who created the fund).
- ◆ Act in accordance with “prudent investor” principles with respect to the management of the assets.
- ◆ Communicate with Foundation staff as requested.
- ◆ Adhere to this IPS for Individually Managed Funds and the investment option selected for the donor fund, including managing within selected asset class ranges and making adjustments if the donor fund's asset allocation moves outside the allowable range.
- ◆ Verify that the donor and external investment advisor are not related parties. Recommended external advisors may not include:
  - Any donor of the Fund or any family member of the donor
  - Any entity of which the donor and/or his or her family members collectively own more than 35% of the total outstanding interests (i.e. a related entity), or
  - Any advisor with advisory privileges over the fund.
- ◆ Execute transactions in the best interests of the Foundation.
- ◆ Immediately communicate pertinent changes to the Foundation. This includes, but is not limited to:
  - Changes in senior investment personnel involved in the Foundation's relationship
  - Material change in investment style as disclosed in firm ADV part 2a
- ◆ Immediately report, in writing as practical, any violations of the guidelines and restrictions as set forth in this policy.
- ◆ Vote proxies based on the best interest of the Foundation.
- ◆ Provide the Foundation with information as follows:
  - Monthly**  
Provide detailed monthly account statements directly to the Foundation.
  - Quarterly**  
Within 30 days of the end of each calendar quarter, provide the Foundation with quarterly investment returns for all Foundation funds, the account's holdings, and transactions that occurred during the quarter. Fund performance must be calculated using a time weighted, linked return methodology.
  - Annually**  
Within 45 days of year end provide the following: (1) a consolidated statement which shows the activity for the year ending December 31st and (2) a completed Request for Information form (RFI).
  - Upon Request**  
Recalculation of all investment fees charged to the fund for the year ended 12/31.





# Overarching Investment Policy for Individually Managed Funds

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## Investment Committee Responsibilities (also see Overarching Investment Policy)

◆ Approve due diligence procedures recommended by the Foundation. The procedures are outlined in detail in the due diligence procedures memo and include:

- External investment advisor completion of the Request for Information form (RFI), and participation in a follow-up meeting or conference call to address any open issues.
- Investment team review of ADV part 2, including 2B the brochure supplement.
- Investment team review of FINRA Broker check report

The Foundation staff will advise the Investment Committee of any external investment advisor that causes concerns as a result of these due diligence procedures. With the assistance of the Foundation staff, the committee will consider the implications of any significant due diligence concerns.

◆ Ongoing monitoring of individual funds

The Committee delegate’s performance and compliance monitoring procedures at the donor fund level to the Foundation staff with the stipulation that significant outliers and noncompliance are to be reported to the Committee. The Foundation staff will monitor:

- The investment performance of each external investment advisor by fund, against performance benchmarks approved by the Committee.

This monitoring will include the latest year, three years, and five years for current funds. Longer time frames will also be evaluated once the information becomes available.

- Compliance with this policy including adherence to the investment option recommended by the donor.
- The fee structure established by the Foundation, with the external investment advisor to ensure that it is not outside of industry norms, and to ensure it is correctly calculated.

◆ With the assistance of Foundation staff, the Committee will consider the implication of any significant outliers or noncompliance to this IPS for Individually Managed Funds as listed above.

◆ Establish appropriate and reasonable investment options, as well as investment performance benchmarks for the management of the investment options.

◆ Monitor consolidated investment performance by investment option, versus the benchmark using reports prepared by the Foundation’s staff or investment consultant.

◆ Termination of external investment advisors. The Foundation staff will bring termination recommendations to the Committee, and the staff will terminate upon agreement by the Committee.

## Responsibilities of Foundation Staff

- ◆ Hire external investment advisor upon completion of steps outlined in this policy.
- ◆ Complete the due diligence procedures approved by the Committee over new external investment advisors and report concerns to the Committee.
- ◆ Monitor compliance and performance of external investment advisors at the fund level as outlined above, and report significant outliers, noncompliance, and other concerns to the Committee.

- ◆ Report fund performance to the Committee at the investment option level versus the benchmarks at least annually. Include performance for the latest one, three, and five year periods.
- ◆ Perform regular due diligence on existing external investment advisors annually, and in accordance with the due diligence procedures memo.
- ◆ Report on specific external investment advisors if requested by the Committee.



# Overarching Investment Policy for Individually Managed Funds

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## INVESTMENT GUIDELINES FOR EACH ASSET CLASS

### All holdings

- All holdings should be readily marketable with daily liquidity, and appropriately diversified.
- No more than 10% of a fund managed by an external investment advisor may represent securities of a single issuer (with the exception of treasuries), unless authorized by Foundation staff. This excludes mutual funds.
- The assets of a fund may not be invested in the following: hedge funds without daily liquidity, short positions (excluding mutual funds), private equity investments, futures and options contracts, private fixed income investments or any investment where there is a risk of loss of more than the amount invested.
- Foundation staff is authorized to approve deviations from the underlying holding criteria of the investment policy, unless the holdings are privately organized vehicles, in which case Investment Committee approval is required.

### Equity

- Mutual funds and exchange traded funds (ETFs) with daily liquidity invested in real estate, metals and other real assets and commodities, may be purchased as a part of the allocation to equity within the fund.
- The equity portion of the investment fund must be diversified by sector.

### Fixed Income

- Investment in individual bonds must have a minimum average quality rating of BBB when purchased.
- Purchases of below investment grade mutual funds or ETFs are limited to 25% of the fund balance.

### Cash/Cash Equivalents

- A key objective for cash investments is to maintain price stability at all times, although this is not guaranteed.
- Cash on hand, which is expected to be held for over one week, should be swept or invested into a treasury money market account or treasury equivalent.

### Alternative Investments

- Direct investment in commodities or non-US currencies is prohibited. Investment in any securities without daily liquidity is prohibited.

## TRANSFER OF ASSETS/NEW CONTRIBUTIONS

The holdings of the fund should be transitioned to the chosen investment option within six months of receipt, unless otherwise advised by the Foundation.

## INVESTMENT OPTIONS

### Aggressive Growth Option

- Asset Class Allocation

	Policy Target	Minimum	Maximum
Equities	100	85	100
Fixed Income	0	0	15
Cash	0	0	15

- Benchmark: 100% MCSI All Country World Index
- Appropriate Time Horizon: At least 20 years
- This investment option:
  - Emphasizes very long-term capital appreciation as a primary source of return. Current income is not required
  - Implies a willingness to risk significant principal loss, so long as the investments are positioned to earn a high rate of return over the long term
  - Implies a long-term time horizon available for investment, in order to benefit from total returns that would normally accrue to a patient investment strategy
  - Is expected over the long term to provide for asset growth at a rate substantially in excess of the rate of inflation, net of investment and administrative expenses
  - Diversifies the investments in order to provide opportunities for long-term growth

(See more investment options on following pages.)

# Overarching Investment Policy for Individually Managed Funds

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## INVESTMENT OPTIONS (continued)

### Growth Option

- ◆ Asset Class Allocation

	Policy Target	Minimum	Maximum
Equities	75	60	90
Fixed Income	25	10	40
Cash	0	0	15

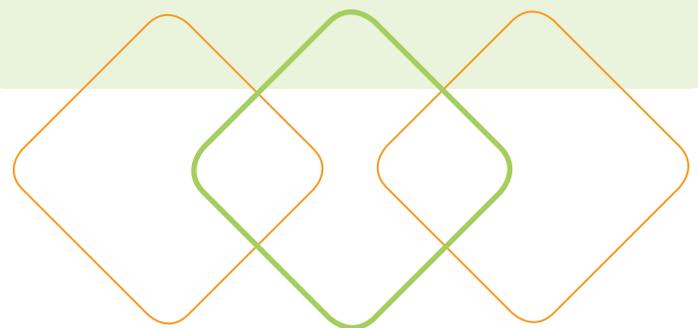
- ◆ Benchmark: 75% MSCI All Country World/ 25% Barclays Capital Aggregate Bond Index
- ◆ Appropriate Time Horizon: At least 15 years
- ◆ This investment option:
  - Shall emphasize long-term moderate capital appreciation as a primary source of return. Current income is a supplementary source of gains
  - Recognizes that the assets are exposed to risk and may be subject to large fluctuations in market value from year to year. This volatile performance is acceptable as long as the assets are invested primarily for capital appreciation over the long-term
  - Is expected to earn long-term returns sufficient to increase the purchasing power of assets over the long-term, net of investment and administrative expenses
  - Implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy

### Growth & Income Option

- ◆ Asset Class Allocation

	Policy Target	Minimum	Maximum
Equities	50	35	65
Fixed Income	50	35	65
Cash	0	0	15

- ◆ Benchmark: 50% MSCI All Country World/ 50% Barclays Capital Aggregate Bond Index
- ◆ Appropriate Time Horizon: At least 10 years
- ◆ This investment option:
  - Is a balanced approach expected to achieve a positive rate of return over the long term that could support on-going cash flow requirements
  - Is expected to earn long-term returns from capital appreciation and current income
  - Recognizes that the assets are exposed to risk, and the market value of the fund may fluctuate from year to year. This volatile performance is acceptable as long as the assets are invested to generate sufficient return for the risk assumed
  - Implies a long-term time horizon available for investment, in order to benefit from total return that would normally accrue to a patient investment strategy



# Overarching Investment Policy for Individually Managed Funds

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## INVESTMENT OPTIONS (continued)

### Capital Preservation Option

- Asset Class Allocation

	Policy Target	Minimum	Maximum
Equities	25	5	40
Fixed Income	75	60	90
Cash	0	0	15

- Benchmark: 25% MSCI All Country World/ 75% Barclays Capital Aggregate Bond Index
- Appropriate Time Horizon: At least 5 years
- This investment option:
  - Is a risk-averse approach that emphasizes a stable source of current income and some capital appreciation over the long-term
  - Implies a willingness to risk some declines in value over the short-term, so long as the assets are positioned to generate current income and exhibit some capital appreciation
  - Diversifies the investments in order to provide opportunities for long-term growth, and to reduce the potential for large losses that could occur from holding concentrated positions
  - Implies a short to intermediate-term time horizon available for investment

### Current Income Option

- Asset Class Allocation

	Policy Target	Minimum	Maximum
Equities	0	0	15
Fixed Income	100	85	100
Cash	0	0	15

- Benchmark: 100% Barclays Capital Aggregate Bond Index
- Appropriate Time Horizon: At least 3 years
- This investment option:
  - Is expected to generate on-going returns over the short-term and long-term, principally from a stable source of current income. The investments may seek capital appreciation as a secondary source of return so long as the primary objective of maintaining stable income is not jeopardized
  - The market value from year to year should be relatively stable, even if it means sacrificing some opportunities for growth
  - The investments will be diversified by number of issues, issuers and issue type. They will also emphasize a high degree of liquidity in order to fund on-going cash requirements
  - Implies a short time horizon available for investment

### Cash Reserve Option

- 100% cash and cash equivalents
- Appropriate time horizon: anything less than three years
- This investment option:
  - Was established to receive and invest assets for temporary investment. The assets are invested in a money market fund that is expected to provide current income, preserve principal value over most market cycles and provide a high degree of liquidity.



# Overarching Investment Policy for Individually Managed Funds

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## APPENDIX A | LETTER

\_\_\_\_\_  
(Date)

Christy Eckoff, director, gift planning  
Community Foundation for Greater Atlanta  
191 Peachtree St., NE, Suite 1000  
Atlanta, GA 30303

Dear Christy,

It is my request that the \_\_\_\_\_ Fund be managed in a separate account  
at \_\_\_\_\_ by \_\_\_\_\_.  
(Investment Management Firm) (Investment Manager)

I understand that this investment manager will take instruction only from authorized employees of the Community

Foundation for Greater Atlanta. I would like to recommend the:

- Aggressive Growth
  - Growth
  - Growth & Income
  - Capital Preservation
  - Current Income
  - Cash Reserve
- \_\_\_\_\_ Option as the asset allocation. (Please check your preference.)

If you have any questions or need any additional information about this request please contact me.

Sincerely,

\_\_\_\_\_  
(Donor-Advisor Signature)

cc: Investment manager  
Return to: Christy Eckoff, director, gift planning, ceckoff@cfgreateratlanta.org



# Overarching Investment Policy for Individually Managed Funds

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## APPENDIX B | CONTACT INFORMATION

Name of investment management firm: \_\_\_\_\_

Name of investment manager responsible for Foundation account: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Address: \_\_\_\_\_

Name of administrative contact: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Return to: Christy Eckoff, director, gift planning, [ceckoff@cfgreateratlanta.org](mailto:ceckoff@cfgreateratlanta.org)

