

GREATER TACOMA COMMUNITY FOUNDATION

Externally Managed Funds (EMF) Policy

APPROVED DECEMBER 2021

It is the policy of Greater Tacoma Community Foundation (GTCF) to allow Donor Advised Funds of \$500,000 or more to be managed by external investment managers as recommended by Donors according to the following criteria:

1. GTCF will charge a one-time set up fee of \$1,500, plus a tiered investment management fee according to our current fee schedule.
2. Funds will be managed in accordance with investment guidelines defined below.
3. Investment managers will be evaluated in accordance with an appropriate weighted benchmark(s) as noted below.
4. Actual assets will be held in street name at the Investment Manager's custodian.
5. Titling of account will be: "Greater Tacoma Community Foundation – FBO The XXXXXXXXXXXXX Fund." GTCF will be sole signer on the account.
6. If the value of the charitable fund falls below \$400,000, GTCF reserves the right to transfer the charitable fund to the investment portfolios offered by GTCF.

FUND ESTABLISHMENT

1. Donor has established a donor advised fund (DAF) at GTCF and GTCF fund agreement is executed.
2. An account is opened at the respective investment manager on behalf of GTCF-FBO... (GTCF signs Investment Manager's requisite documents for each account.)
3. An EMF Letter of Agreement is signed.
4. The Donor deposits funds or transfers securities into the newly created account with the Investment Manager.
5. GTCF issues a gift acknowledgment letter to the donor after the Investment Manager has informed GTCF that funds or securities have been received.
6. Statements showing detailed transactions and investment performance will be sent to GTCF and Donor quarterly.
7. The GTCF Investment Committee will monitor the performance of the externally managed fund quarterly according to the current Externally Managed Funds Investment Policy

INVESTMENT PORTFOLIO GUIDELINES

1. All holdings should be readily marketable with daily liquidity, and appropriately diversified.
2. The assets of a fund may not be invested in the following:
 - a. Short sales, or any transaction on margin (borrowing)
 - b. Venture capital or buyout private equity funds
 - c. Non-negotiable securities or private placements
 - d. Private real estate limited partnerships
 - e. Leveraged transactions
 - g. Stock or debt of the Investment Manager's employer or parent company
 - h. Futures, options or derivative instruments

ASSET ALLOCATION GUIDELINES

An appropriate risk/return investment profile will be selected for the management of the fund. As a result of discussions between GTCF and the Investment Manager, one the following asset allocation targets will be selected, documented, and used as the guide for managing and reporting fund activities.

Growth Portfolio

The objective is to seek long-term capital appreciation by investing in a diversified mix of asset classes that includes global equities, fixed income, and, if appropriate, risk-reducing alternative investments in a portfolio intended to preserve its grantmaking power over a time horizon of ten years or longer.

| | Target | Allowable Range |
|--------------|--------|-----------------|
| Equity | 100% | 50% - 100% |
| Fixed Income | 0 | 0 – 50% |
| Cash | 0 | 0 – 50% |

- Benchmark: 100% MSCI All Country World Index

Balanced Portfolio

The primary objective is to seek capital appreciation in a balanced public equity and fixed income portfolio. The secondary objective is to generate income commensurate with the long-term grantmaking preferences of the fund.

| | Target | Allowable Range |
|--------------|--------|-----------------|
| Equity | 50% | 35% - 65% |
| Fixed Income | 50 | 35% – 65% |
| Cash | 0 | 0 – 15% |

- Benchmark: 50% MSCI All Country World Index
50% Barclays Capital Aggregate Bond Index

AMENDMENT

The Externally Managed Funds Program and all activities of GTCF are subject to the terms and conditions of GTCF's Fund Agreement, GTCF's Externally Managed Funds Policy, GTCF's Administrative Fee Schedule, and the Externally Managed Funds Guidelines and Procedures. The Board of Directors reserves the right to modify GTCF's Fund Agreement, GTCF's Externally Managed Funds Policy, GTCF's Administrative Fee Schedule, and the Externally Managed Funds Guidelines and Procedures at any time.

Approved by the Board on 12.15.2021