Greater Williamsburg Community Trust

(DBA Williamsburg Community Foundation)

Investment Policy Statement

(revised March 2018)
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(Revised March 2022)
(Revised February 2024)
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I. Introduction

This Statement reflects the investment policy, objectives, and guidelines of the Williamsburg Community Foundation (Foundation). The purpose of this Statement is to provide investment and asset allocation guidelines for the Foundation and its Investment Advisor(s). It is intended to be sufficiently specific as to be meaningful, yet flexible enough to be practical.

The Finance and Investment Committee (Committee) is empowered by the Board of Trustees (Board) to direct and monitor the investment management of the Foundation's assets and spending policy. This Statement has been chosen by the Committee and approved by the Board as the most appropriate policy for achieving the financial objectives of the Foundation, which are described in the "Investment Objectives" section of this document.

The Committee and the Investment Advisor (Advisor) may agree on more specific guidelines, which may be altered from time to time at the discretion of the Committee without the approval of the Board. Additional guidelines are included in the Appendix.

Certain terms in this document are more specifically defined in the Definitions (Section X).

II. Investment Objectives

This Policy provides for two distinct and separate investment objectives (Funds) to accommodate donors and agencies with differing time horizons and objectives. Each Fund has a separate asset allocation strategy. The strategy for each Fund is prescribed in Section III "Asset Allocation". As new gifts are donated to the Foundation, cash gifts will be invested into the appropriate Fund(s) as soon as practical and gifts of liquid securities will be sold as soon as practical and invested into the appropriate Fund(s).

Endowment Fund

The primary investment objective of the Endowment Fund is to provide a relatively stable, inflation-adjusted, annual payout to support the Foundation's defined spending rate. There will be some inevitable volatility in principal value in this Fund, but it may offer the potential for a sustainable payout plus inflation protection over the long term. At the request of the donor, non-endowed funds may be commingled with endowed funds and considered "quasi-endowed". The donor must sign an

acknowledgement letter that these funds are subject to market fluctuations.
To assist the Foundation in gauging the success of the return on investments, the Foundation shall employ as its investment minimum return goal the following formula:

Total Return > CPI + Spending Rate + Administrative Fees

The target return is measured based on a trailing five-year annualized return. This is the time period used to gauge whether or not the portfolio is meeting its objective. The return in any individual period may be more or less than the target. The probability of success of achieving the minimum return goal increases as the length of the evaluation period increases. It is anticipated that there will be periods of time where the five year trailing calculation will be below the minimum return goal. There must be a tolerance for these periods in order to remain with the long-term strategy and not change at inopportune times.

Non-Endowed Fund

The objective of the Non-Endowed Fund is stability of principal. This Fund is appropriate for non-endowed funds or other situations where funds can be withdrawn with little or no advance notice, and/or in situations where only minimal fluctuations to principal can be tolerated. For performance evaluation purposes, the Committee will track trailing returns as compared to money market funds.

III. Asset Allocation

The Committee believes that each Fund's risk and liquidity posture are, in large part, a function of asset class mix. The Advisor has presented, to the Committee, summary information about the long-term performance of various asset classes, focusing on balancing the risks and rewards of market behavior. Considering each Fund's investment objective, time horizon, risk tolerance, performance expectations, and asset class preferences, appropriate portfolio allocations (including private markets) were identified, as shown in the "Asset Allocation Targets" chart in the Appendix (Section IX). The broad asset allocation ranges for the Endowed Fund are shown in the chart below.

ASSET CATEGORY	MINIMUM	MAXIMUM
Global Equity:	55%	85%
Fixed Income	15%	35%
Real Assets	0%	10%
Diversifying Strategies	0%	10%
Cash	0%	10%

After the allocation strategies are implemented, the Advisor is responsible for rebalancing the portfolio.

Non-Endowed Fund

The Advisor is authorized to manage this Fund for enhanced yields consistent with a conservative cash management policy. To manage credit risk, instruments used for cash management will be limited to the following:

- Money Market Mutual Funds or cash alternatives such as bank deposit accounts and "ultrashort bond funds"
- Government issues (known as “Treasuries”)
- Government-Sponsored Enterprise Securities (known as “Agencies”), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government.
- FDIC insured Certificates of Deposit, to be bought in increments up to the maximum insured limit per bank to assure insurance coverage and only at banks rated 165 (“Excellent”) or higher, as rated by the *Bank Financial Quarterly*, issued by IDC Financial Publishing, Inc.

With the possible exception of the "ultra short bond funds", no instrument will have a maturity at issue, or remaining maturity at purchase, of greater than twelve months. Generally, and depending upon the specific liquidity needs of the Foundation, a ladder strategy may be employed to further manage interest rate risk.

IV. Investment Restrictions

Illiquid assets such as private placements, limited partnerships, and hedge fund vehicles (among others) are allowed at up to 20% of the portfolio value but may only be purchased with the approval of the Committee.

V. Due Diligence Policy

For an asset allocation strategy to be effective, each asset class must be represented by using a manager (or managers) that will best represent the class objective. Otherwise, the results will most likely be different than anticipated. This is particularly true during times of adversity or crisis.

A qualifying manager must be a registered investment advisor under the Investment Advisors act of 1940. The Advisor will decide which managers to use based upon their particular contribution to each Fund, with the expectation that the managers provide the appropriate level of diversification and style purity.

Benchmarks and Reference Points

The Committee and the Advisor will establish appropriate benchmarks and reference points to evaluate performance of each Fund (refer to Appendix).

VI. Delegation of Responsibilities

Finance and Investment Committee Composition and Responsibilities

The Finance and Investment Committee of the Williamsburg Community Foundation shall consist of at least six and no more than nine members. The Chairman and Vice Chairman shall be ex-officio members of this committee. The Treasurer shall be Chair of the committee. All committee members will be subject to the Foundation's Confidentiality and Conflict of Interest policies. More detail on the Committee's composition, duties and responsibilities is contained in a Committee Charter approved by the Board.

The Finance and Investment Committee is responsible for the development and implementation of the investment policy. This responsibility includes determining investment strategy, selecting the Advisor, establishing the scope and terms of the delegation of the investment management of the Funds, and monitoring the Advisor's performance and compliance with the scope and terms of the delegation.

The Finance and Investment Committee shall have the power to hire or dismiss an Investment Advisor. An Investment Advisor request for proposal (RFP), or request for information (RFI) will be considered at least every ten years after obtaining input and consensus from the Finance and Investment Committee.

Board of Trustees

The Board shall have final responsibility for ensuring the prudent investment and management of assets comprising each of the Funds. The Board shall have the authority to approve or reject the Investment Policy Statement developed by the Committee. Once the Investment Policy Statement has been approved by the Board, the Board shall authorize the Committee to implement the Investment Policy Statement. At least quarterly, the Committee, possibly with the help of the Advisor, shall present to the Board a performance report and review of the Investment Policy.

Chair, Vice Chair, Treasurer or President & CEO of the Foundation

The Chair, Vice Chair, Treasurer and President & CEO shall have the authority to sign all appropriate contracts, open bank and investment accounts, and give any other authorizations needed by the Advisor to effect the terms of this Policy Statement. All bank and investment accounts must have at least two authorized signers.

Investment Advisor

The Advisor is the primary source of investment education and investment manager information. On an ongoing basis the advisor will:

1. Provide the Committee with quarterly performance reports. This report will measure performance of the Endowment Fund and each manager within the Endowment Fund, with comparisons to benchmarks and reference points as described in the Due Diligence Policy section (Section V and the Appendix). Also, this report will illustrate actual asset allocations as compared to the targets set by this Policy Statement;

2. Report to the Committee quarterly, or as requested;

3. Monitor the activities of each investment manager or investment fund;

4. Provide the Committee with an annual review of this Policy Statement, including an assessment of the Foundation's current asset allocation, spending policy, and investment objectives; and

5. Supply the Committee with other reports or information as reasonably requested.

The Advisor shall supervise and direct the investment of the Funds as specified in this Policy Statement. Supervision is continuous, with limited discretion. Limited discretion means that the Advisor is responsible for assessing the appropriateness of asset allocation strategies but does not have discretion to change the strategic asset allocation without the Committee's approval. The Advisor has discretion to make tactical asset allocations by overweighting and underweighting certain asset classes relative to the strategic targets, as long as they are within asset class minimums and maximums. The Advisor has discretion and is required to rebalance the Endowment Fund to maintain the asset allocation. The Advisor has discretion to change managers as required by the Due Diligence Policy described in this Policy Statement.

Custodian

Custodians are responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings.
2. Collect all income and dividends owed to the portfolio.
3. Settle all transactions (buy-sell orders).
4. Provide statements to the Foundation.

The Advisor will provide a recommendation on the custodian to be used, but final consideration for choosing the custodian rests with the Finance and Investment Committee.

VII. Performance Measurement

Primary Objective

The primary objective of the Foundation is to achieve a total return, net of fees, equal to or greater than the level of distributions, administrative fees, and inflation.

- The primary objective over a full-market cycle is:

DESCRIPTION	FACTOR
Spend Rate*	3.5% - 5.0%
Administrative Fees	+ Fees
Inflation	+ CPI

*See Spending Policy section

Performance Benchmarking

Performance will be measured relative to a Target Weighted Benchmark composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Investment Advisor, at its discretion, is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic targets.

Benchmarks for Managers

To measure the success of the managers used to implement the allocation, each manager will be measured against both its respective manager-stated benchmark, as well as specific institutional peer group, using a category average of mutual funds with the same asset class focus.

Other Considerations

Although short term underperformance will be tolerated and closely monitored by the Advisor, managers are normally expected to perform at or above their peer group averages over time. Both qualitative and quantitative measures have been developed to determine when a manager termination is appropriate.

VIII. Annual Review

At least every two to three years, the Finance and Investment Committee will review the Foundation's *Investment Policy Statement* and the pertinent Virginia law relative to the management of the Foundation's Endowment Fund, and said review shall be recorded in the minutes.

SPENDING POLICY

The Finance and Investment Committee shall review the spending level annually. It is expected that over time the rate will be in the range of 3½ to 5%.The Committee shall recommend a level of spending to the Board for the ensuing year, based upon historic and anticipated returns for the endowment and any other factors appropriate to the objective of maximizing spending, consistent with balancing current and future needs and maintaining relative stability of spending, year to year. The rate of spending shall be based upon an average for the current market value of the portfolio and the market value for all prior quarterly periods, beginning April 30, 2001, building to a maximum of twenty quarters. This 20-quarter average was chosen to smooth out the payouts based on a more volatile, growth-oriented portfolio. This average will be adjusted for significant contributions or distributions during the period. Initially, the rate shall be three and one-half percent (3½) of the average adjusted market value.

The Finance and Investment Committee has discretion on the payout calculation method for new Endowed Funds and significant contributions to established Endowed Funds. The default method for significant contributions to established Endowed funds is to distribute 3.5% of the average quarterly market value calculated as of the annual distribution date one year after the date of the contribution. This will reset the rolling quarter average to start with the first four quarters after the new contribution. In general, a special calculation will be used when contribution meet one of the following conditions:

- The contribution is greater than or equal to $500,000;
- The established fund balance was between $100,000 and $250,000 and the new contribution totals more than 75% of the fund balance; or
- The established fund balance was $250,000 or more and the new contribution totals more than 50% of the fund balance or $500,000, whichever is less.

IX. Donor Recommended Investment Manager:

A separate policy on Donor Recommended Investment managers is attached to and constitutes a part of this Investment Policy Statement.

X. Definitions:

Endowed Funds: funds established to be held as permanent funds and invested in the "Endowed Fund" portfolio regardless of purpose.
Quasi-endowed: Non-permanent funds that have been invested with Endowed Funds for a time period longer than one year at a donor's request or to fulfill a specific purpose.
Pass-through funds: also known as "non-endowed funds" are held as current funds that can be called upon to be used for operations, grantmaking, or scholarships at any time during the current year.

_____ _____

President / CEO Date

Williamsburg Community Foundation

_____ _____

FEG Investment Advisors, LLC Date

Investment Advisor

XI. Appendix (Approved by Finance and Investment Committee)

Asset Allocation

ASSET CATEGORY	MINIMUM	TARGET	MAXIMUM
Global Equity:	55%	70%	85%
Public Equity	49%	63.5%	79%
Domestic Public Equity	34%	47.5%	59%
International Public Equity	10%	16.0%	31%
Private Equity	0%	6.5%	10%
Fixed Income	15%	25%	35%
Public Fixed Income	14%	24%	34%
Private Credit	0%	1%	10%
Real Assets	0%	5%	10%
Public Real Assets	0%	2.5%	5%
Private Real Assets	0%	2.5%	5%
Diversifying Strategies	0%	0%	10%
Liquid Diversifying Strategies	0%	0%	10%
Semi-Liquid Diversifying Strategies	0%	0%	0%
Cash	0%	0%	10%

Performance Benchmarking

Performance will be measured relative to a Target Weighted Benchmark composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Investment Advisor, at its discretion, is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic target(s). Component indices and weights are subject to updates at the discretion of the Investment Advisor.

WEIGHT	INDEX	ASSET CATEGORIES
54%	MSCI USA Index	Domestic Equity
16%	MSCI All Country World ex-U.S. Index	International Equity
25%	Bloomberg US Aggregate Bond	Fixed Income / Credit
5%	S&P Real Assets Equity	Real Assets

Performance will also be measured relative to a Broad Policy Benchmark composed of a simple stock/bond mix that is representative of the risk profile of the portfolio. The Investment Advisor, at its discretion, is responsible for updating the Broad Policy Benchmark to coincide with any changes to strategic target(s). Component indices and weights are subject to updates at the discretion of the Investment Advisor.

WEIGHT	INDEX	ASSET CATEGORIES
75%	MSCI All Country World Index	Equity / Real Assets
25%	Bloomberg US Aggregate Bond	Fixed Income / Credit

Due Diligence Policy

Quantitative Analysis

The quantitative analysis narrows a large universe of qualifying Managers into a small group of candidates. Managers who pass this phase of the research process have characteristics which give them a better likelihood of stronger future performance based on criteria outlined below. The goal is not to chase returns, but to select the funds with the best likelihood of success going forward. A *returns based style analysis* and a *holdings based analysis* are performed where helpful in establishing an accurate asset class fit.

Qualitative Analysis

The qualitative analysis involves an in-depth review of the management company and its history. A review of historical portfolios will be used to ascertain the true style and risk posture of the Manager over time. Personal interviews and on-site office visits are made, when appropriate. Existing and potential new Managers are continuously monitored/ researched in an attempt to identify the best Managers for strategy implementation.

Williamsburg Community Foundation
Donor Recommended Investment Managers

Introduction:

The Foundation recognizes that the pooling of invested assets reduces administrative and investment-related expenses and thereby allows more money to go toward the charitable good. For this reason, the Foundation has established certain limitations and guidelines for situations when a donor wishes to recommend a specific investment manager to hold his or her fund.

Policy:

Upon request by a donor at the time of a gift and establishment of a fund, and subject to the approval of the Foundation's Investment Committee, the Foundation may enter into a contract with an individual investment manager or management firm ("Recommended Manager") to manage assets given to the Foundation by said donor, provided:

Requirements:

- The donor is making a gift of the agreed upon minimum of $1,000,000 to the Foundation for the purposes of establishing a new fund;
- The donor requests in writing, as a condition of the gift, that the gifted assets be held by the Recommended Manager;
- The Recommended Manager, at a minimum, must be a registered investment advisor under the Investment Advisors Act of 1940;
- The donor does not have a family relationship with the Recommended Manager or with the employees or owners of the Recommended Manager's firm;
- The assets must be managed in a separate account belonging to the Foundation and the donor may exercise no control over that account.

Fees:

- The donor acknowledges that the fees and expenses charged by the Recommended Manager will be deducted solely from the total return on the funds held by the Recommended Manager. The Foundation will discuss these fees and expenses with the Recommended Manager to reach an agreement establishing fees and expenses that are commensurate with the services the Recommended Manager will provide.
- The donor agrees that an annualized Investment Advisory fee will be deducted from the total return on the funds.

Investment Management:

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will communicate regularly with the Foundation and/or its advisor, will provide monthly investment performance reports to the Foundation, and inquiry only access to account data, where possible, to the Foundation's investment advisor.

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will adhere to this Investment Policy, specifically the investment objective and asset allocation strategy of the chosen Fund, as well as all investment instructions, advice and guidance provided by the Foundation and/or its advisor, and will be evaluated according to the same criteria and benchmark requirements as apply to the other investment managers holding funds for the Foundation.

- The Recommended Manager will play a primary role in applying due diligence standards to the managers held in their respective accounts, including monitoring.

- The Recommended Managers will provide the investment advisor with their best investment vehicles for the approved asset classes of the Foundation's asset allocations. The investment advisor, in collaboration with the Recommended Managers, will determine the best mix of managers available within each asset class to ensure an accurate implementation of the approved asset allocations. The Recommended Managers will be responsible for continuous monitoring of the managers that they hold and will bring to the attention of the investment advisor any changes required or new investment recommendations based on their ongoing research and monitoring.

- In the event that a Fund has investment accounts with more than one manager, grants paid from the Fund will be disbursed from the accounts on a pro-rata basis.

Revocation or Termination:

- The donor and the Recommended Manager acknowledge that the Board of Trustees of the Foundation may, at any time, revoke the privilege of the donor recommendation. The donor acknowledges that I.R.S. regulations require that the Foundation Board retain the sole discretion to terminate the Foundation's relationship with the Recommended Manager, and to transfer the funds held by the Recommended Manager to other investment managers under any facts or circumstances that the Board in good faith believes warrant such termination and transfer. Such facts and circumstances will include but not be limited to a determination made in the sole discretion of the Board that the Recommended Manager has failed to meet benchmark requirements; has failed to perform comparably to other managers; has charged fees that are incommensurate with services provided; or has otherwise failed to perform as requested by the Foundation.

- In the case of an agency donor, the board of the agency must pass a resolution directing the agency to request that the Foundation enter into a contract with a specifically named manager.

The agency donor must supply that resolution to the Foundation at the time of making its request.

- Any funds managed on a standalone basis by a Recommended Manager will increase or decrease as a result of its standalone investment performance. For Recommended Managers managing funds folded into a Fund, investment earnings on the Fund will be allocated proportionately to the endowed fund established by the donor in the same manner that said earnings are allocated to all of the Foundation's other endowed funds.

- Each instance of the requests contemplated by this Investment Policy will be evaluated individually. As always, the Board reserves the right to refuse any gift deemed to be against the best interests of the Foundation.