



Asset Stewardship Policy

Introduction

Since 1969, our Foundation has been privileged to serve as the financial steward of philanthropic assets entrusted to it by its generous and devoted community of donors and fundholders.

The Foundation Board of Directors has charged the Investment Committee with the responsibility of managing the investment of these assets. The Committee, in turn, has developed two Policies to guide this process:

- the NCCF Asset Stewardship Policy

to inform how the Foundation invests, nurtures and grows its investments; and

- the NCCF Community Distribution Policy

to set forth the parameters the Foundation uses to manage the investment of proceeds into the communities entrusted to its care.

All Foundation investments – and any amendments or alterations to these policies – shall be carried out in a manner which is consistent with the overall guidelines and objectives of the Foundation as recommended by the Foundation Investment Committee and approved by the Foundation Board.

Furthermore, all Foundation investment policies and procedures will be guided at all times by the Uniform Prudent Management of Institutional Funds Act and the Uniform Prudent Investors Act, components of Connecticut law.

Our Asset Stewardship Policy consists of five components:

- (a) Investment Philosophy
- (b) Asset Allocation Parameters
- (c) Benchmarking
- (d) Governance & Oversight
- (e) Addendum: NCCF GGP Portfolio Rebalancing Policy

Our goal has always been to nurture and enhance – over the long-term and as markets allow from year to year – the value of the philanthropic assets entrusted to us by seeking the highest possible inflation-adjusted returns directed by this Investment Policy, which is managed by our Investment Committee and overseen by our Board of Directors.

In executing our investment strategy, we employ a total-return approach – the industry standard – in which asset yield and appreciation are weighed equally in investment decisions.

We are committed, however, to pursuing these returns at all times with the lowest possible associated fees and within a manageable level of risk as determined by the ongoing vigilance of the Investment Committee and Board. We subscribe to modern portfolio theory, which takes a wholistic approach by looking not only at each individual asset class, but also at correlations among asset classes within a portfolio in meeting dual goals of mitigating overall risk while simultaneously maintaining – and increasing where possible – aggregate portfolio return.

Asset Allocation Parameters

With respect to asset allocation, the Investment Committee and Board make their decisions with a steadfast commitment to wide diversification as the bedrock principle; to that end, given that selection and weighting of asset classes are prime drivers of investment return and volatility, the following long-term asset allocation parameters have been established:

<u>Asset Class</u>	<u>Range</u>
Equity Composite	50% - 80%
Private Assets*	0% - 15%
Hedge Funds*	0% - 15%
Fixed Income & Cash	10% - 30%

*Private Assets and Hedge Funds fall into the investment category of Alternative Investments and are designated as those that do not fit into the more traditional investment classes of stocks, bonds or cash.

Benchmarking

The Foundation's Investment Committee has selected three benchmark indices by which to measure the performance of its investments:

(1) CPI* + 5.25%

*Consumer Price Index as reported by the U.S. Bureau of Labor Statistics

(2) MORNINGSTAR Moderate Allocation

(3) NCCF Index Composite

This is a custom benchmark designed to mirror each investment in the NCCF portfolio, as follows (as of 3.14.23):

POSITION	INVESTMENT	BENCHMARK	ALLOCATION
<u>EQUITY</u>			
TOTAL WORLD	VTWIX	FTSE GLOBAL ALL CAP	60.0%
SMALL CAP US	DFSCX	RUSSELL 2000	6.0%
SMALL CAP INT'L	DFISX	MSCI WORLD EX USA SMALL CAP	6.0%
EMERGING	DEMSX	MSCI EMERGING MKTS SMALL CAP	5.5%
<u>FIXED INCOME</u>			
ULTRA SHORT	DFIHX	ICE BOFAML US T-BILL 6M	5.25%
SHORT	VBIRX	BLMBRG GOVT/CREDIT 1Y-5Y	5.25%
GLOBAL	DFGBX	DFA 5 YR GLOBAL FIXED INCOME PORTFOLIO	3.0%
INTERMEDIATE	VBTLX	BLMBRG US AGG	5.0%
LONG	VBLAX	BLMBRG US AGG LONG GOVT / CREDIT*	4.0%

* PRIOR TO 2/9/23: 85% FTSE GLOBAL ALL CAP; 15% ICEBofAML US T-BILL 6M

Additionally, when appropriate, the Investment Committee may consider a number of other commonly used indices to evaluate individual asset class performance.

These include, but are not limited to:

S&P 500

Russell 2000 MSCI

EAFE

MSCI All Country World

HFRI Fund of Funds HFRI
Equity Hedge
NCREIF Property Barclays Capital Aggregate Barclays
Long Term Treasury
MSCI Emerging Markets
Citigroup World Government Bond JP
Morgan GBI-EM Global Diversified

Governance & Oversight

The Foundation's Board of Directors annually appoints an Investment Committee, not necessarily comprised of members of the Foundation's Board, which shall be responsible for complete oversight of the investment of the charitable assets entrusted to the Foundation. In concert with Foundation staff, the Investment Committee may engage consultants as needed to assist in discharging its duties and shall report such results, activities and actions to the Foundation's Board of Directors, its donors and the general public via the U.S. postal service, email or the Foundation's website.

Performance will always be reported net of management fees and transaction costs and the Foundation is bound to disclosing any potential conflicts of interest in its operations and in the selection of financial managers or investments. In the event that any Member of the Investment Committee or employee of the Foundation will – or might have – a direct financial interest in any manager being considered, this interest shall be disclosed in advance and the person with the conflict will not participate in any decision regarding said manager or investment.

Approved by the NCCF Board:

Asset Stewardship & Community Distribution Policies – March 31, 2023

NCCF GGP Portfolio Balancing Policy – August 29, 2023

Global Fixed Income Asset Class – August 26, 2025