

CKCF Investment Policy Changes – December 2023

Create Two Short-Term Investment Pools for Expendable Funds

Expendable Funds generally have shorter-term time-frame objectives than Endowment Funds. Risk tolerance is lower as capital preservation is valued over investment growth. The prospect of acceptable – and potentially somewhat sustainable – interest rate investments provides an opportunity for CKCF to separate these funds from the long-term, higher risk, Balanced Portfolio Pool.

Short-Term Investment Pool #1

The first pool will contain Expendable Funds with capital preservation as their primary objective. Includes Operating and Response funds (no change) and Project funds with less than 36-month timeframe.

- Allowed investments include money market funds, short-term bond funds, and Certificates of Deposit.
- Risk of loss is extremely low, but earnings are subject to short-term interest rate changes.

Short-Term Investment Pool #2

The second pool will contain Expendable Funds with a conservatively balanced capital preservation and income objective. Includes all Expendable Funds not in Short-Term Investment Pool #1 or designated as long-term*.

- Allowed investments include money market funds, short-term bond funds, and Certificates of Deposit, but also includes flexibility to combine with other investments as market conditions permit to manage for risk and income over a 12–18 month timeframe.
- Initial investments will likely be similar to Short-Term Investment Pool #1 until market conditions change.
- Risk of loss is moderately low with the potential of sustained or higher earnings versus the Short-Term Investment Pool #1.

* Certain Expendable Funds are established with a longer-term objective that includes investing for growth over a multi-year time period. Fund Advisors may designate their fund as long-term and place it in the Balanced Portfolio Pool for investment purposes, with an annual option to change the designation.

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Adjust Balanced Portfolio Strategy from Moderate Growth to Moderate Aggressive Growth

With short-term funds removed from the Balanced Portfolio Pool, the core investment strategy will be adjusted from Moderate Growth to Moderate Aggressive Growth for long-term investment. In addition, a greater focus will be placed on 12-18 month opportunities for increased income, capital appreciation or risk reduction relative to the core strategy.

The Balanced Portfolio Pool will contain Endowment Funds, Quasi-Endowment Funds, and Expendable Funds with long-term growth as an objective.

- Allowed investments and allocation ranges remain as established per the current CKCF Investment Policy. No changes necessary.
- Some increase in investment return volatility is likely which could result in increased risk of loss in the short-term. But the increased volatility should also allow the portfolio to participate better in up markets with the objective of a higher average rate of return over time.

Current Investment Pools/Accounts and Transition Plan

CKCF combines the majority of investment dollars into investment pools, but also allows for segregated accounts by Fund Manager or purpose provided a minimum balance is maintained. The segregated accounts are not directly affected by these recommendations.

Pooled Funds

Graystone Money Market	→	Short-Term Pool #1
Graystone Campaign Money Market (Newton Library remaining balance)	→	Short-Term Pool #1
Graystone Investment Pool (Endowments)	→	Balanced Portfolio Pool (No change)
Graystone Investment Pool (Expendables)	→	Short-Term Pool #1 or #2 (LT expendables to be identified at later date)

Segregated Accounts

Graystone Hillsboro Childcare Account	Expendable
Graystone Vanguard Account	Endowment
Edward Jones Independent (3 Accounts)	Endowment
Everence Trust Independent Pool	Endowment
Waddell & Reed Independent Account	Endowment