MONTHLY REBALANCING OF INVESTMENTS IN THE CFI POOL AND VANGUARD FEDERAL MONEY MARKET FUND

The CFI Pool is designed for donors with a long term horizon. Although the Community Funds, Inc. Investment Pool is diversified across asset classes, it is heavily oriented to equities and has limited liquidity.

Many donors have combined an investment in the CFI Pool with an allocation to the Vanguard Federal Money Market Fund either to increase liquidity or to reduce the volatility of the overall investments.

Since transactions in and out of the CFI Pool take place only on the first business day of each month, many donors maintain a balance in the Vanguard Federal Money Market Fund.  This balance is replenished as need be each month to a target that the donors have selected.

Grant suggestions made during the month are paid from the money market fund. On the first business day of the following month, the money market fund is brought back to the targeted level with a withdrawal from the CFI Pool.

The target for the Vanguard Federal Money Market Fund portion of the fund can be either a dollar amount or a percentage of total investments:

* Dollar amount target – The minimum is $1,000 and increases need to be made in multiples of $1,000.
* Percentage target – The minimum is 10% of total investments and increases need to be made in multiples of 5%.