

**THE COMMUNITY FOUNDATION OF FREDERICK COUNTY**  
**STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES (IPS)**

Approved by Board of Trustees on 6.24.22

**I. About The Community Foundation of Frederick County**

The Community Foundation of Frederick County (“Community Foundation”) was founded in 1986 as an independent public charity chartered by the state of Maryland. The Board of Trustees (“Board”) bears full responsibility for the Community Foundation and has the power to manage the property and investments of the Community Foundation.

Additionally, The Community Foundation Holding Company, Inc. (“Holding Company”), originally named The Foundation for the Community Foundation of Frederick, Inc., was created in 1997 as a supporting organization having trust powers and holding assets on behalf of the Community Foundation. The Holding Company and the Community Foundation share the same officers, trustees, and investment policies for assets held on behalf of permanent or pass-through funds of the Community Foundation. These investment policies will not apply to trusts in which the Holding Company is the trustee since each of these trusts has different investment objectives which are outlined in the trust documents.

The Board has determined that certain assets held in permanent (both endowment and quasi-endowment funds) and pass through funds (collectively referred to as “funds”) should be invested to preserve and enhance the real value of each fund, to generate a stream of investment return to support grant and scholarship activities, and to annually disburse monies from each fund to support community efforts. To this end, the Board has established separate investment models with specific parameters to invest such assets to fulfill the distribution requirements as stated in the fund agreements that govern each fund.

The Board has designated the Investment Committee to act in its behalf with regard to its charter. The Investment Committee will act in a prudent manner. The Investment Committee is not set up to act as a portfolio manager. The Board delegates the responsibility of monitoring investment and trust administration practices to be in compliance with all IRS statutes and regulations and all statutes and regulations in effect in the State of Maryland to the Investment Committee. The Executive Committee may enter into investment agreements. The Investment Committee is responsible for:

- recommending investment policies to the Executive Committee and gaining its approval for same

- meeting with the investment managers at least once a year to discuss investment performance and compliance with investment policies
- monitoring investment performance at least quarterly, and giving instructions for changes as it determines
- establishing investment policies for planned gifts which the Board or the Holding Company is responsible for the investment and monitoring these investments
- creating new investment vehicles as options for investing funds
- reviewing and recommending written investment agreements with investment managers for consideration and approval by the Executive Committee
- As deemed appropriate, procure the services of a Consultant to confirm the Investment Committee is meeting its responsibilities

The Investment Committee has adopted the following policies and standards for component funds of the Community Foundation.

## II. Investment Portfolios and Objectives

It is the Community Foundation's general practice to invest its permanent and pass-through funds in their entirety within one of the following five portfolios:

### 1) Growth Portfolio

The Growth Portfolio holds pass-through and permanent funds held by the Community Foundation from which grants or scholarships are not presently made. The objective of this portfolio is to provide for intermediate to long-term growth of the principal balance. Current income and capital gains are predominantly reinvested.

Over a rolling three-year period, the Growth Portfolio will strive to achieve a total return that exceeds the benchmarks for the asset allocation.

Acceptable parameters for investments are:

Equities (US and Int'l)	85% to 100%
Fixed Income (US and Int'l)	0% to 15%
Money Market	0% to 15%

Appropriate benchmarks will be selected for each asset class or Mutual Fund and weighted according to asset allocation.

2) Balanced Growth Portfolio

The Balanced Growth Portfolio holds mainly permanent quasi-endowment funds invested to produce present and future investment return.

The Balanced Growth Portfolio may also hold endowment and pass-through funds with an anticipated life expectancy of the fund of more than three years.

Over a rolling three-year period, the Balanced Growth Portfolio will strive to achieve a blended, weighted total return exceeding the Community Foundation's asset allocation passive benchmarks. Acceptable parameters for investments are:

US Equities	20% to 60%
International Equities	7% to 40%
Fixed Income	16% to 50%
Cash/Cash	0% to 15%
Equivalents Absolute Return	0% to 15%
Private Equity	

3) Balanced Income Portfolio

The Balanced Income Portfolio holds mainly permanent endowment funds invested with the primary objective of producing income while growing the fund.

The Balanced Income Portfolio may also hold pass-through funds with an anticipated life expectancy of the fund of more than three years.

Over a rolling three-year period, the Balanced Income Portfolio will strive to achieve a blended, weighted total return exceeding the passive benchmarks based upon the asset allocation.

Acceptable parameters for investment are

Equities (US and Int'l)	20% to 60%
Fixed Income (US and Int'l)	40% to 70%
Money Market	0% to 10%

4) Maintenance of Principal Portfolio