

THE HIGH POINT COMMUNITY FOUNDATION

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

INTRODUCTION

The High Point Community Foundation [the “Foundation”] is a charitable organization devoted to strengthening the community by promoting philanthropy. Its mission is to receive and to manage gifts that will sustain and enhance the benevolent causes of the Foundation’s donors and the community for present and future generations. The Board of Trustees of the Foundation adopts this **Statement of Investment Policies and Objectives** [the “Statement”], as revised from time to time, to establish guidelines for the management of the funds entrusted to the Foundation. The responsibility for ensuring the implementation of the policies and guidelines set forth in this Statement rests with the Investment Committee of the Board of Trustees.

A. FINANCIAL AND INVESTMENT OBJECTIVES

The long-term **financial objective** of the Foundation is to provide ongoing monetary support to the operations of the Foundation and to the beneficiaries of donor designated gifts while preserving the inflation-adjusted purchasing power of the invested assets.

The long-term **investment objective** of the Foundation is to attain an average (as measured over rolling five-year periods) annual real total return¹ of at least five percent [5%]. It is recognized that the real total return objective may not be attained in every five-year period, but it should be attainable over a series of five-year periods.

The long-term **time horizon** of the Foundation is twenty [20] years.

B. DIVISION OF ASSETS FOR MANAGEMENT PURPOSES

The financial assets of the Foundation are divided into two distinct classifications for purposes of investment management, the **Pooled Investment Fund** and the **Preferred**

¹ “Real total return” is the sum of current income (dividends and interest) plus capital appreciation (or loss), adjusted for inflation as measured by the CPI(U) index, and net of the management fees charged against the invested funds.

Partner Funds, and a short-term **Money Market Account**. The objectives for each of these Funds are set forth in the following sections.

1. The Money Market Account

The investment objective of the **Money Market Account** is to maintain the principal balance of funds contributed without investment fluctuations. These funds will be maintained in an interest only money market account. Interest paid on these funds will be allocated as income to the High Point Community Foundation general fund and not distributed to the individual fund accounts held.

2. The Pooled Investment Fund

The **Pooled Investment Fund** represents a major portion of the funds held for long-term investment. For these funds, the Investment Committee retains complete responsibility for the selection of the external investment managers, along with all other aspects of investment policy.

The Investment Committee has established long-term allocation targets (and permissible ranges) for various asset classes for the **Pooled Investment Fund**. These are set forth in **Exhibit A**, as revised from time to time and which is attached hereto and incorporated herein as if fully set forth. These allocation targets (and permissible ranges) reflect the **Pooled Investment Fund's** objectives for risk and return.

Asset allocation should remain under the regular scrutiny of the Investment Committee and should not become the residual of separate manager decisions or market movements.

The **equity allocation** has an investment objective of outperforming an appropriate blended benchmark index, although performance will be monitored quarterly. The **equity allocation's** purpose is to produce a proportionately greater contribution to total return than the fixed income portion of the portfolio, although it is recognized that this involves the assumption of greater risk and return variability. The **equity allocation** will be broadly diversified according to economic sector, industry, number of holdings, and other investment characteristics.

Decisions regarding individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and investment techniques are left to broad manager discretion, subject to generally accepted standards of fiduciary prudence and to the investment guidelines included in the exhibits.

The **fixed income allocation** has an investment objective of outperforming an appropriate benchmark, although performance will be monitored quarterly. The purpose of the **fixed income allocation** is to contribute to overall return, to provide cash flow in support of the Foundation's operations, to control overall portfolio risk, and to provide a hedge against prolonged economic contraction.

Money market instruments as well as bonds may be held in the **fixed income allocation**. Managers are expected to employ active management techniques, but changes in average maturity and duration should generally be moderate and incremental.

3. Preferred Partner Funds

The **Preferred Partner Funds** consist of accounts of long-term investment assets that are being managed by selected investment advisory firms with a local presence. The relationships with these firms have been established to encourage their involvement in supporting charitable giving to the Foundation. The Investment Committee maintains fiduciary responsibilities for these assets and for setting investment policy.

The investment policies for the **Preferred Partner Funds** will be identical to those of the Pooled Investment Fund and referenced in individual preferred partner agreements.

C. MONITORING OF OBJECTIVES AND RESULTS

All policies and objectives are in effect until modified by the Investment Committee. They will be reviewed at least annually for their continued appropriateness.

If at any time an investment advisor believes that any guideline inhibits its investment performance, it is the advisor's responsibility to communicate this view to the Investment Committee.

The committee reserves the right to set individual advisor guidelines that may differ from those stipulated in this statement of investment policy.

Individually managed portfolios will be monitored on a continual basis for consistency in each advisor's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. Portfolios will be reviewed by the Investment Committee on a quarterly basis, but results will be primarily evaluated over rolling five-year periods. The Investment Committee will regularly review managers in order to confirm that the factors underlying performance expectations remain in place.

Each investment advisor will report the following information quarterly: total return net of all commissions and fees, returns for the equity and fixed income portions of the account, additions and withdrawals from the account, current holdings at cost and at market value, and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, advisors are required to inform the Foundation of any significant change in firm ownership, organizational structure, professional personnel, account structure (e.g., number, asset size and account minimums), or fundamental investment philosophy.

EXHIBIT A
ASSET ALLOCATION TARGETS
(SUBJECT TO ANNUAL REVIEW)

	Current Target		
	Lower %	Strategic %	Upper %
Equities			
Domestic Large Cap	10.00%	13.00%	30.00%
Domestic Mid Cap	0.00%	5.50%	10.00%
Domestic Small Cap	0.00%	3.50%	10.00%
International Developed	0.00%	10.50%	20.00%
Emerging Markets	0.00%	8.50%	15.00%
Total Equities		41.00%	
Maximum Allocation 50%			
Fixed Income			
Broad Domestic	10.00%	16.50%	30.00%
TIPS/Floating Rate	0.00%	1.50%	5.00%
High Yield	0.00%	1.50%	5.00%
International Fixed - Developed	0.00%	6.50%	15.00%
Total Fixed Income		26.00%	
Maximum Allocation 40%			
Real Assets			
Domestic REITs	0.00%	3.00%	6.00%
International REITs	0.00%	3.00%	6.00%
Commodities	0.00%	4.00%	8.00%
Total Real Assets		10.00%	
Maximum Allocation 20%			
Alternative Strategies			
Conservative	0.00%	8.00%	12.00%
Aggressive	0.00%	8.00%	12.00%
Private Capital	0.00%	4.00%	6.00%
Total Alternative Strategies		20.00%	
Maximum Allocation 20%			
Cash and Equivalents	0.00%	3.00%	
Maximum Allocation 20%			
Total Portfolio		100.00%	