



COMMUNITY FOUNDATION NORTH CENTRAL MASSACHUSETTS

Community Foundation of North Central Massachusetts

Investment Policy Statement

11/30/10 Changed Long Term Fund to "D" allocation.

03/31/11 Changed re-balancing bands from $\pm 20\%$ to $\pm 30\%$

04/2012 Added PIMCO ultra-short bond fund to Short Term Fund (pp. 5 & 12)

10/02/12 Revised Spending Policy for quarterly distributions (p. 4)

01/31/13 Temporary revision to asset allocation (pp. 7 & 8):

- Med. Term Fund Long Term Bonds reduced 9% to 4%
- Long Term Fund reduced 4.25% to 0%
- Moved to Large Cap. US Stocks-Value
- Evaluate reversing this change when 5-year treasury rate rises to -3.5%.

02/04/16 Various updates:

- Updated asset allocation tables to show $\pm 30\%$ rebalance bands
- Added separate investment funds for Agency Funds
- Updated due diligence policy
- Added Donor Recommended Investment Manager option.

10/12/17 Various updates:

- Moved Target Asset Allocation charts from Section IV to Appendix
- Shifted 3% from Intl Large Cap to Intl Small Cap.
- Eliminated 4% Commodities allocation and moved to Energy/Nat. Resources.
- Added Appendix with Target Asset Allocation tables
- Gave Mason discretion to modify asset allocation targets up to 5% of portfolio value.
- Updated Donor Recommended Investment Manager section

1/9/20 Various updates:

- Replaced Growth Reference Point language with Equity Biased Growth Reference Point

06/21/22 Various updates:

- Added ESG Long Term Fund (p. 5)
- Updated overlooked Growth Reference Point language with Equity Biased Growth Reference Point.
- Corrected notes on Appendix XI re asset allocation adjustment if interest rates rise.
- Added ESG Long Term Fund to Appendix XI.

Community Foundation of
North Central Massachusetts

Mason Investment Advisory Services, Inc.

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I. Introduction

The Investment & Finance Committee (Committee) is empowered by the Foundation Board of Trustees (Board) to direct and monitor the investment management of the Community Foundation of North Central Massachusetts (Foundation) funds. This Investment Policy Statement (IPS), issued by the Committee, is designed to cover the assets donated for charitable benefits.

It is the intention of the Committee to offer three separate investment objectives to meet the differing needs and missions of various charities. This IPS also prescribes cash management policies for the Foundation's cash reserves held for near term needs and contingencies.

The Charter for the Investment & Finance Committee outlines the following responsibilities:

- The Committee shall submit to the Board, for approval, a statement of investment policy outlining the objectives and guidelines for the Endowment Funds
- The Committee, from time to time, shall review the investment policy statement and recommend appropriate changes to the Board
- The Committee will include in its policy statement a list of prohibited assets that the Committee believes are not appropriate for the Foundation
- The Committee will recommend to the Board a spending policy for the Endowment Funds, taking in to account sustainable payout rates and, including a withdrawal rate from the endowment on a year to year basis
- The Committee may choose to hire an investment consultant (Consultant) and shall review them at least once per year.

In general, the purpose of this IPS is to outline a philosophy and attitude that will guide the investment management of the Foundation's funds toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. The Committee has considered the financial implications of a wide range of policies, and this statement describes the prudent investment process that the Committee deems appropriate.

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this IPS, The Committee plans to review investment policy periodically.

II. Investment Objectives

This IPS provides for three distinct and separate investment objectives (Funds) to accommodate donors and agencies with differing missions and objectives. Each Fund has a separate asset allocation strategy. The strategies for each Fund are prescribed in Section IV "Asset Allocation". Each donor or agency may choose one Fund or a mix of appropriate Funds. For Donor Advised Funds or Agency Funds, the donor or agency may choose one Fund or a mix of appropriate Funds, based upon their time horizon. Permanent endowment funds, will be invested in the Long Term Fund in keeping with the belief that this fund will yield the strongest returns over a long period of time.

As new gifts are donated to the Foundation, cash gifts will be invested into the appropriate Fund(s) as soon as practical and gifts of liquid securities will be sold as soon as practical and invested into the appropriate Fund(s).

Short Term Fund

The primary investment objective of this Fund is stability of principal. This fund is appropriate for non-endowed funds or other situations where funds can be withdrawn with little or no advance notice, and/or in situations where only minimal fluctuations to principal can be tolerated. Agencies and donors with time horizons under three years should consider this strategy. For performance evaluation purposes, the Committee will track one, two, and three year period trailing returns as compared to money market funds.

Medium Term Fund

The primary investment objective of this Fund is to provide payouts with moderate year to year volatility. This Fund may experience some reduction of purchasing power over time due to inflation. This fund is appropriate for endowed funds that require minimal, or no, nominal growth (before inflation) after payouts, or non-endowed funds that have a time horizon that is between three and five years. This fund will most likely experience moderate fluctuations to principal. For performance evaluation purposes, the Committee will track trailing three and five year period trailing returns compared to the “Conservative Allocation” reference point as compiled by Morningstar and more fully described in the Due Diligence Policy section of this IPS (Section VI).

Long Term Fund

The primary investment objective of this Fund is preservation of purchasing power, as defined in Section IX “Definitions”, to provide a relatively stable, inflation adjusted, annual payout to support grant-making or other donor missions. This Fund is appropriate for endowed funds or non-endowed funds with time horizons beyond five years. There will be some inevitable volatility in principal value from this strategy but it may offer the potential for a sustainable payout plus inflation protection, understanding that this may result in a less stable payout from year to year. For performance evaluation purposes, the Committee will track trailing three and five year period trailing returns compared to the “Equity Biased Growth Allocation” reference point as compiled by Morningstar and more fully described in the Due Diligence Policy section of this IPS (Section VI). To assist the Foundation in gauging the success of the return on investments, the Foundation shall employ as its investment return goal the following formula:

$$\text{5yr Annualized CPI} + \text{Grantmaking Rate (4.5\%)} + \text{Average Administrative Fee (1\%)}$$

The Board of Trustees shall review this formula on an annual basis.

ESG Long Term Fund

The ESG Long Term Fund is an investment allocation that is sensitive to environmental, social and governance (ESG) issues and follows a socially responsible investment strategy. This ESG Long Term Fund will have approximately the same overall stock/bond allocation as the Long Term Fund and will use the same evaluation reference points.

Note that returns of the ESG oriented strategy will likely vary somewhat from the traditional asset allocation strategies.

III. Spending Policy

For the Community Foundation Endowment Fund and any other board-controlled permanent funds, each year the Foundation shall distribute 4.5% of the fund's average market value over the prior 20 quarters (except for additional contributions to the Endowment Fund less than five years old). For additions to the Endowment Fund less than 5 years old and that total \$100,000 in new contributions, the Foundation shall distribute 4.5% of the additions' average quarterly market values as of the end of March each year.

For all other permanent endowment funds of \$10,000 or more, each year the Foundation shall distribute 4.5% of the fund's average market value over the prior 20 quarters. No distributions shall be made during the first year following the funding of a permanent endowment fund. (For such additions less than 5 years old, the Foundation shall distribute 4.5% of the average quarterly market values.)

Permanent endowment fund beneficiaries may elect to receive their distributions on either an annual or quarterly basis once the fund has reached the first year anniversary. The selection request must be made in writing to the Foundation upon notification of the distribution cycle. The beneficiary may change this option (in writing) on the annual anniversary of the fund.

This spending policy may be revised by the Finance and Executive committees and submitted to the Board for approval from time to time.

IV. Asset Allocation

The Committee believes that the Funds' risk and liquidity posture are, in large part, a function of asset class mix. The Consultant has presented, to the Committee, summary information about the long-term performance of various asset classes, focusing on balancing the risks and rewards of market behavior. Asset classes were selected, as listed in the Asset Allocation Targets chart in this section. This IPS identifies three separate Funds for donors of differing missions and objectives.

Short Term Fund

To manage credit risk, investment vehicles used for the Short Term Fund will be limited to the following:

- Money Market Mutual Funds and "ultrashort bond funds"
- Government issues (known as "Treasuries")
- Government-Sponsored Enterprise Securities (known as "Agencies"), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, and Student Loan Marketing Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government.

- FDIC insured Certificates of Deposit, to be bought in increments up to the maximum insured limit per bank to assure insurance coverage and only at banks rated 165 (“Excellent”) or higher, as rated by the *Bank Financial Quarterly*, issued by IDC Financial Publishing, Inc.
- Investment grade commercial paper/short term notes

No instrument will have a maturity at issue, or remaining maturity at purchase, of greater than 24 months. However, the average maturity of the portfolio should not be longer than one year. Generally, and depending upon the specific liquidity needs of the Foundation, a ladder strategy will be employed to further minimize interest rate risk.

Medium Term and Long Term Fund

Considering each Fund’s investment objective, time horizon, risk tolerances, performance expectations, and asset class preferences, an appropriate portfolio allocation was identified. ***After the allocation strategy is implemented, the percentage allocation to each asset class sub-category may vary by as much as 30% of the target on either side of the target amount.*** These ranges are illustrated in the following Asset Allocation Target chart in this section.

The Committee recognizes that significant capital market movements, as well as relative manager performance, can lead to the asset allocation moving beyond the allowable ranges of 30%. The Consultant shall monitor the asset allocations periodically and assure that the allocations stay within the established ranges by rebalancing as needed. Asset allocation targets and rebalancing policy will not be changed without approval from the Foundation’s Board of Trustees.

There will be a separate Medium Term Fund and a separate Long Term Fund for the Agency Funds.

See Appendix for allocations.

V. Investment Restrictions

When selecting mutual funds the Consultant will use due diligence criteria prescribed in this IPS.

Eighty percent of the “Income Assets” allocation must be rated investment grade (BBB) or higher.

With the exception of mutual funds chosen pursuant to the due diligence criteria prescribed in this IPS, Investment Managers must seek permission to use derivative instruments as described in the definitions section of this IPS.

With the exception of strategies employed by mutual funds that are chosen pursuant to the due diligence criteria prescribed in this IPS, no securities may be purchased on margin.

No “illiquid” investments may be purchased by the Consultant such as private placements, limited partnerships, and hedge funds, among others.

VI. Due Diligence Policy

For an asset allocation strategy to be effective, each asset class must be represented by using a manager (or managers) that will best represent the class objective. Otherwise, the results will most likely be different than anticipated. This is particularly true during times of adversity or crisis.

A qualifying manager must be a registered investment advisor under the Investment Advisors act of 1940. The Consultant will decide which managers to use based upon their particular contribution to the Fund.

A rigorous research process, composed of both quantitative and qualitative review, is used to identify managers for strategy implementation.

Quantitative Analysis

The quantitative analysis narrows a large universe of qualifying managers into a small group of candidates. Managers who pass this phase of the research process have characteristics which give them a better likelihood of stronger future performance based on criteria outlined below. The goal is not to chase returns, but to select the funds with the best likelihood of success going forward. A *returns based style analysis* and a *holdings based analysis* are performed where helpful in establishing an accurate asset class fit.

Qualitative Analysis

The qualitative analysis involves an in-depth review of the management company and its history. A review of historical portfolios will be used to ascertain the true style and risk posture of the manager over time. Personal interviews and on-site office visits are made, when appropriate. Existing and potential new managers are continuously monitored/researched in an attempt to identify the best managers for strategy implementation.

The research process involves first an evaluation of fund families to identify superior families, followed by an analysis comparing the individual managers of the approved fund families in each asset class.

Fund Family Analysis

Each of the approved fund families will be reevaluated on a periodic basis. The analysis will include ranking a broad range of fund families as well as major ETF providers based on returns relative to peer universes. This performance ranking will focus on both open and terminated funds to get a full understanding of the success of the fund family as a whole over time, not just of the fund family's current offerings. We will compare performance ranking of each fund within each fund family amongst each particular fund's peer universe. These rankings will be averaged across each fund family's overall individual fund lineup. Only share classes which do not assess 12b-1 fees and only specific management mandates (not broad based fund-of-funds or target date funds) will be included. Fund share classes with 12b-1 fees will be eliminated to ensure comparisons of most competitively priced funds from each fund family being evaluated. Top fund families will then be compared based on factors such as their competitive cost structure, appropriate level of analytical talent, corporate culture, focus on long-term fundamentals, percentage of terminated/merged funds, and other intangibles.

Only when deemed necessary to obtain appropriate exposure to a desired asset class will we then look outside our list of identified superior fund families. For example where funds within superior fund families do not provide the appropriate exposure targeted it may be necessary to utilize the best available fund from another fund family.

Individual Manager Analysis

Individual funds are selected from the approved fund families mainly on the basis of the style of manager(s) which is most appropriate in terms of constructing the target model portfolio. The manager(s) selected within each asset class should provide the appropriate level of diversification and style purity with the best likelihood of providing optimal performance after the hire date. While analysis will vary by asset class, the goal is to utilize funds from the particular superior fund families which provide strengths most relevant to the asset class being evaluated. Managers will be regularly evaluated for style drift and competitive cost structure.

Benchmarks and Reference Points

Several evaluation benchmarks are required to measure both the success of the allocation strategy as well as the managers used to implement the allocation. To measure the success of the allocation strategy, the Committee will use both Domestic and Global Stock/Bond mixes, as well as a Conservative Reference Point for the Medium Term Fund and an Equity Biased Growth Allocation Reference Point for the Long Term Fund. These benchmarks are described below.

Domestic and Global Stock/Bond Mixes:

The domestic and global stock/bond mixes are comprised of the same ratio of equity to fixed income as that of the Funds' long term targets. For purposes of structuring these equity/bond mixes we use an equity allocation equal to the Funds' equity/commodity allocation for non-agency assets. These mixes are derived from the indices described below. Monthly rebalancing is assumed. The performance of the equity/fixed income mixes is presented net of the average annual ETF and index fund expense ratio, prorated monthly.

Medium Term Fund

37/63 Domestic Stock Domestic Taxable Bond Mix

- 37% Wilshire 5000 Total Market Index
- 63% Barclays Capital Aggregate Bond Index

37/63 Global Stock Global Taxable Bond Mix

- 37% S&P Global Broad Market Index
- 63% Barclays Capital Global Aggregate Index

Long Term Fund

77/23 Domestic Stock Domestic Taxable Bond Mix

- 77% Wilshire 5000 Total Market Index
- 23% Barclays Capital Aggregate Bond Index

77/23 Global Stock Global Taxable Bond Mix

- 77% S&P Global Broad Market Index
- 23% Barclays Capital Global Aggregate Index

The Wilshire 5000 Total Market Index represents all U.S. equity securities that have readily available prices.

The Barclays Capital Aggregate Bond Index represents the performance of the U.S. investment grade fixed-rate bond market, including both government and corporate bonds.

The S&P Global Broad Market Index (BMI) is a top-down, float capitalization-weighted index which measures the performance of the entire universe of institutionally investable equity securities.

The Barclays Capital Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income market, including government, credit and collateralized securities.

The Fund, which contains both domestic and global investments that are not intended to match the domestic and global weightings of these stock/bond mixes, may achieve returns that are greater or less than these mixes, depending upon the relative performance of the domestic and global investments.

Conservative Reference Point

This reference point, produced by Morningstar, invests in both stocks and bonds and maintains a relatively smaller position in stocks. These funds typically have 20%-50% of assets in equities and 50%-80% of assets in fixed income and cash.

Equity Biased Growth Reference Point:

This reference point, produced by Morningstar, includes all funds contained within the Morningstar Allocation – 70%-85% Equity. Allocation – 70%-85% equity portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios typically have 70% to 85% of assets in equities and the remainder in fixed income and cash.

The Committee agrees that this is a reference point. The performance of the Fund may be greater or less, depending upon how aggressive the asset allocation strategy is relative to that of the Managers included in the reference point.

Benchmarks for Managers

To measure the success of the managers used to implement the allocation, each

manager will be measured against its specific peer group, using a category average of mutual funds with the same asset class focus. Fund families whose performance has, in aggregate, tended to be superior when compared to relative performance of other fund families will be deemed acceptable and thus generally used.

Other Considerations

In all cases, performance evaluations will focus more on trailing three, five, and ten-year performance measures (including risk adjusted measures), rather than short-term variances from the benchmarks. Although short term underperformance will be tolerated and closely monitored by the Consultant, managers are normally expected to perform at or above their peer group averages. Both qualitative and quantitative measures have been developed to determine when a manager termination is appropriate.

VII. Donor Recommended Investment Managers

Introduction

The Foundation recognizes that the pooling of invested assets reduces administrative and investment-related expenses and thereby allows more money to go toward the charitable good. For this reason, the Foundation has established certain limitations and guidelines for situations when a donor wishes to recommend a specific investment manager to hold a fund that he or she establishes.

Policy

Upon request by a donor at the time of a gift and establishment of a fund, and subject to the approval of the Foundation Board of Trustees, the Foundation may enter into a contract with an individual investment manager or management firm ("Recommended Manager") to manage assets given to the Foundation by said donor, provided:

Minimum Requirements:

- The donor is establishing an endowment fund at the Foundation of at least \$500,000 (unless a fund minimum waiver is granted by the Foundation Board of Trustees);
- The assets must be managed in a separate account belonging to the Foundation and the donor may exercise no control over that account.
- The Recommended Manager, at a minimum, must be a registered investment advisor under the Investment Advisors Act of 1940 and must comply with any state requirements;
- The donor requests in writing that the gifted assets be managed by the Recommended Manager;
- The donor certifies in writing that he or she will not personally benefit from the Foundation's relationship with the Recommended Manager and does not have a family relationship with the Recommended Manager or with the employees or owners of the Recommended Manager's firm;

Fees:

- The donor acknowledges that the fees and expenses charged by the Recommended Manager will be deducted solely from the total return on the funds held by the Recommended Manager. The Foundation will discuss these fees and expenses with the Recommended Manager to reach an agreement establishing fees and expenses that are commensurate with the services the Recommended Manager will provide.
- The donor agrees that an annualized Consultant's fee will be deducted from the total return on the funds.
- The donor agrees that an annual Community Foundation administrative fee will be deducted from the total return on the funds.

Investment Management:

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will monitor investment performance of the funds and will communicate regularly with the Consultant. The Recommended Manager will provide monthly investment performance reports to the Foundation and inquiry only access to account data to the Foundation's Consultant.
- The Recommended Manager will play a primary role in applying due diligence standards to the funds held in their respective accounts, including monitoring.
- The Recommended Manager manages the fund on a standalone basis. Such funds will increase or decrease in value as a result of the Recommended Manager's standalone investment performance.
- The Recommended Manager must adhere to the Investment Guidelines set forth in this Investment Policy Statement, including but not limited to, approved asset classes and investment restrictions. The Recommended Manager must mirror the approved asset allocation prescribed in Section IV for Long Term, Non-Agency funds as closely as possible, and at a minimum, must adhere to the overall stock/ bond allocation. The portfolio should be a diversified allocation of stocks and bonds consisting of a minimum of two stock asset classes and two bond asset classes.
- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will be evaluated according to the same criteria and benchmark requirements as apply to the other investment managers holding funds for the Foundation.

Revocation or Termination:

The donor and the Recommended Manager acknowledge that the Board of Trustees of the Foundation may, at any time, revoke the privilege of the donor recommendation and terminate any contract or agreement with a Recommended Manager. The donor acknowledges that I.R.S. regulations require that the Foundation Board retain the sole discretion to terminate the Foundation's relationship with the Recommended Manager, and to transfer the funds held by the Recommended Manager to other investment managers under any facts or circumstances that the Board in good faith believes warrant such termination and transfer. Such facts and circumstances will include but not be limited to a determination made in the sole discretion of the Board that the Recommended Manager has failed to meet benchmark requirements then in effect; has failed to perform comparably to other managers; has charged fees that are incommensurate with services provided; has failed to communicate and confer with Consultant; or has otherwise failed to perform as requested by the Foundation.

Each request that gifted assets be managed by a Recommended Manager will be evaluated individually. The Board of Trustees of the Foundation must approve each use of a Recommended Manager and reserves the right to refuse any gift deemed to be against the best interests of the Foundation.

VIII. Short Term Reserve Management Policy

From time to time the Foundation may maintain large cash balances in reserve for future needs and contingencies. The Chief Financial Officer [*or Consultant*] is authorized to manage these reserves for enhanced yields consistent with a conservative cash management policy. To manage credit risk, instruments used for cash management will be limited to the following:

- Money Market Mutual Funds and "ultrashort bond funds"
- Government issues (known as "Treasuries")
- Government-Sponsored Enterprise Securities (known as "Agencies"), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, and Student Loan Marketing Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government.
- FDIC insured Certificates of Deposit, to be bought only in increments up to the maximum limit per bank to assure insurance coverage and only at banks rated 165 ("Excellent") or higher, as rated by the *Bank Financial Quarterly*, issued by IDC Financial Publishing, Inc.

Usually, no instrument will have a maturity at issue, or remaining maturity at purchase, of greater than twelve months. Generally, and depending upon the specific liquidity needs of the Foundation, a ladder strategy will be employed to further minimize interest rate risk.

IX. Delegation of Authority and Responsibilities

The Foundation Board of Trustees has delegated the responsibility for investment management to the Investment & Finance Committee, which is responsible for directing and monitoring the investment of Foundation Assets. As such, the Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

Investment Consultant (Consultant)

The Consultant shall supervise and direct the investment of the Funds as specified in this IPS. Supervision is continuous, with limited discretion. The Consultant is responsible for assessing the appropriateness of asset allocation strategies but does not have discretion to change the strategy without the Committee's approval. The Consultant has discretion to re-balance the portfolio to maintain the asset allocation within the parameters described in this IPS. The Consultant also has discretion to change mutual funds as required by the Due Diligence Policy described in this IPS.

The Consultant is responsible for a complete report to the Committee at regular Committee meetings, held at least four times per year. This report will measure performance of the portfolio and each manager within the portfolio, with comparisons to benchmarks and reference points as described in the Due Diligence Policy section (Section VI). Also, this report will illustrate actual asset allocations as compared to the targets set by this IPS.

Chief Financial Officer

Sign all appropriate contracts, open accounts, and give any other authorizations needed by the Consultant to effect the terms of this Investment Policy Statement.

President

Sign all appropriate contracts, open accounts, and give any other authorizations needed by the Consultant to effect the terms of this Investment Policy Statement.

X. Definitions

Preservation of Purchasing Power - An investment objective that attempts to grow the portfolio, after distributions, at a rate that will allow future distributions to keep pace with inflation.

Non-Endowment Funds - Gifts made that will be fully spent in the short to medium term or with no specific restrictions or requests given by the donor. These gifts may be added to the Endowed Funds and treated as part of the endowment, or they may be spent, at the discretion of the Board. (Principal may be invaded)

Derivative Securities - In general terms, the value of a derivative instrument depends on, or is derived from, the value of an underlying asset, interest rate, index, or other economic benchmark. Examples are options, futures contracts, options on futures contracts, and interest rate swaps, among many others. In addition to typical investment risks, there may be unique risks to these instruments, such as delivery failure, default by the other party, or the inability to close out a position because the trading market becomes illiquid. This definition is not a complete list of the derivative instruments currently available and it is not a complete list of the risks involved.

XI. Appendix

Long-Term Funds (Agency & Non-Agency)

People's Community Foundation of North Central Massachusetts

Date

Medium-Term Funds (Agency & Non-Agency)

People's Community Foundation of North Central Massachusetts

Date

ESG Long Term Fund

Mason Investment Management Services (MIMS)
D Asset Allocation Strategy
ESG & SRI

Recommended Asset Allocation	Model-D
Safety	
Cash	1.00%
Total Safety	1.00%
Income Assets	
Short Term Bond	4.00%
Intermediate Term Bond	8.50%
Inflation Protected Bond	4.00%
International Bond	5.50%
Total Income Assets	22.00%
Growth & Aggressive Assets	
Globally Diversified SMA	77.00%
Total Growth & Aggressive Assets	77.00%
Total Portfolio	100.00%

The Investment Committee has the authority to adjust target asset allocation subcategories no more than plus or minus 5% of the portfolio.

Mason will require client's signature if a new asset class is added or an existing asset class is adjusted by more than 5%.

Mason will require client's signature if we modify the combined Safety and Income* category or the combined Growth and Aggressive** category.***

Authorized Signer

Date

Note: it is normal for the portfolios to deviate to some degree from target percentages.

*The Safety and Income category includes bonds and short term reserves.

**The Growth and Aggressive category includes equities and investments of similar risk.

***In other words Mason will not require client's signature to make changes among the growth and aggressive categories (generally from one equity category to another equity category) unless the change impacts an individual category by 5% or more. Similarly Mason will not require a client's signature to make changes between safety and income categories (generally from one bond or safety category to another bond or safety category) unless the change impacts an individual category by 5% or more. However, any modification which reduces or increases the combined broad growth or aggressive categories (generally equity targets) will generally not be made without prior client approval.

Community Foundation of North Central Massachusetts

Date

Community Foundation of North Central Massachusetts
Long-Term Funds (Agency & Non-Agency)

Mason Investment Management Services (MIMS)
D Asset Allocation Strategy

Recommended Asset Allocation	Lower Range Limit	Model D	Upper Range Limit
Safety			
Cash	0.50%	1.00%	1.50%
Total Safety	0.50%	1.00%	1.50%
Income Assets			
Short Term Bond	2.80%	4.00%	5.20%
Intermediate Term Bond	5.95%	8.50%	11.05%
Inflation Protected Bond	2.80%	4.00%	5.20%
International Bond	3.85%	5.50%	7.15%
Total Income Assets	15.40%	22.00%	28.60%
Growth Assets			
Large-Cap Value	11.90%	17.00%	22.10%
Large-Cap Growth	7.70%	11.00%	14.30%
International Large Cap Value	4.90%	7.00%	9.10%
International Large Cap Growth	3.50%	5.00%	6.50%
Real Estate	4.90%	7.00%	9.10%
Total Growth Assets	32.90%	47.00%	61.10%
Aggressive Assets			
Small-Cap Value	7.70%	11.00%	14.30%
Small-Cap Growth	3.50%	5.00%	6.50%
International Small Cap	4.20%	6.00%	7.80%
Energy/Natural Resources	5.60%	8.00%	10.40%
Total Aggressive Assets	21.00%	30.00%	39.00%
Total Portfolio		100.00%	

Mason has the authority to make allocation adjustments to the above targets. Overall aggregate equity and bond targets will be similar to those above.

Authorized Signer

Date

Note: it is normal for the portfolios to deviate to some degree from target percentages.

Community Foundation of North Central Massachusetts

Date

Community Foundation of North Central Massachusetts
Medium-Term Funds (Agency & Non-Agency)

Mason Investment Management Services (MIMS)
A Asset Allocation Strategy

Recommended Asset Allocation	Lower Range Limit	Model A	Upper Range Limit
Safety			
Cash	6.50%	13.00%	19.50%
Total Safety	6.50%	13.00%	19.50%
Income Assets			
Short Term Bond	15.40%	22.00%	28.60%
Intermediate Term Bond	12.60%	18.00%	23.40%
Inflation Protected Bond	3.50%	5.00%	6.50%
International Bond	3.50%	5.00%	6.50%
Total Income Assets	35.00%	50.00%	65.00%
Growth Assets			
Large-Cap Value	6.30%	9.00%	11.70%
Large-Cap Growth	3.50%	5.00%	6.50%
International Large Cap Value	2.45%	3.50%	4.55%
International Large Cap Growth	1.40%	2.00%	2.60%
Real Estate	1.40%	2.00%	2.60%
Total Growth Assets	15.05%	21.50%	27.95%
Aggressive Assets			
Small-Cap Value	3.50%	5.00%	6.50%
Small-Cap Growth	2.10%	3.00%	3.90%
International Small Cap	1.75%	2.50%	3.25%
Energy/Natural Resources	3.50%	5.00%	6.50%
Total Aggressive Assets	10.85%	15.50%	20.15%
Total Portfolio		100.00%	

Mason has the authority to make allocation adjustments to the above targets. Overall aggregate equity and bond targets will be similar to those above.

Authorized Signer

Date

Note: it is normal for the portfolios to deviate to some degree from target percentages.

Community Foundation of North Central Massachusetts

Date