

GREAT GIFTS FOUNDATION
MASTER INVESTMENT POLICY STATEMENT

Adoption date: 04/19/21

The purpose of this document is to communicate in writing, the investment objectives and guidelines established by the Great Gifts Foundation (hereafter referred to as “The Foundation”) for its funds. It is intended to provide the Board of Directors, the Finance Committee of the Board as well as any investment managers and advisors a clear and accurate understanding of all investment objectives and guidelines. It also serves to establish criteria and benchmarks by which investment performance will be evaluated.

The investment policies set forth in this document were established after a thorough review of the unique needs and circumstances of the foundation, and a careful evaluation of the risk and potential returns expected from various mixes of stocks, bonds, and cash equivalent securities. The funds will be invested with care, skill, and diligence under the circumstances prevailing from time to time that a prudent investor, acting in a like capacity and familiar with such matters, would use in the investment of a portfolio of like character, with like aims, and with due consideration given to the tax exempt status of the foundation. All investments will be made within the guidelines of quality, marketability and diversification as outlined by the policy and in compliance with any controlling state and or federal statutes or any other guidelines directly effecting the prudent investment of the assets.

GENERAL OBJECTIVES

The primary objectives of the Foundation funds are to produce favorable investment returns as compared against inflation. The foundation seeks long-term principal growth while preserving capital by means of minimizing the risk of substantial loss in asset value through investment in a diversified portfolio of quality investment securities.

To achieve these objectives the foundation seeks to create a well-diversified and balanced portfolio of high-quality equity, fixed income and money market securities. The foundation has determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated objectives and constraints of this policy.

INVESTMENT GUIDELINES

The Foundation has established the following target asset allocation for its investment portfolio. While the asset allocation represents the long-term target for the total investment portfolio, allocation ranges have been provided to allow for reasonable fluctuations in market values of the assets. However, since the target allocation also represents a specific risk/reward posture for the portfolio, it is the intention of the Foundation to periodically rebalance the portfolio as detailed below in the asset allocation table.

<u>Asset Group</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark Index</u>
Large Cap Equity Securities	30%	33-47%	S&P 500 Index
Small/Mid Cap Equity Securities	20%	7-20%	Russell 2000 Index
International Equity Securities	10%	10-30%	MSCI-EAFE Index
Total Equity	60%	50-65%	
Fixed Income Securities	38%	30-50%	Barclays Corp/Govt
Cash and Equivalents	2%	0-5%	US 30 day T- Bills

The Foundation will monitor the aggregate asset allocation of the investment base, and shall rebalance to the target asset allocation based upon certain conditions. If at the end of any calendar quarter, the asset allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced back to the target mix. To the extent possible, cash contributions into and distributions from the asset base will be executed proportionally based upon the most current market values available. The Foundation will generally not attempt to exercise short-term changes to the target asset allocation of the asset pool based upon the ad hoc nature of current market conditions.

These investment guidelines represent objectives for all investment assets of the Foundation. Investment managers retained to manage only a portion(s) of the assets will be provided an addendum to this policy that include manager specific objectives and constraints that apply solely to the assets under their discretionary management if they differ from those stated in this policy.

INVESTMENT GOALS

Given the stated purpose of the Foundation investment portfolio, the organization realizes the necessity of a long-term horizon when formulating investment policies and strategies. However, given the realities of the capital markets, short-term goals have also been stated to evaluate investment performance.

Most investment styles require a full market cycle to allow an investment manager to demonstrate its abilities. A full market cycle is generally referred to as a three to five year period. As a result, performance results will be measured over a three to five year period. Performance will be monitored on a quarterly basis primarily as a means of identifying developing performance trends. All investment returns used in evaluation will be based on net total return (after all management fees and transaction related expenses). The specific objectives of the Foundation investment portfolio are as follows:

- Earn an average annual rate of return that exceeds the consumer price index(CPI) by 4%
- Earn an average annual rate of return that exceeds the return of the target benchmark index of 40% S&P 500 Index+ 10% Russell 2000 Index + 10% MSCI-EAFE +40% Barclays Bros Corp/ Government Index.
- In addition, it is expected that the long-term rate of return earned by the total portfolio (as well as manager segments) will rank above the median when compared to a representative universe of other, similarly managed portfolios.

The Foundation investment portfolio should be managed to maximize the future real purchasing power of the portfolio's assets within the guidelines detailed below. A further objective is to control the short-term volatility of the portfolio's results, as possible, given the long-term objectives and strategies of these funds.

ALLOWABLE INVESTMENTS

Unless otherwise specifically stated in a manager addendum, each manager may invest and reinvest the assets in a diversified portfolio of fully-negotiable, US dollar-denominated fixed income, equity and money market securities provided they meet the following criteria.

Equity Securities

- 1) Investment in all equity securities shall be limited to those actively traded on major stock exchanges or over-the-counter markets. Investments in individual companies must meet a minimum market capitalization requirement of \$100 million
- 2) No more than 7% of the market value of an investment manager's portfolio may be invested in the shares of a single issuer. Donated stock and mutual fund investments are exempt from this requirement.
- 3) The investment in companies that have been publicly traded for less than one year are limited to no more than 10% of the market value of the equity portfolio.
- 4) Investment in shares issued by companies outside the United States will be limited to securities of foreign corporations traded on major US exchanges or over-the-counter markets as well as dollar-denominated mutual funds.

Investment Advisors are prohibited from purchasing uncovered options, engaging in short sales or conducting margin transactions.

Fixed Income Securities

1) Investment in corporate fixed income shall be limited to securities rated as investment grade (BBB/Baa) or better by either Standard & Poor's or Moody's at the time of purchase. Securities downgraded below the minimum rating by both rating agencies after purchase shall be reported to the Foundation in writing along with a suggested course of investment action regarding the security. The overall fixed income portfolio should maintain an average quality rating of "A" or higher at all times.

2) No more than 10% of the market value of an investment manager's portfolio may be invested in the securities of a single corporate issuer. Mutual fund investments are exempt from this requirement.

3) Investments in Collateralized Mortgage Obligations (CMO's) shall be limited to 20% of the market value of the total fixed income portfolio and shall be restricted to securities issued by GNMA, FHLMC, or FNMA.

4) The total value of the investments in corporate bonds and dollar-denominated bonds issued by Governments other than the United States shall be limited to no more than 60% of the total market value of the fixed income portfolio. There is no holding limitation on bonds issued by the US Government or any agency instrumentally thereof.

5) The average maturity of the total fixed income portfolio shall not exceed 10 years. The maximum duration of the total fixed income portfolio should not exceed 6 years.

Cash Equivalent Securities

Investments in cash and equivalent securities shall be limited to the following:

1) High quality money market mutual funds, which invest in investment grade money market instruments rated A1/P1 or higher respectively by Standard & Poor's or Moody's.

2) Direct obligations of the United States Government with a maturity of one year or less.

3) Commercial paper with a maturity of one year or less rated A1/P1 or higher respectively by Standard & Poor's or Moody's.

4) Banker's acceptances issued by the largest 50 banks in the United States (in terms of total assets).

The Foundation should always have some cash or money market funds available for required distributions. The Foundation reserves the ability to withdraw principal funds required for emergency needs or specific capital distributions. The Foundation would provide notification of these distributions in a timely manner to accommodate and sales and settlement transactions.

Mutual Funds/ Exchange Traded Funds

When deemed appropriate, in terms of cost, performance or other reasonable criteria, the Foundation may employ mutual funds or Exchange Traded Fund's to institute its long-

term investment objectives. Since these pools represent direct investment into existing funds, no additional constraints may be levied on investments of this type. As such, the foundation will use diligent research at the time of fund purchase to ensure that the investment objectives and constraints of these funds in-question are in principle alignment with those of the Foundation.

Adopted: _____

By:

_____, Trustee
_____, Trustee