

Connecticut River Conservancy

INVESTMENT POLICY STATEMENT AND GUIDELINES PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish a clear investment policy for the Connecticut River Conservancy (CRC) that is aligned with the CRC's long-range financial plans. CRC's investment program is defined in the various sections of this IPS by:

1. Stating in a written document the attitudes, expectations, objectives and guidelines for the investment of its assets;
2. Encouraging effective communications between all parties involved with the investment management decisions;
3. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by each investment option on a regular basis;
4. Setting forth an investment structure for managing CRC's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that in total are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon;
5. Providing guidelines that control the level of overall risk and liquidity assumed in that portfolio, so all CRC assets are managed in accordance with stated objectives.

This IPS will be reviewed at least annually by the Finance Committee and will be reported to the Board of Directors and if appropriate, can be amended by the Board of Directors.

INTRODUCTION

CRC manages several designated funds that are described below. They are comprised of donations from individuals and institutions as well as grant funds received from both private and public foundations and entities. These funds may be pooled and will be managed by qualified investment advisors selected by the Board at the recommendation of the Finance Committee.

Permanently Restricted Endowment: Monies held by the Board where donor restrictions require that only interest and/or dividend may be used to support the organization.

Unrestricted Endowment: The Unrestricted Endowment is comprised of various funds given, bequeathed, or received as a result of the sale of Conservancy assets. The Board may impose restrictions on the use of this Fund and has discretion on the amount it may allocate to support the operations of the Conservancy. Principal may be used with prior approval of the Board.

Spaulding Pond Fund: The Spaulding Pond Fund is comprised of two separate funds – the Spaulding Pond Stewardship Fund and the Land Acquisition Fund - which have specific limitations on their use. The monies associated with each Fund in the Trust are commingled for purposes of investment.

Annuities: CRC may accept charitable gift annuities and so manage these assets to provide the donor with the return specified in the contract based on the type of annuity.

GENERAL INVESTMENT OBJECTIVES AND GUIDELINES

The primary long-term objective of investment activities shall be for the endowed funds to earn a total return, net of investment and custodial fees, and normal withdrawals, within prudent levels of risk, sufficient to maintain in real terms their purchasing power. The overall investment portfolio shall consist of equity securities and fixed income securities of generally high quality and high liquidity, and from a diversified list of issuers. Any funds not invested will be maintained in interest bearing accounts such as money market funds and insured certificates of deposit.

Equities

The equity portion of the portfolio will be diversified, both by industry representation and by the number of issuers. At no time shall more than 5% of the equity assets shall be invested in the securities of any one issuer. The portfolio may invest in U.S. and global equities. Not more than 25% of the assets will be in a single industry or economic sector.

Fixed Income

Not more than 5% of the total market value of the entire portfolio at the time of purchase shall be invested in the securities of a single U.S. corporate bond issuer. Each issue shall be rated AA or better at the time of purchase. Federally insured Certificates of Deposit or other bank balances may not exceed the FDIC insured limit in principal amount issued by any one bank issuer. U.S. Treasury and U.S. Agency issues may be purchased without limit.

Allocations

Target portfolio allocations are designated by the members of the Finance Committee and approved by the Board and vary by account. The Finance Committee will review the asset allocation annually and recommended any proposed changes to the Board for approval. Portfolio allocations are guidelines. The actual portfolio may vary from time to time due to market conditions and the cash flow needs of the organization. Movement away from target allocations shall be resolved in a manner geared to minimize trade and transaction costs. Strategic target portfolio allocations are to be restricted to the following parameters:

Permanently Restricted and Unrestricted Endowment

Equities	50%-70%
Fixed Income	30%-50%
Liquid Assets	5%-20%

Target portfolio allocations within the ranges above must be communicated to the investment advisors by the finance committee via the Treasurer or the Chief Financial Officer at inception and when changes are implemented.

Annuities

Funds donated to the Conservancy for the purposes of charitable gift annuities are to be managed by the Finance Committee and shall be invested to yield the donor's annuity amount while attempting to preserve principal. Annuity yields are however generally determined based on the donor's age and can be greater than expected returns in any given year, so there may instances where principal may decrease when earnings are less than an annuity.

Spaulding Pond Fund

The Spaulding Pond Fund is comprised of two separate funds – the Spaulding Pond Stewardship Fund and the Land Acquisition Fund.

Spaulding Pond Stewardship Fund, established by will of Happy Egler, supports direct expenditures only for the current maintenance of the property and such research as CRC may deem desirable, plus indirect costs associated with the purposes of the Fund. Portions of this Fund may from time to time be held as liquid assets in a mutual fund or checking account in order to preserve capital when substantial stewardship projects are planned.

Land Acquisition Fund, established by will of Frank Egler, may only be used for land acquisition, plus indirect costs associated with the purposes of the Fund.

Asset allocation of the combined funds shall be the same as for Permanently Restricted and Unrestricted Endowment.

SOCIAL RESPONSIBILITY CONSIDERATIONS

Funds under management according to the guidelines of this policy shall be invested in a socially responsible manner in the securities of companies whose actions and values are aligned with the values and mission of CRC. The CRC seeks to avoid investments in companies whose activities are detrimental to the quality and utility of the Connecticut River Watershed. The Investment Manager is responsible for sourcing ESG managers and presenting them accordingly vs existing index funds and core managers that may not have

an ESG focus over time. The Investment Manager is also responsible for voting proxies in a manner consistent with the mission of CRC.

EVALUATION AND DUE DILIGENCE

Performance

The investment advisor will provide CRC with monthly brokerage statements of activity and will provide quarterly reports and provide for secure on-line access to account information. The performance of equity investments will be evaluated against commonly accepted and relevant benchmarks such as the *Standard and Poor's 500* on a quarterly basis, net of fees. The Committee will review performance at least annually. The performance of fixed income securities will be evaluated against 5-year treasury bonds or a comparable index. The overall portfolio performance will be evaluated against a combination of the most appropriate equity and fixed income indices.

While the Finance Committee intends to fairly evaluate the portfolio's performance over market cycles, it reserves the right to replace the Manager(s) or investment product at any time.

Reporting

CRC staff shall be provided via email an investment report two weeks prior to each Board meeting. The report shall include a management summary that provides an analysis of the status of the investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the corporation to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board by staff as part of the regular meeting materials. The report will include the following:

- a. Listing of individual securities held at the end of the reporting period;
- b. Listing of investment by maturity date;
- c. Percentage of the total portfolio that each type of investment represents;
- d. Current market value of investment portfolio; and
- e. Market value deviation from previous reporting period, and year-to-date.

ADOPTION

This policy shall be adopted by resolution of the corporation's board of directors. The corporation's finance committee shall review the policy annually and recommended changes will be presented to the board of directors for consideration.

Reviewed and recommended by the Finance Committee on 6/1/2022
Adopted by the Board on