



# Investment Advisor Policy

## **Introduction**

A donor may recommend a customized investment approach through an outside investment advisor for new funds of \$2,500,000 or more in assets. Customization at this level would include traditional asset classes such as domestic equity, international equity, domestic fixed-income, international fixed-income, and cash. Alternative investments will be considered on a case-by-case basis.

## **Approval Process**

When a donor requests an investment advisor outside of Fairfield County's Community Foundation's current investment pools, the investment committee must approve the advisor and proposed investment strategy. Our investment committee will work with the advisor to establish an asset allocation that is appropriate to the grantmaking goals of the donor's fund; however, in general, the asset allocation should be approximately 60% equities/40% fixed.

The advisor's proposed investment strategy should include the following points:

- Qualifications and credentials of the management firm and team
- Asset allocation, ranges and process for rebalancing
- Investment vehicles proposed for each asset class with supporting documentation and proposed benchmark
- Historical performance of proposed vehicles
- Fees for each investment vehicle, the manager and the total portfolio

## **Title and Expenses**

All assets will be titled in the name of Fairfield County's Community Foundation, with some exceptions for alternative asset classes. Investment-related expenses including the Community Foundation's fees will be allocated to the fund on a pro-rata basis.

## **Responsibilities**

All assets are under the sole control of Fairfield County's Community Foundation. Investment performance will be reported to our investment committee on a quarterly basis. The Community Foundation may replace the investment advisor at any time and for any reason. Examples include performance which does not meet or exceed established benchmarks over a period of time, excessive fees, or if the advisor deviates from the terms of this policy. Individually managed accounts with balances below \$1,000,000 will be transferred to the Community Foundation's investment pool.

## Investment Manager Responsibilities

Investment advisors of individually managed funds are held to the same high standards the Community Foundation employs for all other advisors. The advisor must:

1. Follow the Prudent Investors guidelines that are widely used in the investment management industry. These include but are not limited to fiduciary standards described in the Uniform Prudent Investor Act (UPIA), the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Association for Investment Management and Research (AIMR). All managers are expected to uphold the highest ethical standards and to carry out their investment responsibilities in order to promote the best interest of Fairfield County's Community Foundation.
2. Immediately report any findings against the firm or its principals, either by the SEC or any other regulatory authority. In addition, any lawsuits brought against the firm or its principals related to the manager's business activities should also be immediately reported to the Community Foundation.
3. Prepare quarterly written statements, including actions taken in the portfolio and expected changes in the portfolio.
4. Direct proxies to the Community Foundation or its delegate as instructed. If left to the manager, all proxies should be voted to increase shareholder value unless directed by the Community Foundation to do otherwise.
5. Attend meetings with the investment committee and staff as needed.
6. Adhere to the investment strategy or style for which the manager was selected.
7. Execute all transactions in the best interests of the Community Foundation. This usually involves obtaining the best net realized price for a purchase or a sale. It also includes using commissions to obtain research or other services that are expected to enhance both the investment process and the returns.
8. Immediately communicate all pertinent changes in the advisor's firm to the Community Foundation. This includes, but is not limited to:
  - Changes in personnel involved in the Community Foundation's relationship
  - Changes in ownership
  - Changes in senior investment professionals' responsibilities
  - Changes in investment style or process

## Acknowledgement

The undersigned investment advisor acknowledges receipt and agreement with this policy and its appendices:

Investment Advisor \_\_\_\_\_ Date \_\_\_\_\_

Investment Advisor \_\_\_\_\_ Date \_\_\_\_\_

