INVESTMENT POLICY
OF THE
BIG SPRING AREA COMMUNITY
FOUNDATION

The Investment Policy was adopted by the Trustees of the Big Spring Area Community Foundation (the "Board") to direct the prudent investment of its investment portfolio (the "Portfolio") in a manner consistent with the investment objectives stated herein.

1. SCOPE

This Policy applies to all assets that are included in the Foundation's Portfolio.

2. OBJECTIVES

The primary objective of the investments of the Foundation will be to provide for consistent long-term growth of principal and income without undue exposure to risk. The investment objective is to achieve a total return including appreciation which will satisfy the current financial needs of the various funds, protect and increase their long-term inflation adjusted value, and minimize short run volatility.

Return objective is a nominal fixed rate target at 6%.

3. SPENDING POLICY OBJECTIVE

Each year, the Organization intends to withdraw approximately 5.5-6% of the portfolio based on the rolling average of the Fund's year-end market values over the past three years. This percentage includes general operating expenses as well as the charitable distributions of the Fund. The Board may modify the Organization's spending policy in response to changes in the Organization's financial condition or in the economic and investment environments.

4. ASSET ALLOCATION STRATEGY

The Investment Manager will consider underlying costs to the Fund as well as overall diversification benefits and expected return and risk when determining the vehicles for delivering various asset classes. Selected investments should have reasonable fees that are competitive with similar offerings' fees.

Equities

Because the Portfolio is expected to endure into perpetuity, and because inflation is a key component in its Performance Objective, the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, a significant portion of assets will be invested in equity or equity-like securities. This category may include, but not be limited to, exposure to US, developed international, emerging-market and frontier-market stocks; large-cap, mid-cap, and small-cap stocks.

Fixed Income

This asset category comprises assets expected to provide stability and income, to counterbalance the higher volatility of equity assets. Cash is not a strategic asset of the portfolio but is a residual to the investment process and used to meet short-term liquidity needs. This category may include, but not be limited to, high-credit quality, short- and intermediate-duration bonds (both US and non-US, corporate and sovereign, and inflation-protected and non-inflation-protected).

Alternatives

This asset category will comprise assets that are expected to provide diversification against both equities and fixed-income assets. This category may include, but not be limited to, exposure to high-yield bonds, real assets (direct real estate, real estate investment trusts, commodity futures, and stocks of commodity-producing companies), and various alternative investment strategies, such as hedge funds, private credit strategies, and low-net-exposure long/short equity funds.

Long-Term Investment Portfolio

ASSET CLASS	Target Allocation	ACCEPTABLE RANGE
Equities	55%	40-70%
Fixed Income	25%	10-40%
Alternatives	20%	0-25%

The objective of the long-term investment portfolio is to balance the goals of maximizing total return (capital appreciation and income) while limiting the probability of a significant decline in principle. The Organization recognizes that short-term market fluctuations may result in loss of capital, but the asset value of the Fund (without any contributions or withdrawals) should grow over the long run, if it avoids excessive risk. The Investment Manager will provide a study demonstrating the expected ranges of return and volatility associated with the target allocation.

5. PERFORMANCE EVALUATION

Periodic reviews of the investments will be conducted at least annually. Among other things, such reviews will evaluate:

a. the general conditions and trends prevailing in the economy, securities market, and mutual fund industry.

b. whether each investment remains consistent with the Foundation's overall investment objectives.

c. the investment's performance relative to the established indexes or benchmarks over a series of different time horizons.

d. the fee structure and expense ratio of selected investments as compared with other alternatives available in the marketplace.

e. the experience and qualifications of the personnel providing the investment management services.

6. REBALANCING

The Investment Manager will rebalance among the above asset categories solely in accordance with its own internal rebalancing rules in effect from time to time, which may result in portfolio exposure to an asset category that may be above or below the above-stated maximum/minimum target range.

Any investments in alternative investment vehicles made by the Organization, and certain other investment holdings (as identified by the investment manager from time to time), will only be rebalanced upon the Fund's written consent.

7. COMMINGLED VEHICLE GUIDELINES

Investments in mutual funds, hedge funds, other alternative investments, and other commingled investment vehicles are permitted. It is understood that assets invested in such commingled vehicles will be managed solely in accordance with the investment policies, procedures, and guidelines set forth in the prospectus or other relevant document for such commingled vehicle, notwithstanding anything to the contrary in this IPS.

8. THE INVESTMENT COMMITTEE

The primary fiduciary responsibilities of the committee with respect to the oversight of investment portfolio are:

a. Establish and recommend for approval to the Board of Directors an investment policy statement and periodically review that statement for continued accuracy and completeness.
b. Prudently diversify, or oversee the diversification of, the portfolio assets to meet an agreed upon risk/return profile.

c. Delegate selection of specific investments and securities to the Investment Manager.

d. Monitor the investment managers and the performance of the accounts under management.

e. Consider the information provided by the consultant and other professional advisors and act responsibly.

f. Control and oversee all investment, record keeping, and administrative expenses associated with the accounts.

g. Review and deal prudently with conflicts of interest.

h. In times of transition between investment advisors, the Board allows for a 30-day grace period for the assets to be transferred between firms and align with the target allocations outlined in the Investment Policy Statement.

9. GUIDELINES AND RESTRICTIONS

The Foundation's investment advisor shall:

a. Acknowledge acceptance of responsibility as a fiduciary in writing.

b. Manage the Fund in accordance with the investment guidelines, limitations, and restrictions set forth in this IPS. Ensure that all investment strategies and services selected are consistent with the Fund's objectives.

c. Make all investment decisions on a discretionary basis regarding assets placed under its jurisdiction. Such discretion shall include decisions to buy, hold, and sell securities in amounts and proportions that reflect the Investment Manager's current investment strategy and are compatible with the Fund's investment guidelines.

d. Immediately notify the Foundation's Investment Committee in writing of any material changes in the investment outlook, strategy, or portfolio structure.

e. Review the Portfolio no less than quarterly to confirm adherence to the acceptable range of allocation, and provide the Investment Committee and Board with a Portfolio statement reflecting the relative current values of the Portfolio investments.

f. Anticipate distributions (as determined by the Board) no less frequently than annually.

g. All temporary funds administered by the Foundation shall be invested in money market accounts and/or appropriate investment accounts and shall accrue all interest earned on such accounts. This will eliminate the potentially drastic effect short-term market fluctuations will have on these less-than-permanent funds.

10. PERIODIC REVIEW AND AMENDMENTS

The Board recognizes this Investment Policy requires periodic review and, if conditions Suggest, consideration of changes or inclusion of additional terms. No changes to this Investment Policy shall be effective unless approved by the Board.

CERTIFICATION OF APPROVAL

The undersigned hereby certifies that this Investment Policy Statement was duly approved by the Trustees of the Big Spring Area Community Foundation.

Drew Mouton, President

Revised 9-26-2023
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