WAYNE COUNTY FOUNDATION

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Investment Policy Statement

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PURPOSE

The purpose of this Investment Policy Statement is to assist the Investment Committee of Wayne County, Indiana, Foundation, Inc., (the Foundation) in effectively supervising, monitoring and evaluating the investment performance of its pooled endowed funds and the temporary and non-endowed funds.

ROLE OF THE INVESTMENT COMMITTEE

The Investment Committee is acting in a fiduciary capacity with respect to the fund, and is accountable to the Foundation's Board of Directors for overseeing the investment of all assets owned by, or held in trust for, the fund.

1. This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
2. The policies for the fund contained herein have been formulated to be consistent with the Institution's anticipated financial needs and in consideration of the Institution's tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
3. The policies contained in this statement are intended to provide boundaries, where necessary, for ensuring that the portfolio's investments are managed consistent with the short-term and long-term financial goals of the fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Institution.
4. The Committee will review these policies at least once per year and recommend any changes to the Foundation's Board of Directors. Written confirmation of the changes adopted will be provided to all Committee members and to any other parties hired on behalf of the portfolio as soon thereafter as is practical.

GENERAL INVESTMENT OBJECTIVES

The objectives represent desired results and are long-term in nature. The general investment objectives are:

1. To preserve the long-term, real purchasing power of assets,
2. To establish a portfolio of diversified investments,
3. To utilize equity and fixed income investments that when aggregated represent a well-diversified portfolio, and
4. To maximize the net total return of the fund with respect to reasonable and prudent levels of risk.
5. To generate long-term returns that exceed the spending policy, administration fees and inflation costs.

PORTFOLIO INVESTMENT POLICIES

A. ASSET ALLOCATION GUIDELINES

The Committee recognizes that the strategic allocation of Portfolio assets across broadly-defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

The Committee expects that actual returns and return volatility may vary widely from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the portfolio's asset allocation, it expects to do so only in the event of material changes to the fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the portfolio invests.

Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used to fund liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.

1. Assets in the Total Return Pool will be managed as a balanced portfolio comprised of three major components: equities, fixed income, and alternative assets.

   a) The expected role of equity investments will be to maximize the long-term real growth of the fund.

   b) The role of the fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of equity investments.

   c) Alternative Investments, which may include commodities, real estate, private equity, or other investments, can provide added diversification benefits and inflation protection that may not be possible from traditional equity or fixed income investments. As with equity investments, alternative investments involve specific risks and market volatility.

Asset Class	Allocation Range	Target Allocation
Public Equities	59% - 69%	64%
Fixed Income	25%-35%	30%
Alternatives	0% - 20%	6%
Cash	0%	0 %

2. The Foundation holds and manages non-endowed funds for charitable purposes. For

non-endowed funds, the primary objective is to preserve capital. Cash and short-term instruments will be placed so as to preserve liquidity and maximize return.

Asset Class	Allocation Range	Target Allocation
Equities	25% - 40%	30%
Fixed Income	30% - 50%	45%
Cash	20% - 30%	25%

3. For temporary, non-endowed funds, the primary objective is to preserve capital and have liquidity on a short-term basis. These funds will be invested in cash or short-term instruments with a maturity date not to exceed one year, except where predicted cash needs can be accommodated using time deposits. The same objectives will be applied to multi-year scholarships that have been encumbered. Such investments shall be housed in cash accounts with local or community-based banks, or other reputable financial institutions. Any earnings on temporary, non-endowed funds will revert to the Foundation.

B. DIVERSIFICATION

Diversification across and within asset classes is the primary means by which the Committee expects the portfolio to avoid undue risk of large losses over long time periods. To protect the portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.

2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

3. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

C. REBALANCING

At any given time, it is expected that the fund's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments.

1. The Total Return Pool will be re-balanced to its target normal asset allocation under the following circumstances and without specific direction from the committee:

   a) The portfolio will be reviewed no less than quarterly to determine the deviation from target weightings. During each review, the following parameters will be applied if any fund within the portfolio has increased or decreased by +/- 5% of its target weighting.

b) Incoming cash (contributions) and actual or anticipated distributions (disbursements) will be used to realign the current weightings closer to the target weightings for the portfolio, as appropriate.

c) The investment manager may provide a rebalancing recommendation at any time.

d) The investment manager shall act within 90 days to evaluate deviation from these ranges.

D. OTHER INVESTMENT POLICIES

1. Unless expressly authorized by the Committee, the portfolio and its investment managers are prohibited from:
    - Purchasing securities on margin, or executing short sales.
    - Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
    - Purchasing or selling derivative securities for speculation or leverage.
    - Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios.

2. Non-permanent donor advised funds may be invested in the total return pool if the following is met:
    - Fund exceeds $500,000
    - Fund advisor will not make a grant within 6 months of establishing the fund.
    - The Fund advisors acknowledges, in writing, that they understand the risks of having the fund invested in the endowment pool and the limitation on timing of grants.
    - Allowing non-permanent funds to be invested in the total return pool does not change the non-permanent funds to endowed funds.

3. Individually Managed Funds
    In certain situations, it may be appropriate for the Foundation to engage an Investment Manager outside of the current set of investment options available from the Foundation. This scenario will typically occur when a prospective donor has a long standing and trusted relationship with a financial advisor or financial advisory firm currently holding assets intended for donations to the Foundation. Generally, only funds or a combination of funds consolidated for investment purposes equal to or in excess of $1,000,000 will be considered for management outside the Foundation's primary investment pool.

    Any such advisor must acknowledge and agree to comply with this IPS, including the Foundation's allowable assets and target asset allocation within the upper and lower limits as outlined in (or as close to as possible if the size of the fund does not allow for investment in a certain asset class as specified in the Foundation's allocation targets/ranges), by signing a written acknowledgement. Any deviation from the ISP must be recommended by the Investment Committee and approved by the Foundation Board.

Advisor performance will be reviewed on the same basis as the Foundation's other investment advisors. The Board, upon recommendation of the Investment Committee's approval of a donor's recommended advisor is contingent on the execution of a written agreement that meets the Standards for Investment Managers. Upon the death of the fund's original donor, the agreement between the Foundation and the investment advisor will terminate. All assets must be distributed to the Foundation with 60 days of the settlement of the estate.

Donors and fund advisors may not act as investment advisors and the Investment Committee will not approve any investment advisor who is a member of the donor's family or any investment firm controlled by the donor or investment advisor either individually or together with members of the person's family.

E. LIQUIDITY

Foundation management will be responsible for the liquidity requirements of the fund. Therefore, until directed otherwise by the Committee, the consultant is not required to maintain a cash reserve for grant disbursements.

SPENDING POLICY

Spending policy rules establish an orderly process for both budgeting and asset allocation decisions. The intent is to provide a reasonably stable stream of distributions while preserving the inflation-adjusted value of the underlying funds. By limiting payouts in high growth years and allowing for limited distributions in lean years, the spending policy helps the Foundation balance its dual responsibilities of supporting charitable work in the community and perpetuating permanent funds entrusted to it by its donors.

A. TOTAL RETURN POOL

The following represents the spending policy formula to determine the amounts available for distribution in the next calendar year from endowed funds that have been established for at least 36 months and have a fair market value of at least $5,000 as of September 30.

In those cases where the value of a fund on September 30 is greater than its historic dollar value, the amount available for distribution is defined as the average fair market value of the fund for the most recent 12 calendar quarters (as of September 30) multiplied by the spending rate then in effect, up to the difference between the value of the fund and its historic dollar value, plus any amount allocated to available income for immediate distribution.

a) The current spending rate is 4.5%.

b) Historic dollar value is the sum of all contributions to a fund that are not specifically allocated to available income.

1. Where a fund's fair market value as of September 30 is less than or equal to its historic dollar value, or where a fund has not been established for 36 months prior to the September 30 determination date, the Foundation's Board of Directors may authorize a distribution of the fund's net cash income, plus any current gifts designated for immediate distribution.
2. Amounts available for distribution from endowed funds that are not expended by September 30 will be returned to the accumulated fund balance and no longer available for distribution in that calendar year, except for endowed scholarships and donor advised funds.

   a) Unexpended funds from endowed scholarships may be carried forward to be awarded in future years, with respect to their governing fund agreements.

   b) Amounts available for distribution from endowed donor advised funds are available until December 31.

B. TRUSTS AND GIFT ANNUITIES

Certain trusts and gift annuities within the Fund have spending policy restrictions specific to that trust. Therefore, these trusts are not governed by this IPS spending policy.

C. OTHER

1. In all cases, the terms of a fund's governing agreement supersede this policy with respect to distribution or investment arrangements.
2. The funding of grants at least equal to the spending rate will be achieved by liquidating

portfolio holdings. Cash will not be maintained for this purpose. Therefore, as grants are disbursed the fund will be rebalanced to the asset allocation targets as needed.

3. Amounts returned to the Foundation representing unused portions of grants or scholarships, or disclaimed grants or scholarships, will be applied to the accumulated balance of the fund from which the distribution was awarded. Returned portions of, or disclaimed grants from unrestricted funds will be applied to the available balance of the Unrestricted Fund unless otherwise directed by the Board.
4. No scholarship awards will be distributed below $500 unless specified in the Fund Agreement. Funds will be carried over until the award exceeds $500.
5. All grant and scholarship awards will be rounded down to the nearest $100.

D. ANNUAL REVIEW

The Foundation's Board of Directors will review these spending policies annually, and on the advice of the Investment Committee consider any changes that might better meet the needs of the community and the long-term goals of the Foundation.

STANDARDS FOR EVALUATION

A. INVESTMENT PERFORMANCE EVALUATION

The Committee will monitor the portfolio's investment performance against the portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the portfolio and the performance of its underlying investments as follows:

1. The portfolio's composite investment performance (net of fees) will be judged against the following standards:
   a) The portfolio's absolute long-term real return objective
   b) A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the portfolio's investment guidelines
      i. U.S. Equity: CRSP U.S. Total Market Index or a similar broad domestic equity index
      ii. Non-U.S. Equity: FTSE Global All Cap ex U.S. Index or a similar broad international equity index
      iii. Investment Grade Fixed Income: Bloomberg Barclays U.S. Aggregate Float Adjusted Index or similar
      iv. Private Equity: The Russel 2000 Index
2. The performance of professional investment managers hired on behalf of the portfolio will be judged against the following standards:
   a) A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio
   b) The performance of other investment managers having similar investment objectives
3. In keeping with the portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
4. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Committee.

B. SECURITIES GUIDELINES

The investment managers are expected to adhere to the following guidelines:

1. Pooled Investment Vehicles
   a) Security guidelines for mutual funds, limited partnerships, and other pooled investment vehicles are determined by the constraints outlined within each fund's offering documents. The Committee recognizes that the use of pooled funds limits their ability to outline specific security guidelines for each fund.
   b) Each pooled fund is expected to adhere to its respective offering documents.

C. FIXED INCOME (Laddered Bond Portfolio)

1. The portfolio shall consist of laddered maturities, with no single security to have a maturity exceeding ten years.
2. The portfolio will not be actively traded for total return. Instead, the portfolio is expected to be passively managed, except for the reinvestment of interest income and maturity proceeds.
3. The overall fixed income allocation shall have an average Moody's or Standard & Poor's credit quality rating of "A" or higher.
4. The exposure of the portfolio to any one company other than securities of the U.S. government or its agencies shall not exceed 10% of the market value of the fixed income portfolio managed by any investment manager.
5. Individual security holdings shall be large enough for easy liquidation.

CONTROL PROCEDURES

A. GENERAL REVIEW OF INVESTMENT OBJECTIVES

All investment policies and investment management guidelines will be reviewed periodically to determine whether existing policy remains effective and appropriate.

It is not expected that this policy statement will change frequently. In particular, short-term changes in the financial markets should not require any adjustment to the Investment Policy Statement.

B. MONITORING OF INVESTMENT ADVISORS

The Committee intends to monitor the performance of all investment advisors, investment managers, and the overall portfolio. Performance monitoring will be completed quarterly. During these sessions, the Committee will meet to focus upon the various reports regarding:

1. The economic environment during the various periods being evaluated;
2. The portfolio's adherence to the IPS guidelines;
3. Material changes in the investment manager's organization, investment philosophy and /or personnel;
4. Performance of each investment manager; and
5. Comparison of the fund’s results to the appropriate standards, as specified earlier.

C. PERIODIC REVIEW

The Foundation values the services it receives from professional investment consultants. It is important, however, to assess these relationships no less than once per year to ensure the Foundation is receiving the most relevant information and advice for an appropriate price. The Foundation, therefore, will conduct an objective review and comparison of consultant services at least once every five years or on a significant change in personnel associated with the firm.

The Committee will also review the UPMIFA (Uniform Prudent Management of Institutional Funds Act) statutes periodically to determine what actions, if any, should be considered to maintain compliance.

CONCLUSION

This Investment Policy Statement expresses the Committee's attitude and /or philosophy which will guide the consultant toward the performance desired. These objectives are meant to be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

The Committee believes that these limitations and guidelines will assist the investment advisors in achieving the stated objectives.

Approved August 16, 2018
Revised and Approved November 15, 2018
Restated September 17, 2020
Restated November 17, 2022
by the Board of Directors

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Brenda McLane, Secretary

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Administrative Fee Schedule

Administrative fees support the operational costs to administer the fund and the philanthropic advising that enables your charitable gifts to achieve their greatest impact. Our fees also ensure that the Wayne County Foundation is serving as a community convener, strategic Grantmaker and promotor of charitable giving across Wayne County.

Fund Type	Annual Admin Fees
Agency	0.5%
Endowed Funds Split-Interest Non-Permanent DAF over $500,000	First $500,000: 1.25% Next $2M: 1.0% Next $2.5M: 0.75% Above $5M: 0.50%
Non-Permanent Funds (pass-through)	3.0%
Endowed Scholarships & Non-permanent DAF under $500,000	2.0%

Fees are assessed monthly using a 12-quarter trailing average of the fund balance.

Approved February 16, 2017
Revised and Approved November 17, 2022
by the Board of Directors

Brenda McLane, Secretary