

**SUPPLEMENT TO THE INFAITH COMMUNITY FOUNDATION FUND WORKBOOK  
ADVISOR MANAGED FUND APPLICATION**

InFaith Community Foundation (the Foundation) has established the Advisor Managed Fund Program to allow specific financial representatives and investment advisors (the Advisor) the opportunity to provide investment advisory and management services for Dynamic Donor Advised Funds at the Foundation.

As with all charitable contributions to the Foundation, donors' contributions to donor advised funds are irrevocable gifts that belong to the Foundation. The Foundation's Board of Directors (the Board) is responsible for and has complete discretion over investment decisions for all assets of the Foundation, including its investment policies and approval of all transactions affecting the Foundation's assets.

Please review Advisor Managed Fund program policies before applying to establish an Advisor Managed Fund.

**Advisor Information:**

Name \_\_\_\_\_

Business Name \_\_\_\_\_

Business Mailing Address \_\_\_\_\_

Business Phone \_\_\_\_\_

Other Phone \_\_\_\_\_

Business email address \_\_\_\_\_

I have read and I agree to the terms of the InFaith Community Foundation Advisor Managed Fund Program policies. I understand that my Advisor Managed Donor Advised Fund will be assessed an annual administrative fee pursuant to InFaith Community Foundation Pricing, Grant & Fundraising Policies.

**Donor Information**

Donor Name(s) (please print) \_\_\_\_\_

Donor 1 Signature \_\_\_\_\_

Donor 2 Signature \_\_\_\_\_

Date \_\_\_\_\_



Spreading Joy. Changing Lives.®

## **INFAITH COMMUNITY FOUNDATION ADVISOR MANAGED FUND PROGRAM POLICIES**

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### **Eligibility**

The donor advised fund must have a minimum opening value of \$250,000 (i.e., a donor may not make incremental gifts over time to reach the \$250,000 minimum and it is the intention of the program that the Advisor Managed Fund maintain this minimum value over time). Existing donor advised funds at the Foundation are not eligible for transfer to the Advisor Managed Fund program.

### **Recommending an Advisor**

The original donor may recommend the Advisor to manage his or her donor advised fund at the Foundation by completing the InFaith Community Foundation Fund Workbook and the Advisor Managed Fund Application (a supplement to the Fund Workbook). The recommended Advisor may not include:

- The donor of the donor advised fund or any family member of the donor.
- Any entity of which any donor and/or his or her family members collectively own more than 35% of the total outstanding interests (i.e., a related entity).
- Any advisor with advisory privileges over the donor advised fund.

Additionally, the recommended Advisor must submit an investment proposal that addresses:

- Qualifications and credentials of the Advisor and team (if applicable).
- Investment vehicles proposed for each asset class with supporting documentation and historical performance.
- Fees for each investment vehicle, the Advisor and the total portfolio.
- Investment Policy Statement detailing the asset allocation, range and process for rebalancing, and controls to ensure appropriate diversification.
- Performance benchmarks and criteria for periodic assessment of the investment portfolio. Examples of current InFaith benchmarks include Russell 3000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, HFRI FOF Diversified Index, Real Assets Benchmark and BC Aggregate Bond Index.

### **Approval Process**

The recommended Advisor and investment proposal is subject to the approval of the Investment Committee of the Foundation's Board of Directors.

## Grantmaking

To initiate grants from the fund, donors must contact the Foundation using the Grant Recommendation Request. The Foundation's Director of Finance, in turn, will contact the Advisor to liquidate appropriate assets and maintain the agreed upon asset allocation.

## Terminating or Changing an Advisor

The Foundation may replace the Advisor at any time for any reason, with or without cause. In general, prior to termination of an Advisor, the Foundation will notify the donor and discuss options.

## Investment Allocation Guidelines

In order to ensure Advisor Managed Fund assets are invested in a prudent manner, the Foundation's Board of Directors Investment Committee has set forth the following investment allocation guidelines:

Asset Class	Minimum	Maximum
U.S. Equity	15%	35%
Global (non-U.S) Equity	12%	32%
Emerging Markets Equity	0%	12%
Fixed Income	10%	73%
Marketable Alternatives	0%	20%
Real Assets	0%	15%
Unallocated Cash	0%	5%

**U.S Equity.** To avoid the risk of loss associated with a large concentration in a single security or market sector, the aggregate investment in U.S. common stocks is to be diversified by market capitalization, economic sectors and manager style.

**Global (non-U.S) Equity.** The investment in international equity is to be diversified across multiple countries, economic sectors and manager style.

**Emerging Markets Equity.** The investment in emerging market equity companies in developing countries is to be diversified across multiple countries, economic sectors and manager style.

**Fixed Income.** Fixed income investments are to be invested primarily in investment-grade securities.

**Marketable Alternatives.** The investment in marketable alternatives (hedge funds) is to be diversified across underlying managers and strategies (i.e., long/short equity and absolute return).

**Real Assets.** The investment in real assets is to be diversified across real asset strategies, such as commodities, real estate, precious metals, and oil and gas. In addition, each individual real asset strategy should be diversified across multiple securities.

**Unallocated Cash.** Cash reserves for liquidity purposes are to be held at nominal levels (within each investment) for projected positive cash flows. Investment portfolios are not expected to accumulate significant, non-tactical or non-strategic cash positions. Aggregate cash positions of all investments within a portfolio will be monitored for compliance with this policy.

### **Exceptions to the Investment Policy**

From time to time, the Foundation may make exemptions to its Investment Policy and investment allocation guidelines. The Foundation will consider exceptions and custom investment proposals in situations where the Advisor wishes to deviate from the above-stated Advisor Managed Fund investment guidelines. With any investment policy exemptions, the Advisor must also submit a document outlining the donor's philanthropic intentions and time horizon for grantmaking from the fund. Customized investment proposals are reviewed by the Investment Committee of the Foundation Board of Directors.

### **Prohibited Investments & Transactions**

The following investments and transactions are generally prohibited for Advisor Managed Fund assets:

- Short sales or any transaction on margin.
- Real estate, except as held in a diversified REIT, ETF or mutual fund position.
- Non-negotiable securities.
- Investments in companies for the purpose of exercising control or management.
- Commodities (other than commodity-based mutual funds and ETFs).
- Futures, warrants or other leveraged investment strategies that employ derivatives, synthetics or forward contracts.
- Oil, gas or other mineral exploration.
- Investments that charge a fee upon redemption (e.g., "back-end load" or "deferred sales charge").
- New issues or IPOs.
- Leverage/inverse EFTs.

In addition to the guidelines stated above, investments may not generate unrelated business income tax (UBIT).

### **Performance Objectives**

Investment performance will be measured at least quarterly by the Foundation using appropriate customized benchmarks.

### **Fees**

Fees include all fees charged for the Advisor/advisement, custody and investment management, including embedded management fees within mutual funds, commingled funds, etc. and the administrative fee charged by the Foundation. Investment advisory fees charged by a financial representative/investment advisor are not to exceed 1% of assets annually. InFaith's annual administrative fee is 1% or \$2,500 whichever is greater. Total fees must not exceed 3% of the total portfolio.

### **Foundation Responsibilities**

1. Review and approve donor-recommended Advisor and investment proposals as set forth in these program policies.
2. Monitor the appropriateness of the donor-recommended Advisor Managed Fund investment strategy given the Foundation's overall investment strategy, philosophy and objectives.
3. Review ongoing investment performance, asset allocation models (including restricted securities) and any compliance-related issues related to the portfolios of the Advisor Managed Fund program.
4. Monitor the donor-recommended Advisor Managed Fund investment managers to ensure compliance with this policy, its guidelines and restrictions.

### **Foundation Board Investment Committee Responsibilities**

1. Review any new donor-recommended Advisors and investment proposals of the Advisor Managed Fund program and determine if the proposal is suitable under the relevant Investment Policies of the Foundation for approval.
2. Participate in the oversight process for annual reviews (performance, investment proposal, etc.) of donor-recommended Advisors for Advisor Managed Funds.
3. Review this and other applicable policies related to the Advisor Managed Funds program annually and recommend changes to the Foundation's full Board of Directors as may be necessary or desirable.

### **Advisor Responsibilities and Requirements**

1. Follow prudent investor guidelines 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 by the CFA Institute. As fiduciaries, Advisors are expected to uphold the highest ethical standards and to carry out their investment responsibilities in order to promote the best interest of the Foundation.
2. Be fully licensed (S.7 + S.66 + LAH), registered and in good standing in the state of Minnesota.
3. Immediately report any findings against the firm or its principals by any other regulatory authority. In addition, any lawsuits or legal issues raised against the Advisor, the firm or its principals related to the Advisor's business activities is to be immediately reported to the Foundation.
4. Adhere to the investment proposal and investment policy statements for which the advisor was selected and as approved by the Investments Committee of the Foundation's Board, to include conforming to the asset classifications and restrictions as defined in this policy. The Advisor shall have full discretion to manage the donor advised fund assets according to the approved investment proposal.
5. Communicate all material changes in the Advisor status and/or regional financial office standing to the Foundation. This includes, but is not limited to:
  - Changes in personnel involved in the Foundation's relationship.
  - Changes in ownership.
  - Changes in senior investment professionals' responsibilities.
  - Changes in investment style or process.
6. Report investment activity and performance at least on a quarterly basis. Duplicate statements and website access must be provided to the Foundation for quarterly and, if possible, daily access to activity and balances.
7. Respond to requests from Foundation staff and the Board Investment Committee as needed.

**Acknowledgement**

The undersigned Advisor acknowledges receipt of, and agreement with, this policy.

Name of Advisor \_\_\_\_\_

Signature of Advisor \_\_\_\_\_

RFO Name & RFO # (if applicable) \_\_\_\_\_

Donor Advised Fund Name as recommended by donor(s) \_\_\_\_\_

Date \_\_\_\_\_