

Hartford Foundation for Public Giving
Corporate (HFPG, Inc.) Account Investment Policy
Adopted May 2001

Reviewed and Approved by Investment Committee: 11/22/2019
Ratified by Board of Directors: 12/18/2019

Delegation of Authority

Under the Certificate of Incorporation and By-Laws of HFPG, Inc., the Board of Directors (the Board) is the governing body of Hartford Foundation for Public Giving and has certain powers and obligations with respect to overseeing the investment of its assets. The Board has established the Investment Committee as a standing Board committee to assist the Board in fulfilling its responsibilities related to the invested funds held by HFPG, Inc. Notwithstanding the establishment of the Investment Committee, the Board retains ultimate oversight responsibility for the investment of HFPG, Inc. assets to the extent set forth in the Certificate of Incorporation and By-Laws of HFPG, Inc.

Investment Committee Composition

The members of the Investment Committee shall be appointed from time to time by the Chair of the Board, with approval of the full Board. The Committee shall consist of at least two members of the Board (one of whom the Chair of the Board shall designate as Chair of the Investment Committee) and at least three non-Board members experienced in the field of investment.

Roles and Responsibilities

The Investment Committee shall:

- Update and adopt annually this Corporate (HFPG, Inc.) Account Investment Policy and the Split-Interest Agreement Investment Policy, which shall include long-term investment objectives and the approach to meet those objectives;
- Update and adopt annually the Proxy Voting Policy;
- Review and accept annually the Trust Investment Policy Statement;
- Approve the selection of investment consultants, investment managers, and custodians;
- Regularly review the asset mix of HFPG, Inc.'s investments and makes such changes as the Committee deems appropriate;
- Regularly review the performance of investment managers and take such steps as the Committee deems appropriate if the managers' performance fails to meet expectations;

- Periodically review the fees paid for management, custody, consulting, and other investment-related services;
- Review at least annually the performance of the investment consultants and investment staff;
- Maintain minutes of its meetings and distribute the minutes to the full Board as part of the Committee's regular reporting to the full Board; and
- Perform such other functions as the Board or the Chair of the Board shall request.

The Chief Investment Officer shall:

- Make recommendations to the Investment Committee for revisions to this Corporate Account Investment Policy, the Trust Investment Policy Statement, the Split-Interest Agreement Investment Policy and the Proxy Voting Policy Statement at least annually;
- Act on the policy mandates of the Investment Committee, including developing and implementing the procedures required to do so;
- Make recommendations to the Investment Committee for revisions to the target asset mix;
- With assistance from the Consultant, make recommendations to hire or terminate investment managers;
- Be responsible for ensuring that any such investment managers fulfill their mandates within the contractual obligations negotiated between the Foundation and the investment manager, including Investment Guidelines that will be incorporated in each investment management contract, responsibilities of the investment manager, characteristics of the manager's style of investing, performance expectations, compensation, organizational requirements, and reporting and other administrative requirements;
- Be responsible for reporting on the status of each investment management firm retained at each quarterly meeting of the Investment Committee;
- Review and approve the monthly performance report prepared by the Consultant prior to its dissemination to the Investment Committee. This report will consist of investment manager, asset class, and total portfolio performance;
- Periodically provide to the Investment Committee an analysis of all investment-related fees paid to manage the Corporate and Trust portfolios;
- Provide a copy of this Policy to each firm retained to provide investment services to HFPG, Inc., and each such firm shall acknowledge in writing receipt of the document and acceptance of its content;

- Coordinate with the Trustee all communication to the Investment Committee and Hartford Foundation Board regarding Trust-related investment activities;
- Oversee the publication of the Foundation's endowment investment annual report;
- Perform such other functions as the Investment Committee shall request.

The Custodian shall:

- Provide safekeeping of HFPG, Inc. assets;
- Collect income payable to HFPG, Inc. and remit income in accordance with HFPG, Inc. instructions;
- Take all actions necessary to settle transactions on behalf of HFPG, Inc.
- Regularly, and in accordance with industry practice, provide statements showing all holdings, valuation of holdings and all transactions in the HFPG, Inc. account;
- Convert all funds received in foreign currency to US dollars at prevailing exchange rates, and make reasonable efforts to reclaim foreign taxes withheld on foreign dividends collected.

The Consultant shall:

- Provide monthly investment performance reports;
- Provide detailed quarterly investment reports showing results, portfolio characteristics, and analysis of performance, together with recommendations if any;
- Attend all Investment Committee meetings and participate in investment presentations to the Hartford Foundation for Public Giving Board of Directors;
- Produce search materials and analysis of potential investment managers to support recommendations made by the Chief Investment Officer to hire or terminate investment managers;
- Actively monitor all existing Foundation managers/strategies for personnel, firm, or investment style changes and promptly report material changes to the Chief Investment Officer;
- Provide information relevant to investment issues affecting community foundations and the broader non-profit universe;
- Assist the Chief Investment Officer with formulation of investment policy and strategy recommendations;
- Perform such other functions as the Investment Committee shall request.

Long-Term Investment Objective

- To maintain the real value of the Corporate Account by meeting or exceeding a rate of return equal to the spending rate¹, plus inflation.
- Balance expected investment risks and returns in a manner that is considered prudent and that satisfies fiduciary standards, including, but not limited to compliance with Connecticut Uniform Prudent Management of Institutional Funds Act and rules applying to donor advised fund interests in excess business holdings.
- Provide adequate cashflow from the portfolio to support the Foundation's spending policy, when, as, and if needed.

Investment Policy

- Establish a target asset mix that is expected to achieve the long-term investment and spending objectives.
- Assure broad diversification among asset types, managers and individual securities.
- Seek to achieve returns for each asset class and for the total portfolio that meet or exceed appropriate market benchmarks.
- Avoid short-term market-timing changes to the target asset mix.
- Assure that the asset mix is rebalanced when actual asset class weights differ from the target asset mix by +/-5%, except under exceptional circumstances.
- Maintain all money market mutual fund balances that support the funding obligations of the Foundation in government money market mutual funds. Any current use funds received shall be invested solely in a government money market mutual fund.
- The portfolio may also include investments in illiquid investments in situations where they offer differentiated strategies and, after careful analysis, have a high potential of providing greater returns than liquid alternatives after the incurrence of all fees. If undertaken, these private investments must be consistent with the ongoing liquidity needs of the Corporate portfolio.
- Recognizing the Hartford Foundation's dependence on the endowment portfolios to meet grantmaking and administrative expenses, efforts will be made to ensure that portfolio management and oversight

¹ The current spending policy rate is 5% of a twenty quarter trailing average of asset values, with a floor of 4.25% of current assets and a ceiling of 5.75% of current assets. This rate was implemented on July 1, 2003 for unrestricted funds and January 1, 2004 for restricted funds.

costs, including asset management, consulting, legal, and custodial fees, are reasonable to achieve the Foundation’s long-term investment goals.

Target Asset Allocation

The policy target allocations and relevant indices for the Corporate (HFPG, Inc.) Account are as follows:

HFPG, Inc. Target Allocations	Target	Benchmark
Large Cap US Equities	9%	S&P500
Small/Mid-Cap (SMID) US Equities	14%	Russell 2500
Total US Equities	23%	
International Developed Equity	30%	MSCI EAFE
International Emerging Market Equity	7%	MSCI Emerging Market
Total International Equities	37%	
US Core Fixed Income	12%	Bloomberg Barclays Aggregate Bond
US High Yield Fixed Income	3%	Merrill Lynch High Yield
Global Fixed Income	6%	Citigroup World Government Bond
Emerging Market Fixed Income	4%	JP Morgan Emerging Markets Global Diversified
Total Fixed Income	25%	
Cash/Short-term Fixed Income	5%	90-Day T Bills
Return Enhancing Strategies	10%	70% MSCI ACWI/30% Bloomberg Barclays Global Aggregate
Total	100%	Weighted average of the indices listed above