



# Greater Tacoma Community Foundation

## Annuity Pool Investment Policy Statement

### I. DEFINITIONS

#### A. Purpose

The purpose of this Investment Policy Statement (“IPS”) is to establish a clear understanding of the investment objectives and philosophy for the Greater Tacoma Community Foundation (“Foundation”). This policy will describe the standards utilized by the Investment Committee (“Committee”) in monitoring investment performance, as well as, serve as a guideline for any investment manager retained.

While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term distributions with preservation of the real, long-term inflation-adjusted value of assets, is crucial to the long-term success of the Foundation.

#### B. Scope

This policy applies only to assets in the Annuity Pool of the Foundation.

#### C. Fiduciary Duty

In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires fiduciaries to apply the standard of prudence “about each asset in the context of the portfolio of investments, as part of an overall investment strategy.” All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

As summarized for the purposes of this Investment Policy Statement, UPMIFA states that the Committee is under a duty to the Foundation to manage the Foundation’s assets as a prudent investor would, in light of the purposes, scope, objectives and other relevant circumstances. This standard requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation. In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of the Foundation are better served without diversifying.

In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and

how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

#### D. Description of Roles

##### 1. Investment Committee

The Committee is responsible for adopting the provisions of this Investment Policy. This responsibility includes approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Annuity Pool at least quarterly; and maintaining sufficient knowledge about the Annuity Pool and its investment holdings to be reasonably assured of compliance with the Investment Policy Statement.

##### 2. Investment Consultant

The investment consultant is responsible for assisting the Committee and Vice President, Finance in all aspects of managing and overseeing the investment portfolio. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:

- a. Report current asset allocation in relation to the IPS
- b. Provide proactive recommendations
- c. Supply the Committee with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested
- d. Monitor the activities of each investment manager or investment fund
- e. Provide the Committee with quarterly performance reports
- f. Review this Investment Policy Statement with the Committee

## II. GENERAL INVESTMENT GOALS

The net asset value of the existing portfolio is expected to produce real (inflation-adjusted) growth, without consideration for new contributions, while meeting its distribution requirements. This Investment Policy strives to establish the framework to provide current income and real growth by investing in a diversified mixture of asset classes that are collectively expected to provide an acceptable level of return for an acceptable level of risk over time.

A minimum goal of the Foundation is to achieve a total net return, on a 16-quarter moving average basis, equal to the administration fee of 0.5% plus the rate of inflation as measured by the Consumer Price Index (CPI) for urban consumers.

The Foundation currently has no unique liquidity needs other than the funding of quarterly payments to annuitants.

The portfolio allocation shall optimize a balance of expected total return with acceptable risk in terms of income generation and market fluctuations.

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It is the Investment Committee’s intention not to employ market-timing techniques. The target allocation below is designed to be a strategic application under a variety of market environments. The Investment Committee shall review the asset allocation and the underlying Capital Market Assumptions annually to ensure that they are still valid. If it is determined that one or more asset class assumptions needs revision, the Committee may ask the Investment Consultant to provide revised model portfolios for consideration.

The Investment Committee has determined that both passive and active investment strategies will be used. Passive investment strategies simply strive to match a market index. In highly efficient markets, research indicates that many active investment managers fail to add value beyond their respective market indices after fees are considered. In less efficient markets, some active managers may be able to add value above their respective indices over time.

**III. INVESTMENT OBJECTIVES**

Even though the review of investment performance will occur on a more frequent basis, the performance of the Annuity Pool and its components should be evaluated versus objectives over long periods and all phases of a market cycle.

The investment objectives for the Annuity Pool will be for the asset value, exclusive of contributions or withdrawals, to earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmarks established.

**IV. ASSET ALLOCATION**

The following allocation of the assets of the Annuity Pool shall serve as the general guidelines for target weights and rebalancing.

	<b>Target</b>	<b>Range (Low - High)</b>	
<b>Global Equity</b>	<b>68%</b>	40%	70%
U.S. Equity	44%	30%	50%

International Equity	24%	20%	30%
<b>Global Fixed Income</b>	<b>32%</b>	10%	40%
U.S. Fixed Income	26%	10%	40%
International Fixed Income	6%	0%	10%
<b>Real Estate</b>	<b>0%</b>	0%	10%
<b>Total</b>	<b>100%</b>		

### **Rebalancing To Target Allocations**

It is anticipated that the allocation will occasionally vary from the targets due to market conditions.

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Allocations that show greater variance from their ranges should be rebalanced back to the strategic target allocation unless the Investment Committee specifically approves the variance. The Investment Consultant, under the guidance of the Investment Committee, will have the authority to rebalance assets back to their respective strategic target allocations when there is variance beyond the ranges.

Investment managers need not maintain specific levels of liquidity unless so advised by the Investment Committee.

### **V. BENCHMARK AND PERFORMANCE OBJECTIVES**

The Annuity Pool seeks to exceed a custom index made up of the following indices:

<b>The current Target Weighted Benchmark is: WEIGHT</b>	<b>INDEX</b>	<b>ASSET CATEGORY</b>
38%	CRSP U.S. Total Market	U.S. Equities
24%	FTSE Global All Cap ex US	International Equities
32%	Bloomberg U.S. Aggregate Bond Index	U.S. Fixed Income
6%	MSCI U.S. REIT	U.S. Real Estate

## **VI. DIVERSITY, EQUITY, AND INCLUSION COMMITMENT**

Greater Tacoma Community Foundation connects people, knowledge, and funding to build a racially equitable, accessible, inclusive Pierce County, now and for generations to come. GTCF's mission guides the committee to advance equity through its Investment Policy Statement.

To fulfill GTCF's vision of a racially equitable, accessible, inclusive Pierce County where all people can shape and activate the systems that affect our communities, we intentionally remove system barriers and build processes that support access and inclusion.

We seek out partners who align with GTCF's vision and mission. We have agreed as a committee to actively engage with our investment manager(s) at least once a year to see what actions their organizations have taken in the realms of equity, accessibility and inclusion. We do acknowledge the pace and scale may vary between managers but as long as there is a clear demonstration of commitment and action, we will welcome the changes and will look forward to a continuing dialogue to see how we might help shape the partnership.

We propose to ask managers to report back on a range of efforts, including:

- Increasing percentage of women employees and managers
- Increasing percentage of employees and managers who identify as underrepresented
- Active engagement with minority-owned sub-advisors

- Portfolio managers who identify as belonging to one of the classes of interest
- Diverse teams supporting our community foundation
- Ongoing diversity & inclusion training/education
- Any company initiatives to help disenfranchised groups
- Any company initiatives to recruit from non-traditional sources

Finally, It is our intent to work with various managers who help us invest the foundation's assets and who align with GTCF's values. GTCF is a learning organization, committed to the continuous transformation necessary to address and remove system barriers. With this policy, we want to learn alongside our investment partners about how they effectively implement actions to advance equity, access, and inclusion.

*Approved March 6, 2024*