



GASTON
COLLEGE
FOUNDATION

Request for Proposals
For
Investment Management Services

Gaston College Foundation, Inc.
201 Highway 321 South
Dallas, NC 28034
July 28, 2023

I. Introduction:

The Board of Directors of the Gaston College Foundation, Inc. (the "Foundation") is requesting competitive proposals from qualified individuals and/or organizations for investment management services.

The Foundation encourages prospective candidates to examine this Request for Proposals (RFP) carefully. The objective of this RFP is to identify qualified candidates that can present the highest quality and greatest diversity of services, provide the highest return, and offer the absolute lowest true cost of services by minimizing fees. The security of funds is of the foremost concern and the Foundation expects its financial institution to be a leader and innovator in the development and execution of financial products and services.

II. Organization and Background Information:

The Foundation, established in 1968, is an independent 501(c)(3) nonprofit corporation. The Foundation is organized and operated exclusively to generate, receive, hold, invest, manage, and allocate funds for the advancement, achievement, and support of the education and cultural programs and services of Gaston College. The Foundation has an Endowment of more than \$6 Million and total invested assets of approximately \$10 Million. The endowed funds held by the Foundation primarily provide scholarship and programmatic support for Gaston College.

For over 50 years, Gaston College has maintained a tradition of excellence through its commitment and dedication to student success in Gaston and Lincoln counties. This tradition begins with a strong Vision, Mission, and Strategic Plan, and is further supported by the College's Values, Educational Philosophy, and Ethical Principles. Gaston College provides flexible, high-quality, and accessible learning opportunities that are relevant and responsive to diverse regional, community, and student needs. Gaston College aspires to be the college of first choice by providing exceptional learning opportunities that engage and empower students to achieve lifelong success. The College enrolls approximately 7,500 curriculum students and more than 10,000 continuing education students each year in more than 152 programs of study.

The Foundation's investment management services are expected to:

- Develop and maintain an investment strategy within the Foundation's Investment Policy Statement (IPS) guidelines that will maximize earnings while balancing the constraints of cash flow needs and the protection of donor-restricted funds.

- Administer the Portfolio by analyzing asset allocations and structures, making recommendations for adjustments, and facilitating sales, purchases, exchanges, and other transactions that conform to the Foundation IPS (Attached) and specific endowment restrictions.
- Work collaboratively with the Foundation's Investment Committee in the review and analysis of the Foundation's Investment Policy as it relates to portfolio performance, making recommendations for improvement or adjustments.
- Issue monthly statements to Foundation staff, to be available electronically within 10 days following month-end.
- Provide Foundation staff with electronic access to portfolio account information.
- Provide Board members annual introduction to endowment management training for new Board and/or Committee members and other appropriate, related training.
- Report in person on a quarterly basis (more frequently if requested) to the Investment Committee and to the Board.
- The principal investment goal is to support the long-term spending objectives of the various funds while maintaining or increasing the inflation-adjusted principal value of the Portfolio.

III. Response to Proposal:

Please submit a formal proposal prepared in the order found below. Proposals should be no more than twenty (20) pages using 8½"x11" paper and no less than 12 pitch font with one inch margins. Narrative sections should be single-spaced, with each section clearly identified. The respondent is required to provide adequate information in response to each point below in order to receive consideration. All proposals will be considered the property of the Foundation.

1) Organization and Professional Staff:

- a. Provide the name of your firm, the address, and the contact information including the primary contact's telephone number and e-mail address. If different, please provide the name and contact information of the primary advisor.
- b. Provide a summary of your firm. Include the location of your organization's headquarters, depth of professional and support staff, the year formed, ownership structure, revenues generated from management services, and subsidiary or affiliate relationships. Please give a brief description of the functional departments of your organization, including research and database.

- c. Identify the team members who will be assigned to work with the Foundation. Describe their position and responsibilities in your firm and provide biographical information about them.
- 2) **List of Investment Management Services:**
 - a. Please provide a full list of services provided by your firm.
 - b. Provide information regarding the insurance provision provided for the accounts held by your firm as custodian.
 - c. Provide representative listings of your not-for-profit clients, particularly higher education clients.
- 3) **Investment Philosophy and Policy Guidelines:**
 - a. Describe the process you will use to recommend investment policies, objectives, and guidelines for our funds.
 - b. Comment on your process for analyzing a client's portfolio structure and for recommending modifications.
 - c. What process would you use to recommend an asset allocation strategy for our funds?
 - d. Describe the firm's process for evaluating a client's investment performance and how this is communicated to the client.
 - e. Describe your approach to risk management.
- 4) **Litigation and Conflicts of Interest:**
 - a. State whether your firm, its parent or affiliate, is a registered investment advisor with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940.
 - b. Has your firm or any of its subsidiaries or affiliates been involved in any litigation or censure by the SEC, Department of Labor, or any other regulatory authority within the last 10 years? If so, explain in detail the nature of the litigation and the outcome/resolution.
 - c. Please disclose any conflicts of interest, or appearances of conflicts of interest, that would prevent you or your organization from doing business with the Foundation or Gaston College.
- 5) **Asset Management and Investment Philosophy:**
 - a. Please provide your firm's record of investment performance, indicating whether results are net or gross of investment management fees.
 - b. What are your firm's key strengths, competitive advantages, and weaknesses?
 - c. What are your firm's investment philosophy and strategies? Have they changed in any major way over the past five years? If yes, explain.

- d. What is the client turnover (gains and losses) of your firm in the past three years, with reasons for terminations of relationships?
- e. Describe the types of qualitative and quantitative factors used in evaluating a portfolio manager.
- f. Please provide contact information for three current investment service clients, preferably with educational institutions/foundations similar in size to Gaston College and the Foundation, which we may utilize for references.

6) Performance Measurement/ Evaluation Reporting:

- a. Provide recommendations on the best way to measure and benchmark the investment performance of the Portfolio.
- b. State your ability to customize reports for your clients.
- c. State the frequency you or your team can provide reports.

7) Fees:

Please submit a specific fee structure for providing the requested services. Indicate all services you propose to provide and their associated fees. The quote should assume a three-year contract and include all associated costs including travel. Please include a sample contract.

IV. Selection Process:

The Foundation requests that each applicant submit six (6) copies of the completed proposal. Finalists will be invited to interview with the Investment Committee for a formal presentation of bids and a discussion of management approaches. The Committee will then make a recommendation to the Foundation Directors for the selection of the investment management firm after which notification of the selected firm will take place.

The Foundation reserves the right to determine the proposal that it considers best and to select a firm to provide investment management services or to reject all proposals and then either solicit new proposals or determine that it is not in the best interest of the Foundation to make a change from its current manager.

V. Submission:

Full proposals must be submitted to Luke Upchurch, Executive Director, no later than 5:00 pm on September 1, 2023. Late submissions or incomplete proposals may not be considered.

We anticipate conducting interviews and due diligence with shortlisted firms following the proposal evaluation. This process will involve in-depth discussions on investment strategies, service capabilities, and other relevant factors.

Please mail the proposal to:

Gaston College Foundation
201 Highway 321 South
Dallas, NC 28034
Attn: Luke Upchurch

If you have any questions or require further clarification, please contact Luke Upchurch at (704)923-8405 or upchurch.luke@gaston.edu We look forward to receiving your proposal and the opportunity to evaluate your firm as a potential partner for our investment management needs.

Statement of Objectives, Policies, and Guidelines



GASTON COLLEGE **FOUNDATION**

Amended: September 2022
June 2020

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Introduction

The Gaston College Foundation, Inc. (the "Foundation") is a North Carolina non-profit corporation established in 1968. It encourages and secures financial support to further the work of Gaston College, and is governed by a Board of Directors. The Foundation receives and administers both restricted and unrestricted contributions in support of Gaston College needs. The Board of Directors of the Foundation (the "Board") has been vested with the responsibility for management, growth, and preservation of the funds owned by the Foundation. This investment policy applies to the Endowment Funds ("Endowment") of the Gaston College Foundation, Inc.

Purpose of the Investment Policy

This Investment Policy ("Policy") is set forth by the Foundation in order to:

1. Define and assign the responsibilities of all involved parties regarding the management of the assets of the Foundation.
2. Establish a clear understanding of the investment goals and objectives of the Foundation's assets.
3. Offer guidance and limitations to all investment managers / consultants regarding the investment of Foundation assets.
4. Establish a basis for evaluating investment results.
5. Establish the relevant investment horizon for which Foundation assets will be managed.

In general, the purpose of this Policy is to outline a philosophy that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The governing body of the Foundation is the Board of Directors, which is a named fiduciary and has ultimate responsibility for directing and monitoring the investment management of the Foundation assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to the:

1. Investment Committee: The Board of Directors has delegated the direct management and fiduciary oversight of the investment management of all investment assets to the Investment Committee ("Committee").
2. Investment Management Consultant: The investment management consultant ("Consultant") advises the Board of Directors through the Committee in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers and investment vehicles over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. Investment Manager(s): The investment manager(s) ("Manager") have discretion to purchase, sell, or hold the specific securities that will be used to meet the Foundation's investment objectives within the limits of each manager's specific investment mandate.
4. Custodians: The custodian(s) ("Custodian") will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Foundation, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following

purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Foundation accounts.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Investment Committee

The Committee is responsible for formulating and recommending investment policy for the Foundation to the Board of Directors. The duties are carried out by the investment Committee and include but are not limited to the following:

1. Selection and retention of investment managers as the Policy dictates. The Investment Committee acts within the authority delegated by the Board of Directors in all matters relating to Investment Manager and investment vehicle selection. From time to time, certain members of the Investment Committee may be required to recuse themselves from such responsibility.
2. Review performance on a quarterly basis of the Foundation to stated objectives.
3. Review and monitor performance of Investment Managers.
4. Monitor the asset allocation of the Foundation. The Investment Committee acts with the authority of the Board of Directors in all matters relating to rebalancing the portfolio to the strategic asset allocation targets, which may include intermediate term active adjustments over time.
5. Determine if the overall policies and objectives continue to be appropriate and reasonable and make recommendations to the Board of Directors, as necessary.

Responsibility of the Consultant(s)

The Consultant(s) role is that of a non-discretionary advisor to the Investment Committee. The Consultant must operate without any conflicts of interest. Investment advice concerning the investment management of Foundation assets will be offered by the Consultant(s), and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Policy. Specific responsibilities of the Consultant(s) include:

1. Reviewing the financial markets and economic climate in light of the Foundation's investment objectives and investment activity.
2. Assisting in the development and periodic review of this Policy.
3. Conducting Investment Manager and investment vehicle searches when requested by the Committee and/or initiated by the Consultant.
4. Providing "due diligence", or research, on the Investment Manager(s).
5. Monitoring the performance of the Investment Manager(s) and to provide the Committee with the ability to determine the progress toward the investment objectives.
6. Communicating matters of policy, manager research, and manager performance to the Committee.
7. Providing review of the Foundation investment history, historical capital markets performance and the contents of this Policy to any newly appointed members of the committee.
8. In the event the Consultant is changed, a mandatory review of the investment policy statement is required.

Responsibility of the Investment Manager(s)

Manager(s) will have full discretion to make investment decisions for the assets placed under their jurisdiction within the investment methodology and mandate approved by the Committee. Institutional pooled funds selected will be governed by their prospectuses, or disclosure documents as appropriate.

Uniform Prudent Management of Institutional Funds Act (UPMIFA)

The Board of Directors of Foundation has interpreted the North Carolina version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as it applies in managing and investing the Unrestricted Institutional Funds, as requiring that all of the following factors, if relevant, must be considered:

1. General economic conditions
2. The possible effect of inflation or deflation
3. The expected tax consequences, if any, of investment decisions or strategies
4. The role that each investment or course of action plays within the overall investment portfolio of the Fund
5. The needs of the institution and the Fund to make distributions and to preserve capital
6. An asset's special relationship or special value, if any, to the charitable purposes of the institution
7. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and the institution.
8. Except as otherwise provided by law other than UPMIFA, the institution may invest in any kind of property or type of investment consistent with this section.
9. An institution shall diversify the investments of an institutional fund unless it reasonably determines that, because of special circumstances, the purposes of the Fund are better served without diversification.
10. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.
11. Each person responsible for managing and investing an institutional fund shall manage and invest the Fund in good faith and with the care an ordinary prudent person in like position would exercise under similar circumstances.

GENERAL INVESTMENT PRINCIPLES

In seeking to attain the investment objectives set forth in the Policy, the Committee and its members shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Foundations Act as amended and adopted by the State of North Carolina. All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee and/or Board of Directors of all material facts regarding any potential conflicts of interest.

1. Investments shall be made solely in the interest of the Foundation.
2. The Foundation shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a Foundation of like character and with like aims.

3. The Committee may employ one or more Investment Managers of varying styles and philosophies to attain the Foundation's objectives.

DIVERSIFICATION AND ASSET ALLOCATION STRATEGY

The overall asset allocation strategy shall be to diversify investments to provide a balance that will enhance long-term total return while managing risk or concentration in any single asset class or investment strategy. The Committee has approved distinct asset classes for inclusion in the portfolio. They are as follows: domestic equity (large and small cap), domestic fixed income, international equity (developed and emerging), international fixed income, commodities/natural resources, domestic real estate, and cash/cash equivalents. The portfolio will be invested with Manager(s) and in investment vehicles in each of these seven asset classes. Multiple Manager(s) and or investment vehicles may be employed. The overall objective of the Foundation will be to maintain a fully invested asset allocation with minimal allocation to cash. Individual asset class Managers may hold cash as a portion of their portfolios consistent with their investment methodology.

The aggregate Foundation's Asset Allocation Guidelines (at market value) are illustrated in the table below. It employs an efficient portfolio optimized within the risk and liquidity constraints set forth in this Policy. Maximum and minimum allocations are provided to give guidelines for re-balancing the portfolio when the valuations of each asset class move outside those constraints. Specific policy is provided in the section on "Re-balancing".

Spending Policy

Income available for disbursement is determined by a total return calculation. Specifically, the fair market value of the Foundation's five previous fiscal years end (as adjusted for additions and withdrawals) is determined. Then a five year average is calculated. The generally accepted spending policy is a maximum of 5%. The Board of Directors by two-thirds vote may amend the stated spending policy to meet the prudent needs of the college.

Asset Class Guidelines

Asset Allocation	Lower Limit	Target Allocation	Upper Limit	Representative Index
Growth Assets				
US Large Cap Stocks	20.0%	28.0%	50.0%	Russell 1000 Index
US Mid Cap Stocks	0.0%	8.0%	12.0%	Russell Mid Cap Index
US Small Cap Stocks	0.0%	4.0%	8.0%	Russell 2000 Index
International Developed Stocks	0.0%	7.0%	12.0%	MSCI EAFE Index
International Emerging Market Stocks	0.0%	3.0%	6.0%	MSCI Emerging Markets Index
Total Growth Assets		50.0%		
Fixed Income/Risk Reduction Assets				
US Fixed Income	20.0%	30.0%	50.0%	Bloomberg Aggregate Bond Index
International Fixed Income	0.0%	2.0%	6.0%	World Government Bond Index
High Yield Fixed Income	0.0%	3.0%	6.0%	Bloomberg US High Yield 1% Cap
Cash Equivalents	0.0%	1.0%	25.0%	91 Day Treasury Bills
Total Fixed Income		36.0%		
Inflation Protection/Alternative Assets				
Global Hedge Funds	0.0%	8.0%	14.0%	HFRI Fund of Funds Index
Real Estate Investment Trusts (REITs)	0.0%	3.0%	6.0%	MSCI US REIT Index
Commodities	0.0%	3.0%	6.0%	Bloomberg Commodity Index
Total Inflation Protection/Alternative		14.0%		
Total		100.0%		

Rebalance Policy

The Investment Policy Statement establishes the long-term asset allocation targets for the Fund with certain minimum and maximum constraints for each individual asset class. The Investment Committee in conjunction with the consultant will determine allocations within the stated ranges and the consultant will implement rebalancing of the Fund with approval from the Investment Committee whenever minimum or maximum constraints are violated. A rebalancing schedule will be generated by the consultant every calendar quarter and reviewed by the Investment Committee.

Rebalancing is a critical element in controlling the long-term asset allocation of the Fund. The Portfolio Rebalancing Policy will be implemented in a systematic and disciplined fashion using the following guidelines:

1. In the case of an asset class being above or below the stated constraints, monies will be invested in underweight asset classes and trimmed from overweight asset classes to bring each it back within the permitted range. The Fund will use cash flow to rebalance whenever feasible. When cash is not readily available to facilitate the rebalancing, the most overweight asset class will be trimmed to accomplish the necessary rebalancing. The consultant will execute this rebalancing with approval from the Investment Committee.
2. In a market characterized by extreme volatility in which one or more asset class's minimum and/or maximum constraint is exceeded, the consultant will develop and recommend an alternative rebalancing plan subject to the Investment Committee approval should the above guidelines otherwise require the sale of investments that may not be prudent and in the best long-term interests of the Fund.

SELECTION OF INVESTMENT MANAGERS**Separate Account Management, Commingled Investment Funds and Investment Vehicles**

The Board of Directors has delegated the selection of Investment Manager(s) to the Committee. The Committee shall utilize the due diligence and advisor services of the Consultant. Manager(s) selection must be based on prudent due diligence procedures. Decisions to employ, retain, and/or terminate Manager(s) and/or investment vehicles will be the responsibility of the Committee with the assistance and recommendations of the Consultant. The Consultant will act as a non-discretionary advisor and require the approval of the Committee in all matters regarding changes to the Manager(s) and/or investment vehicles of the Foundation.

Manager(s) must be a registered investment advisor under the Investment Advisors Act of 1940, a bank, or an insurance company. The Consultant will be required to conduct and document for the Committee an Investment Manager and/or investment vehicle search and evaluation for each asset class adopted in the Asset Allocation Analysis. The search process will provide quantitative historical performance information using reliable manager composite data to evaluate the risk-adjusted returns of the Manager(s) or investment vehicles' performance track records. The intent of these evaluations will be to find Manager(s) or investment vehicles that are capable of achieving excess returns relative to appropriate capital market benchmarks with risk adjusted returns on investment. Investment Managers and/or investment vehicles selected may have periods where these performance characteristics are not achieved. We will look to the advice of the Consultant and the collective decisions of the Committee to maintain or terminate these managers or investment vehicles. The Consultant will be required to perform and report a qualitative analysis of the Manager(s) or investment vehicles personnel, investment process, and stability of the investment organization. In addition to active management, passive investment management and the utilization of index portfolios may also be invested in the management of the long-term investment account.

Commingled Funds

In recognition of the benefits of commingled funds as investment vehicles (e.g., the ability to diversify more extensively than in a small, direct investment account and the lower costs that can be associated with these funds) managers may, from time to time, elect to invest in such funds. The Committee recognizes that the practices of such funds will be in accordance with the funds' prospectus or investment guidelines. However, in general, the practices of such funds as identified in the funds' prospectus or investment guidelines shall be similar to this Policy. The consultant shall monitor the holdings of such funds to determine whether or not they are consistent with this Policy. In making this determination, the consultant shall be entitled to rely upon the quarterly report it receives from the commingled funds without reviewing the actual holdings of such commingled funds. If the quarterly report does not provide sufficient detail for the consultant to be able to make such a determination, the consultant shall be responsible for obtaining such additional information from the investment manager.

INVESTMENT GUIDELINES**Allowable Assets****Cash Equivalents**

- Treasury Bills
- Money Market Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage-Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs
- Asset-Backed Securities
- Treasury Inflation Protected Securities (TIPS)

Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- REITs – Real Estate Investment Trusts

Institutional Mutual or Pooled Funds

- Mutual Funds invested in securities as allowed in this Policy
- Commingled Funds maintained by a bank
- Exchange Traded Funds

Other Assets

- GIC's – Guaranteed Insurance Contracts

Currency Contracts

- Approved only for hedging positions in the portfolio

Prohibited Investments

Prohibited investments include, but are not limited to the following:

1. Private Placements
2. Limited Partnerships
3. Venture-Capital Investments
4. Direct Real Estate Properties (non-securitized and illiquid)
5. Commodities, Futures and Options
6. Short Selling and Margin Transactions
7. Exchange Traded Notes
8. Structured Notes

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Consultant shall be compiled quarterly and communicated to the Committee for review. Performance monitoring will focus on the evaluation of the following:

- Net Absolute returns to Policy Goals - (CPI, Net Expenses)
- Relative Returns – time weighted to capital market benchmarks (Normal Policy)
- Risk-adjusted returns – Returns within acceptable volatility standards.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy. The Committee intends to evaluate the portfolio(s) over at least a five-year period, but reserves the right to terminate any Manager(s)/vehicle for any reason including the following:

- Investment performance which is significantly less than anticipated given the discipline employed, the risk parameters established, or unacceptable justification of poor results.
- Significant qualitative changes to the investment management organization such as: change of ownership or investment professionals; investment methodology or investment style changes in the investment management of the Foundations' assets; dramatic change in level of assets managed by the firm; and any breach of fiduciary or ethical duties to the Foundation.

Investment Manager(s) and investment vehicles shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. The Committee may execute the termination and employment of Managers and investment vehicles without the approval of the Board of Directors, but with subsequent notice to the Board of Directors. These changes in investment management must be within the guidelines of the asset allocation outlined in this Policy.

Investment Manager Watch List

An Investment Manager may be placed on a watch list at any time by the Investment Committee. The following list represents reasons why a manager may be placed on a watch list:

1. Change in ownership
2. Investment style change
3. Negative performance against assigned benchmarks over 3-5 year periods
4. Dramatic change in level of assets managed by the investment firm
5. Any breach of fiduciary or ethical duties owed to the Foundation

Being placed on watch brings a heightened level of due diligence of the Investment Consultant. Actions that may be taken by the Consultant may include but are not limited to:

1. Phone contact
2. Written correspondence
3. On-site visit
4. Other measures deemed appropriate or necessary

MANAGEMENT COST, FEES, AND PROFESSIONAL COMPENSATION

One of the fiduciary responsibilities of Committee is to understand and account for all costs in the management of Foundation assets. Management costs must be reasonable, to the direct benefit of the Foundation and without any conflicts of interest. The Consultant will assist the committee in the determination, understanding, negotiation and accountability of all Foundation investment costs. The following cost of asset management must be evaluative and considered:

- Manager(s) fees for both active and passive management,
- Commingled Pooled Fund's internal expenses,
- Audit, Administrative and Sub-accounting fees,
- Custodial and Consulting fees.

An important fiduciary responsibility is in understanding where the allocation of management costs best affects the ability of the Foundation to obtain superior risk adjusted performance and increase the probability of achieving the investment goals and objectives of the Foundation. This should not be considered a cost minimization model, but a prudent allocation of resources to obtain objectives.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this Investment Policy, the committee will review the Policy at least annually. Policy amendments must be approved by the committee and submitted for final approval to the Board of Directors.

This Investment Policy is adopted as of September 14, 2022 by the Board of Directors The Gaston College Foundation, Inc.

Equities: Investments in equities are subject to the risks of fluctuating stock prices, which can generate investment losses. Equities have historically been more volatile than alternatives such as fixed income securities. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Emerging markets bear similar but accentuated risks.

Large Cap Stocks: This asset class is comprised of companies domiciled in the United States and generally viewed as having market capitalizations in excess of \$10 billion. Representative indices include the S&P 500, Russell 1000, and Russell Top 200.

Small/Mid Cap: Stocks of small and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of large, more established companies. Representative indices include the S&P Midcap 400, Russell Midcap, S&P Small Cap 600, and the Russell 2000.

International: International investing involves special risk including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Representative indices include the MSCI EAFE and MSCI World ex US.

Emerging Markets: Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Representative indices include MSCI Emerging Markets.

Fixed Income: Fixed income investments fluctuate in value in response to changes in interest rates and credit risk. Callable and Mortgage backed securities are also subject to risk of call or prepayment, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment. Representative indices include Bloomberg Barclays U.S. Aggregate Bond Index and Bloomberg Barclays Government/Corporate.

High Yield: Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Representative indices include Bloomberg Barclays Global High Yield, Merrill Lynch High Yield, and Bloomberg Barclays High Yield Municipal.

Alternative investments such as derivatives, hedge funds, private equity funds and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Hedge Funds: An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage, and short sales which can magnify potential for losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk. Representative indices include Dow Jones Credit Suisse Hedge Fund and various HFRI indices.

Private Equity: An investment in private equity involves risks that differ from traditional equity investments including illiquidity, leverage and lack of transparency. Private equity investments generally require long time commitments. Representative indices include Cambridge Associates US Private Equity and Venture Economics Private Equity.

Real Estate: Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of the economic conditions on real estate values, changes in interest rates, and risks related to renting properties, such as rental defaults. Representative indices include FTSE NAREIT and NAREIF.

Commodities: Commodities investments are highly volatile and are speculative. Commodities prices may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes, and international political and economic developments. Representative indices include the Bloomberg Commodity TR and the S&P GSCI.