

INVESTMENT POLICY STATEMENT

The Mankato Area Foundation ("MAF", "Foundation") is a community foundation whose purpose is to improve the livability in the Greater Mankato area through philanthropy.

This Investment Policy Statement ("IPS") reflects the investment objectives and constraints for MAF. It is to be used in the management of all investable funds of MAF. This IPS is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

INVESTMENT COMMITTEE

The MAF Board of Directors ("Board") has delegated to the Investment Committee ("Committee") the responsibility for the administration and supervision of the MAF investments within the purposes and limitations established by the Board. The Committee will annually review this IPS and the allocation of investments. Any changes to this IPS or the asset allocation parameters will be documented in the minutes and approved by the Board. The Board has the right to revise, rescind, or overrule any action of the Committee at the Board's discretion; any such changes are to be promptly communicated to the "Investment Manager" and "Investment Advisor(s)". The Investment Manager ("Manager") is the party responsible for advice and management regarding MAF's Core Portfolio while Investment Advisor(s) ("Advisors") are independent third-party advisors managing donor assets through the Investment Partner Program.

INVESTMENT OBJECTIVES AND RISK TOLERANCE

The Committee has established the following portfolio with the objective of prudently growing assets while also maintaining liquidity to fund grants as needed. The Committee recognizes the uncertainties and complexities of contemporary financial markets. The Committee also recognizes that risk must be assumed to achieve the investment objectives stated.

PORTFOLIO MANAGEMENT

To ensure the Foundation maintains liquidity to fund grants as needed, a "Funds Need Assessment" will be completed for the finance and investment committees every quarter to determine the ongoing funds needed in the short-term (less than one year), mid-term (one to three years), and long-term (beyond three years). To preserve capital and maintain adequate liquidity, the funds earmarked as short-term will be allocated as a "Cash Reserve" in high quality cash equivalent assets (see "Appendix A") and will be excluded from the Core Portfolio allocation. The "Core Portfolio" will consist of mid-term and long-term funds directly controlled by MAF (excluding Investment Partner Program assets) with a suitable target given the investment horizon and risk tolerance of the Foundation. Investment Partner Program advisor(s) are given discretion to manage assets in-line with the donor's suitability within the confines of this IPS.

I. Investment Management Guidelines

The investment manager(s) will operate within the framework of this IPS and/or Advisory Agreement. The investment manager(s) will have full discretion over all investment decisions and must comply with all fiduciary, prudence, and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules, and regulations. Decisions on individual assets will be evaluated not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably aligned with this IPS. Manager(s) must evaluate each asset's fee within the context of achieving the portfolio objectives and that they are reasonable to comparable investment funds.

Any exceptions to this Policy must be reported by the investment manager to the Committee along with a recommended course of action which is subject to the review and approval of the Committee.

II. Risk Management Guidelines

Asset Allocation: Asset allocation, investment guidelines, and specific restrictions are specified in Appendix A. Appendix A may be adjusted with approval from the Committee to reflect both the changing needs of MAF and the long-term trends in capital markets.

Assets: Assets purchased must comply with the Foundation objectives stated in this IPS along with the guidelines listed in Appendix A at the time of purchase.

Rebalancing: The Investment Manager(s) will trigger a rebalance of the Core Portfolio when the allocation deviates from the Strategic Asset Allocation ("Target") by the given asset class ranges referenced in Appendix A. Once outside of these ranges, the Manager will fully rebalance the Core Portfolio back to the Strategic Asset Allocation. The Manager maintains full discretion to rebalance prior to these thresholds at any time.

It is the intention of this IPS to restrict investment activities and strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives described in this IPS.

III. Investment Partner Program Guidelines

Asset Allocation: Asset allocation and investment strategy for Investment Partner Program ("IPP") assets will be adjusted by the advisor(s) to reflect the suitability and planned giving of the donor. The advisor(s) portfolio should reflect the donor's giving time horizon, and risk tolerance. An advisor(s) must comply with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules, and regulations. For MAF to ensure the preservation of future grants, each donor's portfolio is limited to a maximum of 70% equities with 10% invested in any individual security. Donors/advisor(s) have 12 months from the initial gift to align the portfolio with IPS guidelines.

Assets: IPP advisor(s) must cease investment activities and strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the time horizon and risk tolerance of the donor's planned giving. IPP advisor(s) assets are subject to all additional requirements detailed in Appendix A under the "Other Restrictions" sub-header.

Audit: The Committee will perform a randomized audit of advisor(s) allocation each year to ensure compliance with this IPS. The Committee may assign the Investment Manager to administer and/or supervise the audit.

Non-Compliance: Should the advisor(s) be in violation of this IPS, the Committee will direct the advisor(s) in writing regarding all non-compliant investment activities. If no remedial action is taken by Advisor(s), the Committee reserves the right to forfeit advisor(s) control of donor assets after 90 days of written notice of a violation of this IPS or substantial deviation from what can reasonably be considered suitable to the donor.

IV. Review

Investment Reporting and Performance: Along with the randomized annual audit of IPP advisor(s), investment reports will be provided by all investment advisors and manager(s) to the Committee at least quarterly and will be reviewed by the Committee at least annually. The portfolio performance will be evaluated over a suitable investment horizon in relation to the level of risk taken within the context of broader macroeconomic conditions. The portfolio performance will be compared to the benchmarks identified in Appendix A.

Investment Policy Statement Review: The IPS will be reviewed by the Committee at least annually to determine the continued appropriateness of the IPS in achieving the investment objectives of the portfolio as set forth by the Committee, as well as to consider revisions of the IPS that may be suitable to the Foundation. Any changes to the IPS will be documented in the form of an amendment and approved by the Board.

Original Policy:	July 26th, 2011
Revised/Approved:	November 28th, 2012
Revised/Approved:	May 11th, 2016
Revised/Approved:	October 25th, 2017
Revised/Approved:	October 24th, 2018
Revised/Approved:	October 28th, 2020
Revised/Approved:	July 10, 2024

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"APPENDIX A"

Core Portfolio Strategic Asset Allocation	
Cash Reserve:	100% of Short-Term Funds*
Equity:	55%
Fixed Income:	30%
Alternative Investments:	15%

* As determined by the quarterly Funds Need Assessment

Core Portfolio Class and Sub-Class Allocation Ranges		
Asset Type	Allocation Ranges**	Benchmark
Cash Reserve:	100% of Short-Term Funds*	
Cash	0 - 20%	N/A
Money Market Funds	0 - 100%	3-Month US T-Bill Index
Certificates of Deposit	0 - 100%	3-Month US T-Bill Index
Treasury Bills	0 - 100%	3-Month US T-Bill Index
Equity:	40 - 70%	
Domestic Equities	55 - 85%	S&P 1500 Index
International Equities	20 - 40%	MSCI Developed EAFE Index
Fixed Income:	20 - 40%	
Conservative Fixed Income#	50 - 90%	Bloomberg Gov/Credit Index
Aggressive Fixed Income#	10 - 50%	Bloomberg High Yield Bond Index
Alternative Investments:	5 - 25%	
Real Assets	25 - 100%	As Appropriate at Time of Investment+
Equity Alternatives	0 - 40%	As Appropriate at Time of Investment+
Fixed Income Alternatives	0 - 40%	As Appropriate at Time of Investment+

** Sub-Class ranges are expressed as a percentage of the total corresponding Asset Class allocation

Conservative Fixed Income is broadly classified as Investment Grade assets, Aggressive Fixed Income is broadly classified as non-Investment Grade assets

+ Alternative Investments as an Asset Type are extremely varied, and because of this, a single generally applicable benchmark is neither available nor appropriate. Best judgement must be used to determine an appropriate benchmark for each investment at the time of initial purchase and, as available, the same benchmark will be used for comparison across the entire duration of the investment.

Other Restrictions:

Unless expressly authorized by the Committee, the Investment Manager and Advisor(s) are prohibited from:

1. Pledging, hypothecating, shorting or margining portfolio securities
2. Direct investment in commodities, futures, and options contracts. Mutual Funds, Separately Managed Accounts, and ETFs invested in these securities are allowed
3. Any investment in cryptocurrencies, non-fungible tokens, or other digital assets
4. Private placements, venture capital, and all non-marketable securities must be approved by the Investment Committee prior to implementation
5. Individual security exposure excluding Mutual Funds, Separately Managed Accounts, and ETFs must be less than 5% of total assets
6. All assets excluding Mutual Funds, Separately Managed Accounts, and ETFs must be denominated in US Dollars