

INDEPENDENT FINANCIAL ADVISOR POLICY

Financial Advisor Program

1. **Authority.** The Board of Directors of the Catholic Community Foundation of Middle Tennessee (CCFMTN) has the authority to establish investment policies and guidelines for all assets held by CCFMTN. In addition, the Board and its Investment Advisor monitors each investment portfolio managed by qualified financial advisors for individually named funds within CCFMTN for conformity to these investment policies and guidelines and monitors total investment performance compared to appropriate investment indices.

2. **Investment Goal.** The Board has defined the investment objective of CCFMTN's investment program as seeking long-term returns at reasonable levels of risk so as to preserve the capital of funds, provide cash flows to fund charitable distributions and to preserve the purchasing power of the funds to meet charitable needs now and those in the future.

3. **Objectives.** The investment objectives of CCFMTN are as follows:

- (a) Capital preservation is the primary fiscal objective.
- (b) Capital growth is a key fiscal objective with the long-term goal of preserving the long-term purchasing power of the charitable funds.
- (c) Performance should be competitive with returns achieved by other providers of financial services to pools of capital with similar objectives.
- (d) Risk levels should be reasonable in light of these objectives.
- (e) Asset allocation should be balanced to meet both current and future charitable needs of the donors and the charitable organizations the donors support.
- (f) The investment program should have a long-term orientation and be designed to ride-out the inevitable ups and downs of the capital markets.
- (g) The program's investment performance should build confidence in CCFMTN's ability to meet the long-term needs of donors and the charitable organizations they support.

4. **Horizon.** Charitable needs are on-going. Therefore the investment program should have a long-term time horizon to match the duration of those needs. While particular charitable needs can increase and decrease over time, it is the Board's belief that CCFMTN's commitment to strengthening core Catholic values, providing assistance

to those in need and making our community better for its residents is a need that will be perpetual in nature. Therefore, the general time horizon for investments shall be considered “long-term” and considered in a manner consistent with other continuing entities such as retirement plans. However, if a particular fund has a short term investment time horizon due to grant making requirements to charitable causes or ministries, the investment allocation should be consistent with a short term investment horizon.

5. **Financial Advisor Responsibilities.** The Board shall expect all financial advisors to manage the funds in a manner consistent with the purpose and goals of CCFMTN and its Investment Policy Statement for investing foundation funds, while complying with the following guidelines:

- (a) Financial advisors, and all employees of such advisors, shall at all times operate in compliance with all applicable laws and regulations.
- (b) Advisor performance will normally be evaluated over a three to five year period, using an asset-class based benchmark. CCFMTN reserves the right to terminate any advisor at any time with, or without cause.
- (c) Financial advisors will provide CCFMTN quarterly rates of return and monthly financial statements.
- (d) Active investment accounts that have a highly concentrated stock position will be evaluated on a case-by-case basis.
- (e) Financial advisors shall notify CCFMTN when there occurs any material change in investment style, or any change in either the individual or firm advising the segregated account.
- (f) Financial advisors shall comply with the stated Investment Policy unless the market does not provide purchasing opportunities consistent with their style. Any variation from the Investment Policy shall immediately be brought to the attention of the CCFMTN board of directors.
- (g) Financial advisors shall agree to periodic meetings with CCFMTN staff and/or the Investment Advisor, or other designee as requested.
- (h) Financial advisors shall seek the best price and execution for security trades it executes and shall comply with all regulations concerning “soft dollars.”
- (i) Financial advisors may invest in ADRs and convertible securities if consistent with their style. International managers may invest directly in foreign shares if disclosed to and pre-approved by CCFMTN.

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- (j) Financial advisors shall not, at any time, charge higher fees to the donor's fund at CCFMTN than charged to the donor's personal accounts.
- (k) Financial advisors shall disclose all perceived or actual conflicts of interest, and all economic ties, commitments or familial relationships between and amongst the donor and the financial advisor. Family members are prohibited from serving as investment advisors.
- (l) Financial advisors are prohibited from engaging in the following transactions on behalf of CCFMTN:

Any transaction that could cause a problem with CCFMTN's tax-exempt status. For instance, a charitable remainder trust must not incur any unrelated business income tax.

Any transaction that results in leveraging the assets of CCFMTN unless such transaction is disclosed in writing to and preapproved by CCFMTN prior to the transaction; or

Excluding mutual funds, any transaction investing in private placements, lettered stock, futures contracts, swaps, synthetic securities, derivatives, options, short sales, margin transactions or other specialized investment activities unless such transactions are disclosed in writing to and pre-approved by CCFMTN prior to the employment of the manager.

This policy has provided to: _____
Date: _____