

Fairfield County’s Community Foundation Investment Policy & Guidelines Summary



Philosophy and Policy

The Board of Directors of Fairfield County’s Community Foundation oversees the assets of its funds, with the objective of generating income and supporting the long-term growth of its endowment. The investment goals are to earn real returns (after inflation) of 5% per year to support grantmaking programs and initiatives, and to maintain a diverse asset allocation that balances growth, income and liquidity. The liquidity needs are reviewed at least annually.

The Board of Directors delegates to the Finance Committee the oversight of the investment process. The Investment Committee reports to the Finance Committee and recommends investment policy, the asset allocation among equities, fixed income and alternative investments, and engagement of an independent investment consultant. The Investment Committee meets quarterly and as needed.

Asset Class	Target	Range
Equities	53%	45 – 60%
Fixed Income	15%	5 – 20%
Alternative Assets	32%	15 – 48%
Opportunistic Investments	0%	0 – 10%
Cash	0%	0 – 10%

Actual allocations will vary within these ranges, based on market conditions, and investments are diversified within each asset class. Contributions are converted to cash and reinvested as soon as practical.

Strategy and Evaluation

The Investment Committee, assisted by an investment consultant, chooses managers and the asset allocation within sub asset classes. The performance of individual strategies and managers is evaluated regularly using quantitative and qualitative information. The total investment program, its component sectors and investment managers are evaluated against industry and peer endowment benchmarks over one-, three-, five- and ten-year time periods.

Policy Guidelines

Equity Investments

Equity investments can include separately managed accounts or comingled funds. No more than 25% of the portfolio may be invested in international securities. Master Trustee/Master Custodian comingled short-term investment funds and related institutional money market mutual funds are permitted.

Fixed Income Investments

No more than 10% of the portfolio may be invested in securities of any single issuer other than the U.S. government and its agencies. With the exception of the U.S. Government and its agencies, no one sector allocation should exceed 50% of the portfolio on a market value basis.

Alternative Investments

The Community Foundation invests in alternative asset classes to diversify returns and to reduce correlations to equity and fixed income investments. Alternative investments may include hedge funds, private equity, real estate, real assets and commodities.

Opportunistic Investments

Opportunistic investments do not fall within traditional asset classes and may offer attractive returns. These investments will take advantage of market dislocations over a medium timeframe and could be marketable or private investments.