



Grand Traverse Regional
COMMUNITY
FOUNDATION

ENDOWMENT INVESTMENT POLICY STATEMENT

Established	July 18, 2013	
Modified	December 9, 2025	August 18, 2022
	August 16, 2018	August 17, 2017
Due for Review	2028	
Accompanying Form	IPS - Exhibit A	

Account Pool

The Account should emphasize a strategic asset allocation and should consist of a limited number of equity, fixed income and alternative mutual funds (all references to mutual funds shall also include Exchange Traded funds or ETFs) designed to provide broad diversification across the world markets. Consistent with a strategic orientation, the level of mutual fund turnover and asset allocation changes should be low, other than rebalancing activity to maintain the target asset allocation. The Account should utilize index funds where appropriate and emphasize low-cost options throughout all areas of the investment program.

The Account should be structured to generate the targeted rate of return, over the long-term. Both absolute performance and relative performance shall be important in evaluating the Account. Relative performance shall be more important in evaluating the individual mutual funds. It is anticipated that the Account will track the Policy Benchmark closely. Significant volatility is probable over the short-term, as the Account's volatility is expected to approximate the Policy Benchmark.

(1) FINANCE COMMITTEE - RESPONSIBILITIES

The GTRCF Finance Committee ("Committee") shall be responsible for setting the Account's asset allocation policy, which shall include targets and ranges, as well as all relevant benchmarks, as set forth on Exhibit "A". The Committee shall also be responsible for monitoring the Account's performance and the Consultant's compliance with this Investment Policy Statement ("IPS").

(2) CONSULTANT- RESPONSIBILITIES

A) Discretionary Authority

Exercise discretionary authority with respect to all investment decisions, for all cash and securities held in the Account, subject to the parameters set forth on Exhibit "A".

B) Investment Vehicles

Select and replace investment vehicles, both active and passive, subject to the parameters contained in this IPS, as Consultant determines from time to time is in the best interest of the Account.

C) Re-Balancing

Re-balance the Account on a regular basis to ensure that the Account is positioned within the parameters set forth on Exhibit “A”.

D) Recommendations

Recommend to the Committee changes in the policies contained in this IPS and in the allocation and benchmarks set forth on Exhibit “A”, should circumstances occur that cause the Consultant to believe that changes are warranted.

E) Reporting

Provide the Committee with comprehensive quarterly reports analyzing the investment program.

(3) RETURN

A) Purpose

The Account’s performance shall be evaluated on both a relative and absolute basis. While the various benchmarks set forth below will be used to assess the Account’s relative performance, the Policy Benchmark, which has been matched to the Account’s target asset allocation, shall be considered the most important for performance evaluation purposes. The Mutual Fund Universe Benchmark is presented in order to provide a measure of comparison against other actively managed mutual funds, rather than just passive indices such as the Manager Benchmarks.

B) Nominal Target

The Account, in the aggregate, is expected to generate, an absolute return as set forth on Exhibit “A”.

C) Benchmarks

Total Account Benchmarks

The Account, in the aggregate, as well as the equity and fixed income components, are expected to generate, on average, over five year rolling periods, an annual Total Return that approximates the benchmarks set forth on Exhibit “A”.

Mutual Fund Benchmarks

All individual mutual funds shall be evaluated against a Manager Benchmark that is matched to the fund’s specific investment style (e.g., growth or value) as well as capitalization in the case of equity funds. The actively managed funds are expected to generate on average, over five year rolling periods, an annual total return at least equal to their Manager Benchmark, while the index funds are expected to generate an annual total return that approximates their Manager Benchmark.

Mutual Fund Universe Benchmark

The individual mutual funds selected for the Account are expected to generate, on average, over five year rolling periods, an annual Total Return that will place each of the funds within the top 50% of a representative universe of other mutual funds with the same investment style.

(4) RETENTION REQUIREMENTS

A) Time Horizon

While the full evaluation period is expected to be five years, GTRCF does not guarantee that the Consultant will be given a five-year time horizon and reserves the right to evaluate the Account's performance over a shorter time frame. Specifically, the Account's performance will be monitored on a continuous basis to ensure that the Account meets certain minimum retention requirements at all times. A failure to meet any of the performance criteria set forth below shall trigger a review of the Account's risk-adjusted returns over the relevant time period, in order to ascertain the true nature of the Account's performance, and may result in GTRCF reconsidering the Consultant's continued role with respect to the Account.

B) Performance Criteria

The following criteria shall be used to determine whether the Account is making appropriate progress toward its five-year performance objective.

The Account's total return over any rolling two-year period is at least equal to 70% of the total return of the Policy Benchmark.

The Account's total return over any rolling three-year period is at least equal to 80% of the total return of the Policy Benchmark.

The Account's total return over any rolling four-year period is at least equal to 90% of the total return of the Policy Benchmark.

The Account's total return over any rolling five-year period approximates the total return of the Policy Benchmark.

C) Non-Performance Criteria

In addition, a repeated failure by the Consultant to comply with the Account's investment parameters; as well as a significant change in the Consultant's personnel, business practices, ownership, organizational structure or asset base, may also result in GTRCF reconsidering the Consultant's continued involvement with the Account.

(5) RISK

A) Introduction

Numerous risk variables will be measured for the purpose of assessing the relative risk undertaken by the Account. In general, all of the risk variables set forth below will be measured against the Policy Benchmark. GTRCF expects that the Account's risk measurements will be in line with the Policy Benchmark. In addition, in some cases specific targets or ranges have

been established for some of the variables. All of the risk measurements will be based on month-to-month changes in the Account. All of the risk variables set forth in this section shall apply to the Account in the aggregate.

B) Volatility

The volatility of the Account will be measured by Standard Deviation. GTRCF anticipates that the Account's annualized Standard Deviation will not exceed 120% of the volatility of the Policy Benchmark.

C) Market Sensitivity

The market sensitivity of the Account will be measured by Beta. GTRCF expects that the Account's Beta will not exceed 1.20 in relation to the Policy Benchmark.

D) Risk / Return Ratios

GTRCF understands that neither return nor risk, in and of themselves, present a complete picture of an account's performance. As such, GTRCF will measure the Account's risk-adjusted returns according to a number of Risk / Return ratios. GTRCF expects that the Account's performance will approximate the performance of its Policy Benchmark, according to these measurements of risk-adjusted return. GTRCF will examine all of these ratios, in total; in order to draw appropriate conclusions about the Account's risk adjusted performance.

(6) ASSET ALLOCATION

The Account shall be invested according to the parameters set forth on Exhibit "A".

(7) RE-BALANCING

On an ongoing basis, the Consultant shall re-balance the Account assets to ensure that they are invested within the ranges set forth on Exhibit "A".

(8) CASH FLOW

To minimize the possibility of a loss occasioned by the forced sale of a mutual fund to meet a required payment, GTRCF will periodically provide the Consultant with an estimate of expected net cash flow. Specifically, GTRCF should notify the Consultant in a timely manner to allow sufficient time to build up the necessary liquid reserves. It is GTRCF's expectation that the cash portion of the Account will be invested in the custodian's money market fund.

(9) COMMUNICATIONS

A) Meetings / Tele-Conferences

GTRCF either shall meet or hold a tele-conference with the Consultant quarterly, as well as whenever market conditions warrant. The meetings or tele-conferences should include the Consultant's commentary on GTRCF's investment results in light of the market environment and the Account's objectives, as well as a discussion of any issues that either the Consultant or GTRCF feels need to be addressed.

B) Correspondence

The Consultant should copy GTRCF on all correspondence sent to the custodian or to any third party concerning the Account.

C) Current Activities

On an ongoing basis the Consultant shall be obligated to notify GTRCF of any material changes in the Consultant's market outlook, investment strategy, portfolio structure or any other factors that the Consultant believes may impact the investment process or the likelihood that the Account will realize its investment objectives.

D) Disclosure Responsibility

GTRCF expects to be kept properly informed, on an ongoing basis, of all material changes impacting the Consultant.

E) Investment Statements

The designated custodian shall provide monthly statements to both GTRCF and to the Consultant. These statements shall include a listing of all holdings with their current market values, cost basis, and asset weightings, along with a listing of all cash flows, dividend and interest payments and expenses; as well as all security transactions, including the name and quantity of each security purchased or sold during the quarter, with the price and transaction date.

(10) IMPACT INVESTING

The Board of Directors ("Board") has authorized the investment of up to \$3,000,000 of the Endowment Pool in Impact Investments. Impact Investments shall be excluded from calculations of the Account's asset allocation. "Impact Investments" are investments that have a stated social return objective in conjunction with a financial return objective. GTRCF may invest in one or more Impact Investment vehicles that help to further GTRCF's mission of creating positive and sustainable change and strengthening economically impacted areas, as well as improving the social, health and environmental conditions, within GTRCF's five-county service area. In making such investments, GTRCF generally seeks to make strategic investments where its capital is key and/or catalytic to success. Impact Investments may include non-publicly traded investment vehicles, with various degrees of illiquidity, and can be made in both nonprofit and for-profit entities and earn market or below-market rates of return. GTRCF will consider investment opportunities that have a reasonable likelihood of returning invested capital plus a positive rate of return. GTRCF generally prefers to make Impact Investments through or in partnership with intermediaries. GTRCF expects that its Impact Investments will be evaluated over the long-term, with a minimum five-year time horizon. All Impact Investments shall require a majority vote of the Finance Committee, subject to approval by the Board.

(11) MISCELLANEOUS

A) Statutes and Regulations

The Account is subject to the Michigan version of the Uniform Prudent Management of Institutional Funds Act.

B) Fiscal Year

The fiscal year-end of the Account is December 31st.

C) Tax Status

GTRCF is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

D) Mailings

All mailings should be sent to both GTRCF and IPEX at the following addresses:

GTRCF:

800 Cottageview Dr., Ste. 1040
Traverse City, MI 49684

IPEX:

156 W. Liberty Street
Plymouth, MI 48170

E) Amendments

To ensure continued relevance of the objectives and parameters set forth in this IPS, GTRCF plans to review this document annually. Based upon this review, changes in the investment objectives and the investment parameters may be made. Any such changes will be incorporated in a formal amendment to this IPS.