



**Adopted February 1, 2022**

**STATEMENT OF INVESTMENT POLICY**

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# Racine Community Foundation, Inc.

## Statement of Investment Policy

February 1, 2022

### I. Background and Purpose

The Board of Directors (Board) of the Racine Community Foundation (Foundation) has established an Investment Committee and delegated to it responsibility for administrative matters concerning the investment of the funds within the Foundation. The Investment Committee also is charged with establishing and monitoring spending related policies. The Foundation has retained a Discretionary Investment Consultant (Consultant) to make Investment Manager (Manager) selection decisions within the scope of this Investment Policy Statement. The purpose of this document is to detail the procedures for managing the Foundation's assets, including its investment objectives, risk tolerance, asset allocation targets and allowable ranges, investment guidelines, and other portfolio administration.

The guidelines were developed in a manner the Board believes to be in the best interest of the Foundation and are influenced by the Foundation's governance, regulatory constraints, return objectivities, liquidity needs, and risk tolerance. The Foundation will administer the Funds in accordance with Wisconsin Statute 112.11 "Uniform Prudent Management of Institutional Funds Act." The asset allocation policy was developed to 1) achieve the Foundation's investment objectives, 2) maximize expected investment returns with a prudent amount of investment risk, and 3) recognize that capital markets will fluctuate and may behave differently over time throughout the life of the Foundation.

Performance standards were developed as a means of independently determining whether investment objectives are being achieved with a prudent amount of investment risk. Each Manager has specific performance standards based on their investment style, which incorporate return, risk, and representative peer group comparisons. Conformance to these standards and policies is monitored and evaluated through an objective written analysis each quarter. This analysis includes an evaluation of each Manager strategy as well as the Foundation's progress toward achieving its investment objectives.

The Board recognizes its long-term responsibility in overseeing the management of the Foundation's funds. Since the Foundation has perpetual life, the Foundation funds are permanent. The Board believes the most effective method for management of permanent funds is through a total return concept. Under this concept, investment objectives are established to provide the Foundation with income to meet its current needs and also provide reasonable opportunities for long-term growth in the asset base.

The Foundation welcomes the opportunity to collaborate with the many non-profit organizations and donors in the Racine area in the creation of sustainable endowment value that also provides a stream of annual available dollars to help them carry out their philanthropic community efforts. Our ability to collaborate effectively is built on a common understanding of the role the Foundation plays in value creation for the non-profit organizations and donors. The Foundation has a spending policy which will be considered in the management of the Foundation's assets.

Each year, the Foundation will set its spending limits based on its review of the total investment return and the asset base (as per the Spending Policy). This allows the Managers to be less concerned with meeting current income requirements and gives them the flexibility, within the constraints defined in Section IV below, to increase the income and principal over a longer term.

## **II. Responsibilities and Administration**

### **A. Investment Committee**

The Investment Committee will consist of no less than 6 and no more than 14 members. The Governance Committee in consultation with Investment Committee chair will appoint other members to the Committee.

The Investment Committee acknowledges their responsibility as a fiduciary to the Foundation. In this regard, the Investment Committee must act prudently and for the exclusive interest of the Foundation. Specifically, the Investment Committee's responsibilities, with guidance from the investment consultant ("Consultant"), include:

1. Comply with the provisions of pertinent federal, state, and local laws and regulations.
2. Administer this Investment Policy Statement which includes the development of the long-term strategic asset allocation of the Foundation. The Investment Committee will periodically review the policy, with guidance from the Consultant, to reflect any changes in Foundation and/or market conditions.
3. Monitor and review the investment performance of the Foundation to assess ongoing achievement of goals and compliance with policy guidelines.
4. Define and maintain a list of staff and/or Investment Committee-designees authorized to carry out Investment Committee actions.
5. Define and maintain a list of Foundation Designated Accounts ("Foundation Designated Accounts") that the Consultant is authorized to transact in and direct asset movement. The current list of Foundation Designated Accounts is included in Appendix A.
6. Initiate wire transfers.
7. Execute 3<sup>rd</sup> party agreements on behalf of the Foundation.

The successful execution of this policy requires effective dialogue and collaboration between the Committee, our various Managers, and the Consultants.

### **B. Board Authorized Staff / Investment Committee-Designees**

The Board may authorize members of the Foundation's staff and/or appoint Investment Committee-designees to manage certain administrative actions for the Foundation such as cash flows, opening custodian accounts, and executing necessary documents on behalf of the Foundation. For the purposes of this document, "Investment Committee" shall also mean Foundation staff or the Investment Committee-designee.

### **C. Consultant**

The Consultant's primary role is as a discretionary advisor to the Foundation. The Consultant acknowledges their responsibilities as a fiduciary and must act in the exclusive interest of the Foundation. Specifically, the Consultant's responsibilities include:

1. Guide the Investment Committee in ongoing strategic decision-making for the Foundation.
2. Guide the Investment Committee in the administration and periodic review of the Investment Policy Statement to ensure it properly reflects the Foundation's tolerance for risk, return objectives, spending needs, and overall investment goals.

3. Guide the Investment Committee in the development and periodic review of the Foundation's long-term asset allocation policy and the allowable ranges around individual asset class targets.
4. Guide the Investment Committee in the development of performance standards and guidelines to monitor and evaluate the Foundation's results and its interim progress toward long-term goals.
5. Develop and implement a manager structure for the Foundation consistent with the Investment Policy Statement and its long-term asset allocation policy.
6. Retain and terminate Managers from the Foundation as necessary and consistent with the Investment Policy Statement as well as conduct ongoing due diligence for investment managers retained by the Foundation.
7. Reconcile the performance data with the Foundation's Managers.
8. Determine the Foundation's capacity to add new investments and manage the cash flow/liquidity requirements of existing investments.
9. Conduct ongoing rebalancing transactions for the Foundation to keep the overall portfolio within the allowable ranges of its long-term asset allocation policy.
10. Vote the proxies, or other Manager actions, that require approval for the Foundation's investments in pooled fund vehicles that may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, and limited partnerships.
11. Provide the Investment Committee quarterly performance reports that monitor the results of the Foundation and each of its underlying investment managers. This report will contain the Investment Committee's current list of Foundation Designated Accounts as well as detail the discretionary activity completed by the Consultant.
12. Provide general consulting services as needed and requested by the Investment Committee, attend meetings, and perform other duties detailed in the Foundation's agreement with the Consultant.

#### **D. Managers**

Each Manager retained by the Foundation will have full discretion to make investment decisions for the assets placed under their supervision that are consistent with the Manager's stated strategy and the various provisions of this Investment Policy Statement. Specifically, Manager responsibilities include:

1. Invest and reinvest the Foundation assets under their supervision in accordance with the guidelines and objectives contained in this document as well as any Manager addendum issued specifically for their strategy.
2. Seek "best execution" with respect to portfolio transactions.
3. Vote proxies, when designated in their agreement, for the exclusive benefit of the Foundation. Each Manager shall provide the Consultant and/or the Investment Committee with a copy of their proxy voting policy upon request. Each Manager shall report a record of their proxy votes annually.
4. Promptly inform the Consultant regarding all significant matters pertaining to the investment of the Foundation's assets, including violation of this document or their manager addendum. The Consultant and the Investment Committee shall be notified in writing of any material change in ownership, organizational structure, financial condition, senior staff, and/or the day-to-day management of the strategy.

5. On a quarterly basis, the Managers shall provide a written report affirming compliance with the provisions outlined in this document and their Manager addendum. In addition, the investment managers shall deliver a written report detailing their strategy's performance, analysis of results, and outlook of the market and economy. Written reports shall be submitted to the Consultant and the Investment Committee in a timely fashion.
6. Perform their duties with respect to the assets with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with such matters would use in the conduct of a similar enterprise with similar aims.
7. Other responsibilities of a manager are outlined in the Manager's agreement with the Foundation.

#### **E. Custodians**

Each Custodian will provide safekeeping and serve as the "book of record" for the valuation of Foundation assets. On a monthly basis (or quarterly depending on the investment), the Custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets. Other responsibilities of the Custodian are outlined in the Custodian's service agreement or the specific offering documents of the Manager.

### **III. Asset Transactions**

#### **A. Asset Custody**

1. The Investment Committee has determined that all Foundation assets will be held by third-party custodians, and that all securities purchased by, and all collateral obtained by, the Foundation shall be properly designated as Foundation assets.
2. New custody accounts for the Foundation, when requested by the Consultant, can only be opened by the Investment Committee.
3. Each newly opened custody account will be added to the current list of Foundation Designated Accounts in Appendix A.

#### **B. Asset Movement**

1. The Consultant is authorized to direct the movement of assets (transfers) between the Investment Committee's current list of Foundation Designated Accounts, provided they are at the same Custodian, for the purpose of fulfilling their discretionary management of the Foundation's portfolio.
2. Since the Consultant is not authorized to conduct wire transfers, the Consultant will request the Investment Committee to initiate (execute) wire transfers when necessary.

#### **C. Asset Withdrawals**

The Consultant is not authorized to direct the withdrawal (distribution) of assets from the Investment Committee's list of Foundation Designated Accounts. No withdrawal of assets, in whole or in part, shall be made from third-party custodians except by the Investment Committee.



#### IV. Investment Objectives

The objectives of the Foundation have been established in conjunction with a comprehensive review of its current and projected financial requirements. To achieve these objectives, the Foundation has established the long-term asset allocation policy outlined in Section V. The main objectives include:

- The ability to pay obligations when due.
- To earn an average, annual return that meets or exceeds the return of the Foundation’s long-term target asset allocation policy.
- To control costs of administering the Foundation and managing its underlying investments.

#### V. Long-Term Target Allocation Policy

The Investment Committee’s strategic long-term asset allocation policy and individual asset class targets are consistent with the Foundation’s needs, regulatory constraints, and overall investment objectives. Asset classes were selected based on their expected long-term returns, individual risk/reward characteristics, correlation with other asset classes, and fulfillment of the investment objectives.

The Investment Committee has also established an allowable allocation range for each asset class in recognition of normal capital market fluctuations within and among asset classes. The Investment Committee intends to review these allocation targets and ranges periodically, with guidance from the Consultant, focusing on changes in the Foundation’s needs, regulatory constraints, investment objectives, asset class performance, and evolving market opportunities. The Investment Committee does not intend to exercise short-term changes to the target allocations.

Asset Class*	Minimum	Target	Maximum	Benchmark Index
Domestic Equity	30.0%	40.0%	50.0%	Russell 3000
International Equity	10.0%	15.0%	25.0%	MSCI-ACWI Ex. US
Other Equity <sup>1</sup>	0.0%	7.0%	10.0%	<i>Cambridge Private Equity</i>
<b>Total Equity</b>	<b>45.0%</b>	<b>55.0%</b>	<b>65.0%</b>	75% Russell 3000 / 25% MSCI-ACWI Ex US
Domestic Fixed Income	15.0%	20.0%	30.0%	Bloomberg US Aggregate
Global Fixed Income	0.0%	0.0%	15.0%	Bloomberg Global Aggregate
Other Fixed Income <sup>2</sup>	0.0%	0.0%	10.0%	<i>Determined by Strategy(s)</i>
<b>Total Fixed Income</b>	<b>15.0%</b>	<b>20.0%</b>	<b>30.0%</b>	67% Blmb US Agg / 33% Blmb Global Agg
<b>Private Real Estate</b>	0.0%	8.0%	15.0%	NCREIF ODCE Index
<b>Other Assets<sup>3</sup></b>	0.0%	10.0%	15.0%	<i>Determined by Strategy(s)</i>
Cash	0.0%	0.0%	5.0%	90-Day T-Bills

- 1 The unallocated or uncalled portion of the target allocation to Other Equity will be allocated to Domestic Equity. This will increase the target allocation (and range) to Domestic Equity by the difference between the dollar amount invested in Other Equity and the target allocation amount.
- 2 The unallocated or uncalled portion of the target allocation to Other Fixed Income will be allocated to Domestic Fixed Income. This will increase the target allocation (and range) to Domestic Fixed Income by the difference between the dollar amount invested in Other Fixed Income and the target allocation amount.
- 3 Due to the unique nature of many of the investment vehicle funding structures associated with investments classified as Other Assets, the unallocated or uncalled portion of the target allocation to Other Assets will be allocated to the most appropriate (named) asset class or combination of asset classes. This will increase the target allocation (and range) to the named asset class (or asset

classes) by the difference between the dollar amount invested in Other Assets and the target allocation amount. The named asset class (or asset classes) will be documented in each performance report.

The static asset allocation target weights and benchmark indices listed in the asset allocation table will be combined to create a blended Policy Index (“Policy Index”) used to evaluate the performance of the Foundation. Due to variable impact that unfunded and/or pending allocations may have on the definition of static asset allocation target weights, the current Policy Index, and its history, will be detailed in the Consultant’s quarterly performance report.

The Consultant will monitor the aggregate asset allocation of the Foundation and direct transactions to rebalance or actively position the portfolio within the allowable allocation ranges in a prudent manner. Foundation contributions and distributions will also be utilized to manage the asset allocation. However, if the Foundation’s asset allocation moves outside of its allowable ranges at the end of a calendar quarter, the Consultant will rebalance the Foundation back within its allowable asset class ranges.

## **VI. Investment Performance Objectives**

The Investment Committee will use the following performance measures as objective criteria for evaluating the effectiveness of the investment managers, and in turn, the implementation of investment managers and overall asset allocation by the Consultant.

### **A. Total Portfolio Performance**

1. The performance of the Foundation’s total portfolio will be measured over rolling three (3) and five (5) year time periods. The total portfolio’s performance will be compared against the performance of the Policy Index.
2. On a relative basis, it is expected the total portfolio performance will rank above the median of the appropriate peer universe over rolling three (3) and five (5) year time periods.
3. It is expected the total portfolio standard deviation will be similar to the Policy Index over rolling three (3) and five (5) year time periods.

### **B. Total Equity Portfolio Performance**

1. The performance of the Foundation’s total equity portfolio will be measured over rolling three (3) and five (5) year time periods. The total equity portfolio’s performance will be compared against the performance of a blended benchmark consisting of the target weights and indices listed in the total equity segment of Section V – Target Allocation.
2. On a relative basis, it is expected the total equity portfolio performance will rank above the median of the appropriate peer universe over rolling three (3) and five (5) year time periods.
3. Individual investment strategies in the equity portfolio will be compared to the most appropriate benchmark and peer universe as determined by the Consultant or as defined in a separate account investment manager addendum.

### **C. Total Fixed Income Performance**

1. The performance of the Foundation’s total fixed income portfolio will be measured over rolling three (3) and five (5) year time periods. The total fixed income portfolio’s performance will be compared against the performance of a blended benchmark

consisting of the target weights and indices listed in the total fixed income segment of Section V – Target Allocation.

2. On a relative basis, it is expected the total fixed income portfolio performance will rank above the median of the appropriate peer universe over rolling three (3) and five (5) year time periods.
3. Individual investment strategies in the fixed income portfolio will be compared to the most appropriate benchmark and peer universe as determined by the Consultant or as defined in a separate account investment manager addendum.

#### **D. Private Real Estate Performance**

1. The performance of the Foundation's total private real estate portfolio will be measured over rolling three (3) and five (5) year time periods. The total private real estate portfolio's performance will be compared against the performance of the benchmark listed in the private real estate segment of Section V – Target Allocation.
2. On a relative basis, it is expected the total real estate portfolio performance will rank above the median of the appropriate peer universe over rolling three (3) and five (5) year time periods.
3. Individual investment strategies in the private real estate portfolio will be compared to the most appropriate benchmark and peer universe as determined by the Consultant.

#### **E. Other Asset Performance**

1. The performance of the Foundation's other asset portfolio will be measured over rolling three (3) and five (5) year time periods. Strategy benchmarks in the other asset portfolio will become a defined portion of the Policy Index at a weight based on the strategy's target investment percentage within the Foundation.
2. On a relative basis, if a suitable peer universe is available, it is expected strategies in the other asset portfolio performance will rank above the median over rolling three (3) and five (5) year time periods.
3. Individual investment strategies in the other asset portfolio will be compared to the most appropriate benchmark and peer universe as determined by the Consultant at the time of investment.

### **VII. Investment Guidelines**

#### **A. Separate Account Managers**

Managers retained to manage a separate account for a portion of the Foundation will be issued a Manager addendum to this Investment Policy Statement that defines their specific investment objectives, constraints, and performance benchmarks.

#### **B. Pooled Funds**

Investments made by the Consultant for the Foundation may include pooled funds. For purposes of this document pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and limited liability corporations. The underlying investments in pooled funds are governed by separate documents which may include investments not expressly permitted in this Investment Policy



Statement. In the event of investment by the Consultant into a pooled fund, the Foundation will adopt the governing documents (e.g., prospectus) of the pooled fund as that Manager's addendum to this document.


**VIII. Review and Amendments**

It is the Investment Committee's intention to review this document periodically, with guidance from the Consultant, and amend it as necessary to reflect any changes in Foundation needs, regulatory constraints, and/or overall investment objectives. By executing this document, the signor attests that this Investment Policy Statement has been recommended by the Consultant and subsequently approved by the Investment Committee.

**Approval and Adoption**

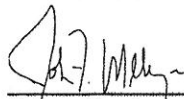
This Investment Policy Statement was approved by the Investment Committee on November 1, 2021.

**Racine Community Foundation, Inc.**

  
\_\_\_\_\_  
Authorized Signer

2.2.2022  
Date

**AndCo Consulting**

  
\_\_\_\_\_  
Consultant

2/4/2022  
Date

## Appendix A

### Racine Community Foundation, Inc. Foundation Designated Accounts

November 1, 2021

Custodian	Account Number (last 4 digits)	Account Title	Description
Bank of Montreal	2-05-4	Mutual Fund Account	Main custodial account
Bank of Montreal	2-05-6	Garcia Hamilton	Separate account manager
Bank of Montreal	2-12-0	Silvercrest	Separate account manager
Bank of Montreal	2-15-3	Fiduciary Management	Separate account manager
Bank of Montreal	2-16-1	Madison Investment Advisors	Separate account manager
Bank of Montreal	2-17-9	Clearbridge	Separate account manager

It is important to note that while the Consultant is authorized to direct intra-account transfers from Foundation Designated Accounts held at the same Custodian, if the intra-account activity requires a wire transfer, the Investment Committee will be required to initiate (execute) the wire.

**Racine Community Foundation, Inc. (the “Foundation”)**  
**Investment Manager Addendum to the Investment Policy Statement**  
**Silvercrest Asset Management Small Cap Growth (“Investment Manager”)**

Issued November 1, 2021

**I. Overview**

This Investment Manager addendum (“Addendum”) is a supplement to the Foundation’s Investment Policy Statement and is intended only to complement the objectives and guidelines outlined therein.

The purpose of this Addendum is to set forth the specific investment guidelines, objectives, and parameters for the Investment Manager.

The Investment Manager only represents a segment of the Foundation’s larger portfolio structure. As such, this Addendum may contain provisions that offer greater restriction or leniency than the Foundation’s Investment Policy Statement. Absent of any provisions detailed in this Addendum, the Investment Manager must adhere to the Foundation’s Investment Policy Statement.

**II. Investment Guidelines**

- A.** The Investment Manager is expected to maintain a fully-invested portfolio.
- B.** The Investment Manager’s individual security holdings must be traded on a domestic national exchange (or electronic network).
- C.** Individual securities held by the Investment Manager shall not exceed the greater of 5%, or the Russell 2000 Growth Index’s security weight plus 1% of the market value of the portfolio.
- D.** No more than 25% of the market value of the Investment Manager’s portfolio may be invested in foreign equity securities. Direct investment in foreign companies is limited to those traded on a domestic national exchange and/or American Depository Receipts (ADRs).
- E.** No more that 10% of the market value of the Investment Manager’s portfolio may be invested in exchange traded funds (ETFs).

**III. Investment Performance Objectives**

The Investment Manager’s portfolio is expected to achieve the following objectives:

- A.** The primary objective of the portfolio is to exceed the returns of the Russell 2000 Growth Index over rolling three (3) and five (5) year time periods.
- B.** On a relative basis, it is expected the portfolio will rank above the median of the Small Cap Growth Universe over rolling three (3) and five (5) year time periods.
- C.** It is expected the portfolio standard deviation will be similar to the Russell 2000 Growth Index over rolling three (3) and five (5) year time periods.

**IV. Review and Amendments**

It is the intention of the Foundation to review the Investment Policy Statement and this Addendum from time to time and to amend them, if necessary, to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Consultant shall be so notified in writing.

**V. Manager Acceptance**

The Investment Manager understands and accepts the Investment Policy Statement, this Addendum, and acknowledges their status as an investment fiduciary to the Foundation.

\_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Date



**Racine Community Foundation, Inc. (the “Foundation”)**  
**Investment Manager Addendum to the Investment Policy Statement**  
**Fiduciary Management Large Cap (“Investment Manager”)**

Issued November 1, 2021

**I. Overview**

This Investment Manager addendum (“Addendum”) is a supplement to the Foundation’s Investment Policy Statement and is intended only to complement the objectives and guidelines outlined therein.

The purpose of this Addendum is to set forth the specific investment guidelines, objectives, and parameters for the Investment Manager.

The Investment Manager only represents a segment of the Foundation’s larger portfolio structure. As such, this Addendum may contain provisions that offer greater restriction or leniency than the Foundation’s Investment Policy Statement. Absent of any provisions detailed in this Addendum, the Investment Manager must adhere to the Foundation’s Investment Policy Statement.

**II. Investment Guidelines**

- A. The Investment Manager is expected to maintain a fully-invested portfolio.
- B. The Investment Manager’s individual security holdings must be traded on a domestic national exchange (or electronic network).
- C. Individual securities held by the Investment Manager shall not exceed the greater of 5%, or the Russell 1000 Value Index’s security weight plus 1% of the market value of the portfolio.
- D. No more than 25% of the market value of the Investment Manager’s portfolio may be invested in foreign equity securities. Direct investment in foreign companies is limited to those traded on a domestic national exchange and/or American Depository Receipts (ADRs).
- E. No more that 10% of the market value of the Investment Manager’s portfolio may be invested in exchange traded funds (ETFs).

**III. Investment Performance Objectives**

The Investment Manager’s portfolio is expected to achieve the following objectives:

- A. The primary objective of the portfolio is to exceed the returns of the Russell 1000 Value Index over rolling three (3) and five (5) year time periods.
- B. On a relative basis, it is expected the portfolio will rank above the median of the Large Cap Value Universe over rolling three (3) and five (5) year time periods.
- C. It is expected the portfolio standard deviation will be similar to the Russell 1000 Value Index over rolling three (3) and five (5) year time periods.

**IV. Review and Amendments**

It is the intention of the Foundation to review the Investment Policy Statement and this Addendum from time to time and to amend them, if necessary, to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Consultant shall be so notified in writing.

**V. Manager Acceptance**

The Investment Manager understands and accepts the Investment Policy Statement, this Addendum, and acknowledges their status as an investment fiduciary to the Foundation.

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Authorized Signer

\_\_\_\_\_  
Date

**Racine Community Foundation, Inc. (the "Foundation")**  
**Investment Manager Addendum to the Investment Policy Statement**  
**Madison Investments Small Cap ("Investment Manager")**

Issued November 1, 2021

**I. Overview**

This Investment Manager addendum ("Addendum") is a supplement to the Foundation's Investment Policy Statement and is intended only to complement the objectives and guidelines outlined therein.

The purpose of this Addendum is to set forth the specific investment guidelines, objectives, and parameters for the Investment Manager.

The Investment Manager only represents a segment of the Foundation's larger portfolio structure. As such, this Addendum may contain provisions that offer greater restriction or leniency than the Foundation's Investment Policy Statement. Absent of any provisions detailed in this Addendum, the Investment Manager must adhere to the Foundation's Investment Policy Statement.

**II. Investment Guidelines**

- A. The Investment Manager is expected to maintain a fully-invested portfolio.
- B. The Investment Manager's individual security holdings must be traded on a domestic national exchange (or electronic network).
- C. Individual securities held by the Investment Manager shall not exceed the greater of 5%, or the Russell 2000 Index's security weight plus 1% of the market value of the portfolio.
- D. No more than 25% of the market value of the Investment Manager's portfolio may be invested in foreign equity securities. Direct investment in foreign companies is limited to those traded on a domestic national exchange and/or American Depository Receipts (ADRs).
- E. No more that 10% of the market value of the Investment Manager's portfolio may be invested in exchange traded funds (ETFs).

**III. Investment Performance Objectives**

The Investment Manager's portfolio is expected to achieve the following objectives:

- A. The primary objective of the portfolio is to exceed the returns of the Russell 2000 Index over rolling three (3) and five (5) year time periods.
- B. On a relative basis, it is expected the portfolio will rank above the median of the Small Cap Universe over rolling three (3) and five (5) year time periods.
- C. It is expected the portfolio standard deviation will be similar to the Russell 2000 Index over rolling three (3) and five (5) year time periods.

**IV. Review and Amendments**

It is the intention of the Foundation to review the Investment Policy Statement and this Addendum from time to time and to amend them, if necessary, to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Consultant shall be so notified in writing.

**V. Manager Acceptance**

The Investment Manager understands and accepts the Investment Policy Statement, this Addendum, and acknowledges their status as an investment fiduciary to the Foundation.

\_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Date

**Racine Community Foundation, Inc. (the "Foundation")**  
**Investment Manager Addendum to the Investment Policy Statement**  
**Clearbridge Large Cap Growth ("Investment Manager")**

Issued November 1, 2021

**I. Overview**

This Investment Manager addendum ("Addendum") is a supplement to the Foundation's Investment Policy Statement and is intended only to complement the objectives and guidelines outlined therein.

The purpose of this Addendum is to set forth the specific investment guidelines, objectives, and parameters for the Investment Manager.

The Investment Manager only represents a segment of the Foundation's larger portfolio structure. As such, this Addendum may contain provisions that offer greater restriction or leniency than the Foundation's Investment Policy Statement. Absent of any provisions detailed in this Addendum, the Investment Manager must adhere to the Foundation's Investment Policy Statement.

**II. Investment Guidelines**

- A.** The Investment Manager is expected to maintain a fully-invested portfolio.
- B.** The Investment Manager's individual security holdings must be traded on a domestic national exchange (or electronic network).
- C.** Individual securities held by the Investment Manager shall not exceed the greater of 5%, or the Russell 1000 Growth Index's security weight plus 1% of the market value of the portfolio.
- D.** No more than 25% of the market value of the Investment Manager's portfolio may be invested in foreign equity securities. Direct investment in foreign companies is limited to those traded on a domestic national exchange and/or American Depository Receipts (ADRs).
- E.** No more that 10% of the market value of the Investment Manager's portfolio may be invested in exchange traded funds (ETFs).

**III. Investment Performance Objectives**

The Investment Manager's portfolio is expected to achieve the following objectives:

- A.** The primary objective of the portfolio is to exceed the returns of the Russell 1000 Growth Index over rolling three (3) and five (5) year time periods.
- B.** On a relative basis, it is expected the portfolio will rank above the median of the Large Cap Growth Universe over rolling three (3) and five (5) year time periods.
- C.** It is expected the portfolio standard deviation will be similar to the Russell 1000 Growth Index over rolling three (3) and five (5) year time periods.



**IV. Review and Amendments**

It is the intention of the Foundation to review the Investment Policy Statement and this Addendum from time to time and to amend them, if necessary, to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Consultant shall be so notified in writing.

**V. Manager Acceptance**

The Investment Manager understands and accepts the Investment Policy Statement, this Addendum, and acknowledges their status as an investment fiduciary to the Foundation.

\_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Date

**Racine Community Foundation, Inc. (the "Foundation")**  
**Investment Manager Addendum to the Investment Policy Statement**  
**Garcia Hamilton Fixed Income ("Investment Manager")**

Issued November 1, 2021

**I. Overview**

This Investment Manager addendum ("Addendum") is a supplement to the Foundation's Investment Policy Statement and is intended only to complement the objectives and guidelines outlined therein.

The purpose of this Addendum is to set forth the specific investment guidelines, objectives, and parameters for the Investment Manager.

The Investment Manager only represents a segment of the Foundation's larger portfolio structure. As such, this Addendum may contain provisions that offer greater restriction or leniency than the Foundation's Investment Policy Statement. Absent of any provisions detailed in this Addendum, the Investment Manager must adhere to the Foundation's Investment Policy Statement.

**II. Investment Guidelines**

- A.** The average credit quality of the Investment Manager's portfolio shall be "A-" or higher (or its equivalent) by a nationally recognized statistical rating organization (NRSRO).
- B.** The Investment Manager may purchase or hold up to 15% of the market value of the portfolio in securities rated below "BBB" (or its "investment grade" equivalent) by a NRSRO.
- C.** The duration of the Investment Manager's portfolio shall be less than 135% of the duration of the market index. The market index is defined as the Bloomberg U.S. Aggregate Index.
- D.** No more than 10% of the market value of the Investment Manager's portfolio shall be invested in the securities of any single corporate issuer.
- E.** There is no limit imposed on the Investment Manager's holdings in securities issued directly by the United States Government or any agency or instrumentality thereof.
- F.** Securities issued by an entity not organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia are limited to 10% of the market value the Investment Manager's portfolio. All securities must be issued in U.S. Dollars.
- G.** The Investment Manager is prohibited from using exchange traded funds (ETFs) or other pooled investment vehicles in the execution of its investment strategy.

**III. Investment Performance Objectives**

The Investment Manager's portfolio is expected to achieve the following objectives:

- A.** The primary objective of the portfolio is to exceed the returns of the Bloomberg U.S. Aggregate Index over rolling three (3) and five (5) year time periods.

- B. On a relative basis, it is expected the portfolio will rank above the median of the Broad Market Core Fixed Income Universe over rolling three (3) and five (5) year time periods.
- C. It is expected the portfolio standard deviation will be similar to the Bloomberg U.S. Aggregate Index over rolling three (3) and five (5) year time periods.

**IV. Review and Amendments**

It is the intention of the Foundation to review the Investment Policy Statement and this Addendum from time to time and to amend them, if necessary, to reflect any changes in philosophy or objectives. However, if at any time the Investment Manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Consultant shall be so notified in writing.

**V. Manager Acceptance**

The Investment Manager understands and accepts the Investment Policy Statement, this Addendum, and acknowledges their status as an investment fiduciary to the Foundation.

\_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Date