

ALBUQUERQUE COMMUNITY FOUNDATION
INVESTMENT POLICIES AND PROCEDURES

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TABLE OF CONTENTS

I.	PURPOSE	3
II.	PREFACE	3
III.	PHILOSOPHY	4
IV.	INVESTMENT OBJECTIVES	4
V.	ROLE OF INVESTMENT COMMITTEE	5
VI.	ROLE OF INVESTMENT CONSULTANT	6
VII.	INVESTMENT POLICY	7
VIII.	INVESTMENT STRATEGY	10
IX.	MUTUAL, COMMINGLED, AND ALTERNATIVE FUNDS	10
X.	PROXY VOTING	11
XI.	PROCEDURES AND PRACTICES FOR HANDLING CASH AND INVESTMENTS	11
XII.	DISTRIBUTION OF FUNDS, ALLOCATION OF EARNINGS, AND FEES	12
XIII.	RE-BALANCING	12
XIV.	GUIDELINES FOR THE CUSTODIAN	13
XV.	COMMUNICATION AND REPORTING	13
XVI.	STANDARDS OF PERFORMANCE	14
XVII.	CONFLICTS OF INTEREST	15
	Appendix A: Investment Managers and Performance Benchmarks	
	Appendix B: Policy Asset Allocation	
	Appendix C: Spending Policy and Administrative Fees	

I. PURPOSE

The purpose of this investment policy statement (“IPS”) is to assist the Investment Committee (“Committee”) in effectively supervising, monitoring, and evaluating the investments of the Albuquerque Community Foundation (“Foundation”). The Foundation’s investment program is defined in the various sections of the IPS by:

- Stating in a written document the Committee’s attitudes, expectations, objectives, and guidelines for the investment of the Foundation’s assets (“Fund”/”Funds”).
- Setting forth an investment structure for managing all investable Foundation assets. This structure includes various asset classes, investment manager styles, asset allocations, and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long term.
- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Foundation assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Committee, the investment consultant, and the investment managers.
- Establishing formalized criteria to monitor, evaluate, and compare the performance results achieved by the investment managers on a regular basis.
- Complying with all fiduciary, prudence, and due diligence requirements that experienced investment professionals would utilize, and with applicable laws, rules, and regulations from various local, state, and federal entities that may impact Foundation assets.

II. PREFACE

The Albuquerque Community Foundation (‘Foundation’) is a public foundation established in 1981 to serve a broad range of charitable purposes in the Greater Albuquerque area. Because the Foundation expects to operate in perpetuity, wise stewardship of the funds entrusted to it is essential to the Foundation’s mission. Therefore, the Board of Trustees of the Foundation has adopted the following policies and procedures to ensure its accountability to donors, beneficiaries, and the greater Albuquerque Community.

All Investment Managers (“Managers”) employed by the Foundation shall either be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940 and provide the most recent investment advisor registration form (ADV Part II) filed with the (SEC), or be exempted from registration under the Investment Advisors Act of 1940 exclusion for organizations regulated by the Bank Holding Company Act of 1956. Organizations exempted from Federal-level registration due to having assets under management of less than \$25,000,000 are not permitted. Further, no more than 15% of the total Foundation assets may be assigned to any one fundManager. The Investment Committee may, in its discretion, waive these requirements ~~for any registrations for index fund Managers selected for alternative investments arrangements.~~

This policy will structure its philosophy around the concept of complementary Managers who shall be responsible for specific asset categories and management styles. In implementing its philosophy the Foundation may use separate accounts, commingled funds, mutual funds or partnerships to accomplish its objectives. This document shall outline the following:

- A. The risk/growth posture of the Funds,
- B. An appropriate set of goals and objectives for the selected Managers,
- C. The overall investment objectives and guidelines of the Foundation,
- D. Standards of performance, and

E. Communication and reporting requirements.

Management of the Fund is a long-term responsibility. Therefore, long-term objectives of at least 207 years are the standard to be observed.

III. PHILOSOPHY

The central objective of the Foundation's investment philosophy is to provide a stable and increasing stream of income for its charitable beneficiaries. Long term, full diversification through all viable investment categories is desired in order to eliminate dependence on one or two categories which could adversely impact the Foundation's returns. In support of this philosophy, this document will outline the following:

- A. The Foundation's position with respect to the risk/growth posture of its investments; and
- B. An appropriate set of goals and objectives for the Foundation's investments.

Annually, the Foundation's Investment Committee will review the "Investment Policies and Procedures" to determine if modifications are necessary or desirable. If modifications are made, they shall be promptly communicated to all investment managers and other interested parties.

IV. INVESTMENT OBJECTIVES

- A. The objective of the total return investment management program is to produce growth and income sufficient to support both donor goals and fund objectives. The long-term objective of total return (the sum of earned interest and dividends and realized and unrealized gains or losses less all investment management costs) shall be CPI plus the current spending rate plus the Foundation's average administration fees as described in Appendix C. Significant emphasis shall be placed upon the preservation and enhancement of the purchasing power of the principal amount of assets in the investment account. The Managers should concentrate their efforts on total return, which will increase the corpus of the fund and thereby increase the purchasing power of the assets under management.
- B. Each asset class approved by the Investment Committee will have a primary benchmark and target allocation. The primary benchmark may be a combination of one or more benchmarks to more closely match the Manager structure of that asset class. The target allocation specified for each asset class will be reviewed and reconfirmed periodically.
- C. Given the objective, the Investment Managers shall recognize the long-term responsibilities and purposes of the Foundation and manage its assets utilizing the same care, skill, prudence and diligence under the circumstances then prevailing that experienced investment professionals would use in like activities for like funds with like aims in accordance and compliance with all applicable laws, rules, and regulations from local, state, federal, and international political entities as it pertains to fiduciary duties and responsibilities.
- D. A complementary investment objective is that the rate of return of each Manager should compare favorably over comparable periods to that of other Managers of a like style and discipline.
- E. When active management is employed, active Managers are expected to add value net of fees as established per Section XVI Standards of Performance. When passive management is employed, the passive Managers are expected to track the index appropriate for the passive investment.
- F. If donor funds are accepted by the Foundation with specific restrictions as to investments, they shall fall outside the dictums of this policy and shall be administered by the Investment Committee or its designee in accordance with donor specifications.

- G. The investment portfolio of the Foundation shall be handled in a manner consistent with the standards to which a prudent investor would adhere.
- H. The Foundation has a relative performance objective of ranking above median within a peer group of similar organizations. These will be organizations with similar assets, similar asset allocations, and/or similar risk profiles.

V. ROLE OF INVESTMENT COMMITTEE

The Investment Committee shall consist of 10 members, not including ex-officio members. At least three members shall be appointed from the Board of Trustees. Other non-Board members may serve on the Committee at the discretion of the Chair of the Board of Trustees who shall appoint all members and name the Chairman of the Committee. The Chair of the Board of Trustees is an ex-officio member of the Investment Committee pursuant to the By Laws of the Foundation. As an ex-officio member of the Committee, the Chair has the same rights as the other committee members, but is not obligated to attend meetings of the Committee and is not counted in determining the number required for a quorum or whether a quorum is present. All members shall have the right to vote. A simple majority of members, present in person or attending by telephone or via other electronic meeting platforms, which shall include at least one member of the Board of Trustees, shall constitute a quorum. A majority of the quorum must vote in favor of any actions. Actions may be taken without a meeting if approved unanimously and by all of the Committee via email or fax. The Investment Committee will review and approve the IPS on an annual basis.

Members shall serve three-year terms and may serve a maximum of three consecutive terms. Member terms will be staggered. If a member is unable to complete their term, the Chair of the Board of Trustees will appoint a successor to complete the term. A partial term will not be considered a term for maximum three term purposes.

- A. The Investment Committee will meet at least quarterly to review investment performance, asset allocation, and all other matters related to fiduciary oversight of investment assets.
- B. By action of the Board of Trustees, who is responsible for all stewardship of the Foundation, the Investment Committee has been delegated the following responsibilities:
 - 1. To ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives of the Foundation. In so doing, the Committee will comply with all applicable laws;
 - 2. To make all investment decisions, with annual review by the Board;
 - 3. To select and terminate the investment managers;
 - 4. To develop investment objectives for the various funds of the Foundation and communicate such investment objectives and appropriate guidelines to any investment counsel engaged by the Foundation with respect to the various funds of the Foundation;
 - 5. To review and evaluate investment results in the context of predetermined performance standards, and implement corrective action as needed; and
 - 6. To report regularly to the Board of Trustees concerning all investments of the Foundation;
 - 7. To consider the following factors when making investment decisions:
 - i. Fund duration
 - ii. Fund/institution purposes
 - iii. General economic conditions
 - iv. Effects of inflation/deflation

- v. Expected total return
 - vi. Other resources
 - vii. Institutional investment policy
 - viii. The expected tax consequences, if any, of investment decisions or strategies;
 - ix. The role that each investment or course of action plays within the overall investment portfolio of the Foundation;
 - x. The needs of the Foundation to make distributions and to preserve capital; and
 - xi. The asset's special relationship or special value, if any, to the charitable purposes of the Foundation.
8. To review the Foundation's spending policy annually and to make recommendations to the Board of Trustees regarding any suggested changes in the spending policy. All recommendations regarding the spending policy must be presented to the Board of Trustees for approval.
 9. To oversee and implement a separate policy for the management of those gifts that are accepted by the Foundation with specific restrictions as to investments, imposed by the donor.
 10. To oversee the investment management of Life Income Funds (charitable trusts, pooled income funds, etc.) where the Foundation has been named as a significant remainder interest. The Committee will review the investment management of such funds for reasonableness, however, the Committee has no control over the investment management of such funds. The Committee can only make recommendations for the Board of Trustees to approve regarding changes in investment management of such funds.

VI. ROLE OF INVESTMENT CONSULTANT

The Committee may elect to engage an independent investment-consulting firm to assist the Committee's activities. The Consultant is expected to be proactive in recommending changes in investment strategy, asset allocation, and Investment Managers if the situation warrants change. The Consultant's responsibilities are as follows:

- A. Assisting in the development of investment policies, objectives, and guidelines;
- B. Preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Foundation's objectives;
- C. Recommending Investment Managers;
- D. Preparing and presenting performance evaluation reports in accordance with CFA Institute promulgated standards;
- E. Attending Committee meetings to present evaluation reports no less than semi-annually and at other meetings as requested;
- F. Reviewing contracts and fees for both current and proposed Investment Managers and Custodians;

- G. Providing research on specific issues and opportunities, and assisting the Committee in special tasks;
- H. Assist with the rebalancing process;
- I. Communicating investment policies and objectives to the Investment Managers (excluding mutual funds and commingled vehicles as described in Section IX), and monitoring their adherence to such policies and reporting all violations;
- J. Notifying the Committee of any significant changes in personnel or ownership of the consulting firm;
- K. Notifying the Committee immediately of any litigation or violation of securities regulations in which the consulting firm is involved;
- L. Notifying the Committee of any fee arrangements that generate revenue outside of the consultant's retainer income and might be considered a conflict of interest.
- M. Notifying the Committee of any significant changes in portfolio Managers, personnel or ownership of any investment management firm hired by the Foundation;
- N. Notifying the Committee immediately of any litigation or violation of securities regulations in which any Investment Manager is involved; and
- O. Overall, being proactive with the administration of the Foundation and the Committee in the management of the Foundation.
- P. Provide perspective and insight to Albuquerque Community Foundation administration on investments and financial matters affecting the Foundation;

VII. INVESTMENT POLICY

The Investment Committee has evaluated the various investment asset classes available, considering the historical rates of return and relative levels of risk associated with each. The Investment Committee recognizes that, over the long-term, the allocation among various asset classes may be the single most important determinant of the Foundation's investment performance. The Investment Committee further recommends the investment of all Foundation assets in accordance with the following policy guidelines.

- A. Asset Allocation
 - 1. The single most important decision made by the Committee is the Policy Asset Allocation decision. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to: (1) the asset classes/styles which are employed by the Foundation; and (2) the weighting of each asset class/style. The Committee, with guidance and recommendations from their Consultant, shall review the asset allocation on an ongoing basis and recommend revisions as necessary. The overall asset allocation is stated as a range. The Committee is charged with establishing the specific asset allocation within the allowable range.

2. The Policy Asset Allocation shall be determined based on a comprehensive asset allocation study completed by the Consultant and reviewed from time to time by the Committee. The Policy Asset Allocation of the Foundation, as presented in Appendix B, is designed to give balance to the overall structure of the Foundation's investment program over the time horizon, which will be measured over twenty years. However, many factors over time may necessitate an asset allocation review and possible rebalancing. These factors include an ongoing assessment by the Consultant and the Committee of the comparative intermediate or long-term outlook for all available types of asset classes and styles.

B. Risk Guidelines and Limits

1. Diversification

- a) **Across Different Investment Categories:** The Foundation will be diversified across four broad investment categories: equity, fixed income, real assets, and multi-strategy. No single investment category may be greater than 60% of the Foundation's investments.
- b) **Across investment managers:** The Foundation will be diversified across several external investment managers. No single strategy of an investment manager will represent more than 15% of the Foundation's investments.
- c) **Within an investment manager's Organization:** The Foundation's investment with any single Investment manager will not comprise more than 10% of the manager's firm-wide assets under management.
- d) **Among Securities (Positions):** For investment managers who conduct an investment process that is intended to result in a diversified portfolio, single position sizes in excess of 10% of that investment manager's portfolio will be highlighted in the quarterly report to the Foundation. For investment managers who conduct an investment process that is expected to result in a concentrated portfolio, the degree of concentration must be monitored by the Consultant and included in the Consultant's quarterly report to the Foundation.

2. Leverage

The Foundation understands that "leverage" is an attempt to quantify the exposure of an investment manager's portfolio, not necessarily that portfolio's risk. The Foundation recognizes that leverage can be a useful tool for investment managers, but it must be used judiciously, subject to an investment manager's experience and the overall volatility of the investment category and strategies/structures employed.

- a) **MEASUREMENT:** For purposes of this Statement, and for ongoing monitoring of investment managers and the aggregate investments of the Foundation, "leverage" will be defined as the notional long exposure of a portfolio plus the absolute value of the notional short exposure of that portfolio, divided by net capital.
- b) **LIMIT:** The Foundation's aggregate leverage across all investments may not exceed two times. Any leverage exceeding one time must be due to risk-mitigating positions such as short positions that offset long positions. The Foundation will avoid highly levered investment strategies.

3. Volatility

- a) **MEASUREMENT:** For purposes of this Statement, and for ongoing monitoring of investment managers and the aggregate investments of the Foundation, “volatility” will be defined as the annualized standard deviation of total returns.
- b) **LIMIT:** The Foundation’s aggregate volatility is expected to be less than a blend of 70% the volatility of global equities, as measured by the MSCI World Index, and 30% of global investment grade broad fixed income securities, as measured by the Bloomberg Global Aggregate Bond Index over any three-year period. Any one of the investment managers for the Foundation may exhibit volatility greater than this limit, but in that case the investment manager must provide significant diversification benefits to the aggregate Foundation investment portfolio so that the aggregate portfolio remains within this volatility risk limit.

4. Key Market Exposure

- a) **MEASUREMENT:** For purposes of this Statement, and for ongoing monitoring of investment managers and the aggregate investments of the Foundation, Key Market Exposure is the primary measure of the portfolio’s risk within an asset class. By no means are the guidelines below the sole way to measure risk within an asset class portfolio; however, the Consultant will monitor and report quarterly on the Foundation’s exposure to at least the following specific Key Market Exposures:
 - (1) For Equity: “Net Market Exposure”, defined as the notional market value of long positions, minus the notional market value of short positions.
 - (2) For Fixed Income: “Duration”, defined as effective interest rate duration.
 - (3) For Real Assets: “Net Market Exposure”, defined as the notional market value of long positions, minus the notional market value of short positions.
 - (4) For Multi-Strategy: “Net Market Exposure”, defined as the notional market value of long positions, minus the notional market value of short positions.
- b) **LIMITS:**
 - (1) For Equity: “Net Market Exposure” of the aggregate of the Foundation’s equity managers may not exceed 1.5 times capital.
 - (2) For Fixed Income: “Duration” of the aggregate of the Foundation’s fixed income managers may not exceed 1.5 times the duration of the Bloomberg Aggregate Bond Index (or whatever benchmark is deemed most appropriate for the Foundation’s liabilities, as may be determined from time to time).
 - (3) For Real Assets: “Net Market Exposure” of the aggregate of the Foundation’s real asset managers may not exceed 1.5 times capital.
 - (4) For Multi-Strategy: “Net Market Exposure” of the aggregate of the Foundation’s multi-strategy managers may not exceed 1.5 times capital.

5. Total Return Policy

The Board has adopted a “total return” approach to calculating investment returns.

In recognition of these facts, the Committee will consider the Foundation’s total return from both income and net realized and unrealized capital gains when making distributions. When distributions are made, they will be withdrawn from the Foundation regardless of the portion of the total return that is from capital gains or from income.

VIII. INVESTMENT STRATEGY

Permissible Investments

The universe of types of securities is large and continues to evolve. The Foundation’s overall risk profile is controlled mainly through setting a Policy Asset Allocation, and by establishing risk limits for the composition of the portfolio. These limits were defined earlier in this Statement. The broad universe of securities used by similarly sophisticated institutions is allowable subject to those limits and the Policy Asset Allocation, including:

1. Domestic common stocks
2. International common stocks
3. Domestic bonds
4. International bonds
5. Cash and cash equivalent securities
6. Real estate and real estate securities
7. Commodities, including timber
8. Derivatives on the above securities, when used within the stated risk limits
9. Private funds investing in debt, equities, and real property
10. Hedge funds and multi-strategy funds

These securities may be used by traditional long-only managers or by alternative investment managers subject to the stated risk limits.

IX. INVESTMENT POLICIES AND PERFORMANCE GOALS FOR MUTUAL, COMINGLED AND ALTERNATIVE FUNDS

The Foundation will generally give investment managers broad latitude to invest in a wide variety of securities and instruments, subject to each investment manager’s particular area of expertise. The vast majority of the Foundation’s investments may be in pooled vehicles such as mutual funds, commingled funds, or other commingled fund structures for alternative investments. As the Foundation cannot direct the particular investment policies of these types of funds, it is understood that these funds will be governed by their own written investment guidelines and fund documents.

Nevertheless, the broad guidelines outlined below will govern the selection and retention of appropriate vehicles:

A. Aggregate Assets

The Committee and the Consultant will determine for each investment manager whether the level of aggregate assets under management 1) is large enough to ensure sufficient diversification, efficient trading, and economies of scale in administrative expenses and transaction costs and 2) is not too large or too small to cause the investment manager to deviate from the portfolio construction methods upon which the performance record was built.

- B. The Committee and the Consultant will monitor the organizations providing investment services to the mutual or commingled funds, and report any changes which may negatively affect the consistency of the investment method.
- C. The Committee and the Consultant will monitor both management fees and administrative expenses, to ensure that expense levels are appropriate and reasonable, and within normal and customary ranges.
- D. The Committee and the Consultant will establish general expectations of each fund's or pool's aggregate portfolio characteristics to create proper diversification within the Foundation's portfolio as a whole, fulfill specific needs or purposes within the portfolio, and comply with the investment strategy and asset allocation policy.

X. PROXY VOTING

The Investment Committee is mindful of its fiduciary obligations with respect to the voting of proxies of companies whose securities are owned by the Foundation.

Because of the complexity of issues and further because of the direct impact on investment values, it is the Investment Committee's considered belief that the Investment Managers that are employed by the Foundation are best suited to vote the proxies of shares held in the portfolios they manage.

Therefore, as part of the Foundation's Investment Policy and the Investment Manager guidelines, the Investment Committee hereby instructs the Investment Managers to vote proxies of companies in accordance with their own guidelines and policies and in the best interest of the Foundation.

All Managers voting proxies on behalf of the Foundation may be asked by the Investment Committee to provide their firm's proxy policy and a report showing securities voted, issues involved and the vote made.

XI. PROCEDURES AND PRACTICES FOR HANDLING CASH AND INVESTMENTS

- A. Operating and Temporary Funds
 1. All receipts to be deposited in the checking account.
 2. Transfer to an interest-bearing account whenever balance reaches an appropriate amount, keeping the checking account balance to a minimum.
 3. Expenditures to be made from checking account.
 4. Temporary funds may be combined with operating funds.
- B. Foundation Endowment Funds
 1. Principal and income is to be invested in accordance with investment policy.
 2. Endowment funds are combined in an investment pool in order to gain economies of scale with respect to purchasing and selling investments, administration, and fees.
 3. An endowment fund acquires units in the investment pool when donations to the fund are transferred to the investment pool and exchanges units when grants/gifts are made or fees paid from the pool. Monthly, the Foundation will combine all gifts and expenditures within the funds and will adjust pool units. The number of units each fund acquires or exchanges is determined by dividing the dollar amount of the fund's combined transactions (donations and expenditures) for the month by the pool's per unit value as of the day of the transfer.

- C. Contributions Received in Stocks and Bonds
 1. The sale of thinly-traded and closely-held stock can be liquidated with the approval of the Investment Committee in a manner to reasonably maximize return to the Foundation.
 2. The sale of gifts of publicly-traded stocks with a value of \$25,000 or less can be authorized by the President & CEO or Finance Director as soon as is practicable upon receipt of the gift. Accepted gifts of stock valued at more than \$25,000 will be referred to the Chair of the Investment Committee, for review of the nature of the stock and authorization of the sale.
- D. Contributions Received in Real Estate
 1. Sale or investment recommendations to be made to the Investment Committee after review by the Foundation's Real Estate Sub-Committee. Any such actions taken are to be reported to the full Board at its next meeting.
 2. Real estate portfolio to be reviewed by Real Estate Sub-committee at least annually.
- E. Contributions Received in Other Forms
 1. Investment Committee will seek expert advice as to asset allocation and portfolio performance evaluation.
 2. Investment Committee will periodically monitor and review all investments.

XII. DISTRIBUTION OF FUNDS, ALLOCATION OF EARNINGS, AND FEES

The Foundation spending policy recognizes the inherent conflict between serving current community needs while maximizing the growth of Foundation assets. In seeking to maintain a balance between these diverse objectives, the Foundation has adopted the following rules:

- A. Except as provided below, distributions will be made in accordance with the Foundation's spending policy in Appendix C, as amended from time to time.
- B. A copy of the Spending Policy incorporated in this IPS shall be provided to each Donor who establishes an endowment fund with the Foundation.
- C. If there is any conflict between the terms of the Spending Policy and the terms of the endowment agreement or other gift instrument, the terms of the endowment agreement or other gift instrument shall govern.

XIII. RE-BALANCING

The Investment Committee has established specific asset allocation targets within the ranges of its Investment Policy. To assure allocations consistent with the policy, the Investment Committee has developed a systematic re-balancing policy.

A. Asset Class Re-Balancing

The following policies will be followed regarding equities and fixed income portfolios:

1. Valuation and monitoring of asset classes in relation to their targets will be done monthly as available from the custodian.
2. The allocations to each asset class will remain within ~~20% of its target weighting~~allowable ranges as described in Appendix B.
3. When asset classes are not within ~~20% of their target weights~~allowable ranges, shifts will be made to bring the asset classes within ~~their 20% boundaries~~range.

4. Investments such as hedge funds, private equity, and real assets shall be maintained within ~~20% of their current targets~~ allowable ranges if possible. Since little movement of capital can be made within these asset classes due to their illiquid nature, the Investment Committee must review the portfolio to determine whether investments within the asset classes will need to be sold to return to policy or if the out-of-balance levels may be extended temporarily.

XIV. GUIDELINES FOR THE CUSTODIAN

The Investment Committee recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records. The Investment Committee identifies the following as responsibilities of the custodian for the Foundation:

- A. Provide complete custody and depository services for the designated accounts.
- B. Provide for investment of any cash to avoid lingering uninvested amounts.
- C. Implement in a timely and effective manner the investment actions as directed by the Investment Manager(s).
- D. Collect all income and principal realizable and properly report on the periodic statements.
- E. Provide monthly and annual accounting statements as well as on-line real time accounting for the Foundation, including all transactions; these should be based on accurate security values both for cost and market value. These reports should be provided within a time frame acceptable to the Committee.
- F. Report to the Foundation staff situations where security pricing is either not possible or subject to considerable uncertainty.
- G. Distribution to the Investment Manager(s) in a timely manner all proxy voting materials.
- H. Provide assistance to the Investment Committee, the Investment Consultant, and staff, to complete such activities as the annual audit, transaction verification or unique issues.

XV. COMMUNICATION AND REPORTING

The Investment Manager(s) are responsible for frequent and open communication with the Investment Consultant on all significant matters pertaining to investment policies and the management of the Fund's assets. Some of the key reporting responsibilities include the obligation to:

- A. Inform the Investment Consultant of major changes in any of the following:
 1. The Investment Manager's investment outlook, investment strategy and portfolio structure.
 2. The ownership, organizational structure, financial condition or senior personnel staffing of each investment Manager.
- B. Provide the Investment Consultant with quarterly transaction, valuation and performance reports to coincide with the Foundation's fiscal quarters.
- C. Ensure that all documents, exhibits and written materials that will be used during the quarterly conferences between the Investment Committee and the Investment Managers be submitted to and received by the Investment Committee at least 5 business days in advance of these conferences.
- D. Provide the Investment Consultant with proof of liability and fiduciary insurance coverage.

XVI. STANDARDS OF PERFORMANCE

The performance of the Foundation will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives.

It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the maximum commitment levels by asset class as set forth by this investment policy.

In consideration of the Foundation's goals and objectives, several standards will be utilized in evaluating investment performance as opposed to a single measurement. These standards reflect several aspects of investment performance, including the Foundation's specific objectives, the market indices and the performance of other fund managers.

Investment manager(s) will be reviewed to determine whether performance is within the investment policy guidelines and if asset allocation, security selection, and market timing decisions were reasonable. However, specific quantitative measures, especially the more absolute-oriented measures, will normally be considered of more importance during the three- to five-year investment performance horizon.

Specific bases for performance evaluation are:

A. Individual Investment Managers/Mutual Funds

1. The Committee expects that, over a fair market cycle, each investment manager/mutual fund will exceed their respective passive index benchmark and rank above median within their respective active peer universe benchmark. Performance benchmarks for each investment manager/mutual fund are outlined in Appendix A. Market cycles may differ markedly in length, and there is no standardized measure for a market cycle's term. For this purpose, a full market cycle encompasses both a down leg and an up leg, in either order. The up or down portions each shall be of at least two consecutive quarters in length. Thus, a full market cycle may be as short as one year, though generally most market cycles are expected to last from three to five years.
2. Evaluation of each investment manager's performance will be conducted quarterly to include not only measurements with respect to the standards described above, but an overall qualitative evaluation of strategy during the quarter and other periods ending on that date.

B. Asset Classes

Investment performance of various classes of securities will be compared, on a time and dollar weighted basis, with that of unmanaged market indices as well as with an appropriate universe of professionally managed funds.

1. Equity performance will be compared with nationally recognized equity indices such as the S&P 500, the Russell 3000, the Russell 2000, the Russell 2500 or Morgan Stanley Capital International All Country World Index or with a nationally recognized style index depending on the Manager's orientation towards growth or value. Equity performance will also be compared to an appropriate peer group universe. The benchmark measures adopted for equity performance will be mutually acceptable to the Manager(s) and the Investment Committee and explicitly stated in the Manager(s) contract when separate account managers are used.

2. Fixed income performance will be compared with nationally recognized bond indices such as the Bloomberg U.S. Aggregate Bond Index, Citigroup World Government Bond Index, or JP Morgan Emerging Markets Index. Fixed income performance will also be compared to an appropriate peer group universe. The benchmark measures adopted for fixed income performance will be mutually acceptable to the Manager(s) and the Investment Committee and explicitly stated in the Manager(s) contract when separate account managers are used.
3. Real Estate performance will be compared with the total return of the National Council of Real Estate Investment Fiduciaries Index (NCREIF) or the National Association of Real Estate Investment Trusts (NAREIT), as appropriate for the manager's style.
4. Private Capital fund returns will be compared over the long term, 5-10 years, to a ~~Kaplan~~ ~~Schoar~~ public markets equivalent using a predetermined public markets benchmark appropriate for each fund's strategy.
5. Hedge Fund performance will be compared to the relevant Hedge Fund Research (HFRI equal weighted) indices.

C. Total Fund

1. The Committee expects the Foundation's total rate of return over the next three to five year period to equal or exceed the targeted total rate of return of CPI plus the Foundation's current spending distribution plus Foundation's average administration fees as defined in Appendix C. While this rate of return is the long term goal of the Foundation, it is also understood that markets are volatile and that periods of underperformance are possible over shorter time periods such as three to five years.
2. The Committee expects the Foundation's total rate of return over the next five year period to exceed the total rate of return of a hypothetical fund invested in a benchmark portfolio constructed using the asset class weightings of the Foundation and the respective index returns for each of those asset classes.
3. The extent to which the volatility objectives as established herein are satisfied or exceeded will be determined by computing the mean absolute deviation of the investment account's total rate of return from quarter to quarter and comparing this with the same statistic measured for a corresponding market portfolio with asset class weights identical to that of the Foundation Investment Policy.

The Committee expects the Foundation's return to rank above median within an appropriate universe. This universe will be comprised of organizations with similar assets levels, asset allocations, and/or risk profiles.

XVII. CONFLICTS OF INTEREST

All persons responsible for investment decisions or who are involved in the management of the Foundation or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee will require such persons to remove themselves from the decision-making process.

Any members of the Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation's custodian(s), Investment Managers, or Consultant in the course of their services on behalf of the Foundation.

APPENDIX A: INVESTMENT MANAGERS AND PERFORMANCE BENCHMARKS

Revised ~~September 19, 2022~~ May 13, 2024

<u>Investment Manager</u>	<u>Comparison Universe (if available)</u>	<u>Index Benchmark</u>
Dodge & Cox Stock	US Large Cap Value Universe	Russell 1000 Value
Vanguard Institutional Index	US Large Cap Core Universe	S&P 500 Index
Brown Advisory Sustainable Growth	US Large Cap Growth Universe	Russell 1000 Growth
BlackRock Small Cap Core	US Small Cap Universe	Russell 2000
Vanguard Developed Markets	International Developed Equity Universe	Vanguard Spliced Developed Ex US
RBC Emerging Markets Equity	International Emerging Equity Universe	MSCI Emerging Markets
Commonfund Private Equity Partners	Private Equity	MSCI ACWI
The Investment Fund for Foundations	Private Equity	MSCI ACWI
Glouston	Private Equity	MSCI ACWI
Quantum	Private Equity	MSCI ACWI
Pantheon	Private Equity	MSCI ACWI
Audax	Private Equity	MSCI ACWI
Blackstone	Private Equity	MSCI ACWI
GI Partners	Private Equity	MSCI ACWI
<u>Industry Ventures</u>	<u>Private Equity</u>	<u>MSCI ACWI</u>
<u>PIMCO Bravo II</u>	<u>Real Estate Debt</u>	<u>Bloomberg Global Aggregate</u>
Baird Aggregate Bond	Core Fixed Income Universe	Bloomberg U.S. Aggregate
BlackRock Strategic Income Opportunities	Core Plus Fixed Income Universe	Bloomberg U.S. Universal
PIMCO Inflation Response Multi-Asset	Real Assets	PIMCO IRMA Index
ASB Allegiance Real Estate	Real Estate	NCREIF ODCE Index
Invesco US Income	Real Estate	NCREIF ODCE Index
<u>Kayne Anderson</u>	<u>Real Estate</u>	<u>NCREIF ODCE Index</u>
<u>Bridge Investment Group</u>	<u>Real Estate</u>	<u>NCREIF ODCE Index</u>
Hudson Bay International Fund, Ltd.	Multi-Strategy	HFRI Relative Value Multi-Strategy Index
HG Vora Special Opportunities Fund, Ltd.	Multi-Strategy	HFRI Event Driven (Total) Index
Alyeska Aleutian Fund, Ltd.	Multi-Strategy	HFRI Equity Hedge: Equity Market Neutral Index

APPENDIX B: POLICY ASSET ALLOCATION

Revised March 13, 2023

POLICY ASSET ALLOCATION

ASSET CLASS	TARGET	RANGE
<i>Total U.S. Equity</i>	24%	14% - 34%
<i>Total Non-U.S. Equity</i>	15%	5% - 25%
<i>Total Fixed Income/Cash</i>	13%	3% - 23%
<i>Total Real Estate</i>	15%	10% - 20%
<i>Total Real Assets</i>	5%	0% - 15%
<i>Total Multi-Strategy</i>	15%	5% - 25%
<i>Total Private Equity</i>	13%	3% - 23%
<i>Total</i>	100%	100%

Policy Asset Allocation ranges represent +/- 10% deviations from Target Allocation, excluding Real Estate.

These ranges may be modified from time to time at the discretion of the Committee within the provisions of the Statement of Investment Policies and Procedures.

APPENDIX C: SPENDING POLICY AND ADMINISTRATIVE FEES

Spending Policy

The recommended standard spending policy will be to distribute 4% of the time-weighted average balance of each fund for the previous twenty quarters calculated as of December 31st. The time-weighted average will be computed by first taking the fund's monthly ending balance after allocation of income, gains and fees and averaging it for the quarter and then averaging the quarter ending balances. If a fund does not have historical fund balances for twenty quarters then it shall instead use the total number of historical fund balances that it has until such time it has a twenty-quarter history. Generally, a fund must have a minimum of four historical quarters before a distribution is made. Donor Advised and organization fund agreements allow additional distributions. The Foundation will allow nonprofit organizations to receive a distribution of up to 5.5% of the time-weighted average balance of a fund. Nonprofit organizations which want to take a distribution higher than the recommended standard distribution must contact the Foundation to discuss the decision. The Foundation will discuss the impact of taking a distribution that is higher than the recommended amount. The nonprofit organization Board Chair would be required to sign a form acknowledging the discussion of its options and must attach a copy of the board meeting minutes which reflect the board approved decision.

Administrative Fees

Each Fund in the Investment Pool shares the cost of a professional staff as well as the costs associated with procuring the expertise of the investment consultant and investment managers. The Foundation monitors fund investments, pays out grants from the income and oversees all aspects of the investment program. Therefore, the Foundation will charge each fund an administrative fee based on the net asset value of each fund in accordance with its most current fee schedule.