INVESTMENT POLICY STATEMENT

Revised August 2013

Introduction and Purpose

This Investment Policy Statement is set forth to:

1. Define the investment policies, guidelines and objectives of the Greater Cedar Rapids Community Foundation.

2. Create a framework from which the Investment Committee can evaluate performance, explore new opportunities and make recommendations to enhance the investment portfolio.

The intent of this Statement is to design an investment environment with specific parameters that reflect the philosophy of the Board of Directors, thereby providing the Investment Committee with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical.

The investment policies and objectives described herein pertain to the Endowment Pool, Moderate Pool, and Conservative Pool, all managed by the Foundation. Because the general investment philosophy differs somewhat for each Pool, the Endowment Pool's general investment philosophy is described below, while the general investment philosophy for the Moderate Pool is described in Appendix B and the investment philosophy for the Conservative Pool is described in Appendix C. The Pools are defined as all grant-making assets of the foundation that are subject to oversight by the Investment Committee. This includes assets held in the Foundation's primary portfolio, and assets owned by the foundation but managed outside the foundation's portfolio under the policy provisions outlined in *Partnering with Professional Advisors*.

Description of Roles

Investment Committee

The Committee is responsible for adopting the provisions of this Investment Policy. This responsibility includes approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Foundation on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Foundation and its managers to be reasonably assured of their compliance with the Investment Policy Statement.

Investment Consultant
The investment consultant is responsible for assisting the Committee and Treasurer/CFO/ in all aspects of managing and overseeing the investment portfolio. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:

1. Provide proactive recommendations
2. Supply the Committee with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested
3. Monitor the activities of each investment manager or investment fund
4. Provide the Committee with quarterly performance reports
5. Review this Investment Policy Statement with the Committee

Fiduciary Duty
In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Investor Act (UPIA). UPIA requires fiduciaries to apply the standard of prudence "to any investment as part of the total portfolio, rather than to individual investments". All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

As summarized for the purposes of this Investment Policy Statement, the UPIA states that the Committee is under a duty to the Foundation to manage the funds as a prudent investor would, in light of the purposes, scope, objectives and other relevant circumstances. This standard requires the exercise of reasonable care, skill, and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation. In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of the Foundation are better served without diversifying.

In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and how to delegate authority, in the selection and supervision of agents, and incurring costs where reasonable and appropriate.

General Investment Policies and Objectives

Long Term Objective: The Long-Term Objective of the Foundation, as determined by the Investment Committee, is to achieve a total return in excess of the sum of the Distribution Rate, the long-term inflation rate, the aggregate costs of portfolio management, and any growth factor which the Investment Committee may, from time to time, determine appropriate.

Risk: The Investment Committee will permit the Fund to experience an overall level of risk consistent with the Policy Asset Allocation.

Liquidity: The Foundation does not have a significant, ongoing, need for liquidity; therefore, the Foundation's endowment does not have an allocation to cash or cash equivalents under normal circumstances.

Time Horizon: The Foundation has an infinite life and should be managed with a Time Horizon much longer than the normal investment cycle, such as fifty to one hundred years.

Taxes: The Greater Cedar Rapids Community Foundation is a tax-exempt organization.

Long Term Objective Measurement Objectives

Over time, the Foundation will aim to achieve the total Long-Term Objective while maintaining acceptable risk levels. To accomplish this goal, the Foundation will diversify its assets among several asset classes. Table A provides permissible asset classes, appropriate index measures of these classes, and current policy asset allocation.

The following return objectives are designed to coincide with the Long-Term Objective of the Foundation. All Long-Term Objectives for the Foundation and Investment Managers described below are understood to be net of (after) investment expense.

1. Total Foundation assets should return, over the Time Horizon, an annualized nominal rate equal to or greater than the Long-Term Objective.

2. Total Foundation assets should return, over rolling twelve-month periods, a nominal rate greater than or equal to a composite index created by combining various indices (Table A) in the same proportion as the Foundation's target allocation (as described in the Asset Allocation section of this document).

3. In general, active managers will be expected to provide returns greater than their appropriate benchmark, net after fees, while utilizing acceptable risk levels, over moving thirty-six month periods. In contrast, index or passive, managers will be expected to provide returns very nearly identical to the appropriate benchmark, before reasonable fees, with no more volatility than the benchmark.

Volatility and Risk

The Investment Committee believes that the Long-Term Objectives can be achieved while assuming acceptable risk levels commensurate with "market" volatility. "Market" volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the benchmark indices deemed appropriate.

Distribution Rate Policy

On an annual basis, the Investment Committee recommends the Distribution Rate to the Board of Directors for the ensuing year. It shall be the policy of the Foundation to distribute from its funds an amount equal to the product of the investment portfolio's average market value for the trailing twelve quarters ending on December 31st multiplied by the Distribution Rate. For funds in their first year of existence, the distributable amount is equal to the product of the average market value for the trailing quarters ending on December 31 since the fund was in existence multiplied by the Distribution Rate, prorated for the number of quarters the fund was in existence. For funds in their second and third years of existence, the distributable amount is equal to the product of the average market value for the trailing quarters ending on December 31 since the fund was in existence multiplied by the Distribution Rate. The Board has adopted a "total return" approach to calculating investment returns. The Investment Committee recognizes that the Foundation's total return is comprised of both traditional "income" and realized and unrealized net capital gains or losses. All spending is subject to compliance to the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Portfolio Rebalancing

For donor-directed portfolios managed by outside professionals- The portfolio shall be rebalanced in the event any individual broad asset class allocation differs from the long-term endowed allocation by more than 20% of the target weight (0.8x/1.2x), but with a minimum deviation threshold of 2% of the total portfolio value. On a monthly basis the Consultant and/or Foundation staff will provide the endowment allocation to outside managers.

For the Endowment pool- The Investment Committee will be responsible for approving and implementing any recommendations made by the Consultant to reallocate the assets in the portfolio. The Committee and Consultant will monitor the asset allocation structure of the Foundation and attempt to stay within the ranges allowed for each asset category. If the portfolio moves outside of the ranges the Committee, with advice from the investment consultant, will develop a plan of action to rebalance. In many cases the additions of new money or withdrawals for spending will be used to rebalance in a cost effective manner

Investment Policies and Performance Goals for Investment Managers

The following are performance goals and constraint guidelines placed on individual managers within specific asset classes:

All Managers

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable for the market environment in which investment decisions must be evaluated. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care and prudence has been met for the Foundation's investments.

The requirements stated below apply to investments in non-mutual and non-pooled funds, where the investment manager is able to construct a separate, discretionary account on behalf of the Foundation. Although the Committee cannot dictate policy to pooled/mutual fund investment managers, the Committee's intent is to select and retain only pooled/mutual funds with policies that are similar to this Investment Policy Statement. All managers (pooled/mutual and separate), however, are expected to achieve the performance objectives. Each traditional equity and fixed income investment manager shall:

1. Have full investment discretion with regard to security selection consistent with this Investment Policy Statement

2. Immediately notify the Committee and consultant in writing of any material changes in the investment philosophy, strategy, portfolio structure, ownership, or senior personnel
3. Make no purchase that would cause a position in the portfolio to exceed 5% of the outstanding voting shares of the company or invest with the intent of controlling management

    - Each manager shall demonstrate a reasonable match, or “fit,” with their comparative index, as measured by an acceptable tracking error, as documented in Table A.

    - Active managers may be terminated if tracking error is consistently out of policy and net performance is statistically indistinguishable from the benchmark return

    - Index managers may be terminated if tracking error is consistently out of policy.

    - No manager, other than alternative investment managers, shall be permitted to use margin or to otherwise leverage the portfolio without the prior written consent of the Investment Committee.

Domestic Equity

The maximum weighting, on a cost basis in any one company for active managers is 10% of the portfolio value.

1. For separately managed accounts, excluding those managed by "alternative investment managers," the maximum allocation to cash, at any time, will be 5% of the account unless written permission is communicated to the Consultant by the Investment Committee.

2. Trading and Execution: Managers should execute trades on a competitive basis, considering both commission and market impact, as compared to relative size funds.

Domestic Fixed Income

The maximum weighting, on a cost basis, in any one security for active managers is 10% of the portfolio value. This does not apply to U.S. government and agency issues.

International Equity and Fixed Income

The use of currency features to enhance performance and/or hedge currency exposure by international and/or global managers is at the discretion of the manager in accordance with the prospectus of the investment product, provided the hedging in any one currency will never exceed the market value of the assets invested in the currency. For separately managed accounts of the Foundation, the manager must submit to the Investment Committee for approval a detailed description of the currency strategy prior to the implementation of such a strategy.

Alternative Investments

Illiquid and Semi-Liquid Investments
Illiquid investments include private equity, private real estate, and natural resources. Hedge funds are considered semi-liquid due to lock-up periods, redemptions, restrictions, and in some cases, illiquidity of the underlying investments.

Private Equity
The objective of the private equity allocation is to outperform, over the long-term, the public equity markets by 3-5% points, net of fees. The return premium exists due to the higher risk, lack of liquidity, and the uneven distribution of information and access inherent in private markets.

For the private equity allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to top-quality managers and be diversified. Individual funds may be concentrated in a particular sector, stage, or geographic region, but the overall private equity allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

1. Sub-Category
   The target allocations to venture capital, buyout, and special situations (distressed, mezzanine, infrastructure etc.) will serve as a guideline for committing capital. As commitments to private equity are drawn down and invested over a period of years, and distributions are returned, the committed capital will be greater than the target allocation in order to reach the target market value.

2. Vintage Year
   Capital should be committed continuously and thoughtfully over time. Returns are highly dependent on market cycles and stage of the investment cycle. A portfolio diversified by vintage years will reduce unnecessary risk and provide more consistent long-term returns.

3. Manager
   Investments should be considered with several private partnerships (or a fund of funds) to mitigate manager specific, as well as deal specific risk.

4. Stage
   Investments should be considered across the life cycle of businesses. Within venture capital, this includes early, mid, and late stage companies. Buyout investments consist of small, mid, and large market firms, and may be in the form of traditional buyouts, growth equity, recapitalizations, or restructuring.

5. Geography
   Investments should be considered across the U.S. and internationally (developed and emerging markets).

6. Sector
   The portfolio should be diversified by sector, as well as across industries within a sector.

Private Real Estate

The objective of the private real estate allocation is to provide low correlation to the public equity and fixed income markets and serve as an inflation hedge.

For the real estate allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to top-quality managers and be diversified. Individual funds may be concentrated in a particular region or property type, but the overall real estate allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

1. Sub-Category
   Private real estate investments should be considered in either value-added or opportunistic funds, which are designed to generate excess return for the overall real estate allocation. These strategies typically require some lease-up, development or repositioning, as well as utilize more leverage than public REITs. As commitments to private real estate are drawn down and invested over a period of years, and distributions are returned, the committed capital will be greater than the target allocation in order to reach the target market value.

2. Vintage Year
   Capital should be committed continuously and thoughtfully over time. Returns are highly dependent on market cycles and stage of the investment cycle. A portfolio diversified by vintage years will reduce unnecessary risk and provide more consistent long-term returns.

3. Manager
   By combining a public REIT allocation as a core holding (also provides liquidity) with investments in several private partnerships (or a fund of funds), manager specific, as well as property specific risk, within the real estate allocation can be diminished.

4. Geography
   Investments should be considered across the U.S. and internationally.

5. Property Type
   The portfolio should be diversified across property types (e.g., apartments, office, industrial, and retail).

Natural Resources (Energy and Timber)

The objective of the natural resources allocation is provide low correlation to the public equity and fixed income markets and serve as an inflation hedge. These investments should be primarily in the private markets, which offer inefficiencies that can be exploited.

For the natural resource allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to top-quality managers and be diversified. Individual investments may be concentrated in a particular region, production stage, or commodity exposure, but the overall allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

1. Sub-Category
   The target allocations to energy and timber investments will serve as a guideline for committing capital. As commitments to natural resources are drawn down and invested over a period of years, and distributions are returned, the committed capital will be greater than the target allocation in order to reach the target market value.

2. Vintage Year
   Capital should be committed continuously and thoughtfully over time. Returns are highly dependent on market cycles and stage of the investment cycle. A portfolio diversified by vintage years will reduce unnecessary risk and provide more consistent long-term returns.

3. Manager
   Investments should be committed to several private partnerships (or a fund of funds) to mitigate manager specific, as well as deal specific risk.

4. Geography
   Investments should be spread across the U.S. and internationally.

Stage/Type

Energy

Investments in energy funds will focus primarily on the upstream end of the energy market with development and production, and to a lesser extent exploration. Exposure to the upstream markets will be gained through private equity investments, working interests, and royalty interests. Investment in downstream activities such as refining, transmission, and distribution may be considered opportunistically.

Upstream markets offer two primary benefits: Inefficiencies, which offer attractive investment opportunities, and exposure to the underlying commodity (oil and gas), which provides an inflation hedge.

Timber

Investments with Timber Investment Management Organizations (TIMOs) should be diversified by wood type (hard and softwood, species, etc.). Investing in TIMOs exposes the portfolio to timber prices, providing inflation protection, with the potential to generate additional return through the underlying management of the timberland.

Hedge Funds
The objective of the hedge fund allocation is to diversify the Foundation and provide returns with low correlation to the public equity and fixed income markets via structural advantages, including controlling market exposure through hedging and increased exposure to manager skill through unconstrained investment management and opportunistic investing.

Hedge funds are not an asset class, but rather an investment vehicle. The majority of hedge funds will have a "lock-up" period of 1-3 years from the date of investment, during which time money generally cannot be withdrawn. Once the lock-up period expires, most hedge funds will then allow redemptions only at scheduled intervals (quarterly, semi-annually, etc.). Hedge funds, therefore, are semi-liquid investments due to the structure of the vehicle rather than the underlying investments (which may or may not be liquid).

For the hedge fund allocation to achieve the expected objectives without unnecessary risk, the Foundation should seek access to skilled managers and be diversified. Individual hedge funds may be concentrated on a particular strategy, market or geographic region, but the overall allocation should be diversified. A prudent investment strategy will consider the following areas for diversification.

Strategy
The hedge fund universe can be divided into two broad categories: Equity Hedge and Absolute Return. Below are the definitions and examples of these strategies.

Equity Hedge (Directional)
These strategies tend to opportunistically invest in a broadly defined market with few constraints. As directional strategies, these funds will tend to be somewhat correlated with market movements, but generally do not closely track a market benchmark. These funds will take both long and short positions, use leverage, and actively manage market exposure. Examples of these strategies include Equity Hedge, Event-Driven, Global Macro, Distressed Securities, Emerging Markets, and Short Selling. These investments generally fall into the Global Equity category.

Absolute Return
These strategies are generally non-directional (not correlated to the markets) and tend to utilize multiple strategies that seek to exploit idiosyncratic (unique, non-market) risks that are not impacted by broad economic, political, or social events. Examples of these strategies include: Equity Market Neutral, Fixed Income Arbitrage, Merger Arbitrage, Convertible Arbitrage, and Relative Value Arbitrage. These investments generally fall into the Diversifying Strategies category.

Manager Diversification

A "core-satellite" approach of combining a core allocation of fund of funds, with satellite investments in direct funds mitigates manager specific, as well as strategy specific risk.

Ethics and Conflict of Interest

It is the policy of the GCRCF that no person acting on behalf of the investment function shall, in any manner, have an interest, either directly or indirectly, in any investments in which the GCRCF is authorized to invest; or receive in any manner compensation of any kind from investments from the sellers, sponsors, or managers of such investments. Officers and other staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

Procedure for Responsibilities and Revising Guidelines

All investments and investment accounts will be in the name of the GCRCF. Monthly statements and correspondence will be sent to the GCRCF.

Transactions will be executed by personnel authorized annually by the GCRCF board of directors. From time to time the board of the GCRCF may need to renew a corporate resolution authorizing the president/CEO to act on the GCRCF's behalf.

All investment policies and performance goals will be reviewed annually or when deemed necessary by the Investment Committee. If modifications are made they will be promptly communicated to the investment consultant and/or managers, and other interested parties. In order to facilitate timely adjustments and rebalancing to the Foundation's Policy Asset Allocation without undue delays, the Policy Asset Allocation may be revised with a majority vote of the Board of Directors.

Table A: Endowment Pool

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
Public		
U.S. Equities		
Large Cap	11	5-25
Mid Cap	-	0-15
Small Cap	4	0-15
	15	
Hedged Equity	10	0-20
International Equities		
Developed Large Cap	10	5-20
Developed Small Cap	3	0-10
Emerging Markets	8	0-15
	21	
	46	
Private		
Venture Capital	4	0-15
Buyout	3	0-15
Special Situations	3	0-10
	10	
	56	**40-80**
GLOBAL FIXED INCOME		
Interest Rate Sensitive		
Investment Grade	6	0-30
Inflation Protected (TIPS)	3	0-15
	9	
Credit		
Publicly Traded	9	0-30
Private Debt	-	0-10
	9	
	18	**5-50**

REAL ASSETS		
Real Estate		
Public (REITs)	3	0-15
Private	3	0-15
	6	
Natural Resources		
Private Energy	5	0-10
Timber	2	0-10
Commodities	3	0-10
	10	
	16	**0-30**
DIVERSIFYING STRATEGIES		
Absolute Return Hedge Funds	**10**	**0-25**
CASH	**-**	**0-10**
TOTAL	**100%**	

Table B: Moderate Pool

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
Public		
U.S. Equities		
Large Cap	21	10-35
Mid Cap	-	0-15
Small Cap	5	0-15
	26	
Hedged Equity	-	0-10
International Equities		
Developed Large Cap	13	5-25
Emerging Markets	5	0-12
	18	
	44	**20-60**
GLOBAL FIXED INCOME		
Interest Rate Sensitive	24	10-60
Credit	24	10-60
	48	**30-70**
REAL ASSETS		
Public Real Estate		
Public (REITs)	2	0-10
	2	
Natural Resources		
Private Energy	-	0-10
Timber	-	0-10
Commodities	1	0-10
	1	
	3	**0-10**
DIVERSIFYING STRATEGIES		
Absolute Return Mutual Funds	**5**	**0-15**
CASH	**-**	**0-10**
TOTAL	**100%**	

Table C: Conservative Pool

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
U.S. Equities		
Large Cap	15	10-25
Mid Cap	-	0-15
Small Cap	5	0-15
	20	
International Equities		
Developed Large Cap	7	5-20
Emerging Markets	3	0-7
	10	
	30	**20-50**
GLOBAL FIXED INCOME		
Interest Rate Sensitive	35	10-65
Credit	30	10-65
	65	**50-85**
REAL ASSETS		
Public Real Estate		
Public (REITs)	**1**	**0-10**
DIVERSIFYING STRATEGIES		
Absolute Return Mutual Funds	**4**	**0-15**
CASH	**-**	**0-10**
TOTAL	**100%**	

Total Fund Benchmarks

The Committee seeks to outperform its benchmarks over full market cycles and does not expect that all investment objectives will be attained in each year. Furthermore, the Committee recognizes that over various time periods, the Foundation may produce significant deviations relative to the benchmarks. For this reason, investment returns will be evaluated over a full market cycle (for measurement purposes: 5 years).

1. The primary objective of the Foundation is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation. The primary objective of the Foundation is:

   Total Return greater than Consumer Price Index + Spending Policy + Administrative Fees

2. A secondary objective is to achieve a total return in excess of the Broad Policy Benchmark comprised of each broad asset category benchmark weighted by its target allocation.

The current Broad Policy Benchmark for the Endowment Pool is:

WEIGHT	INDEX	ASSET CATEGORIES
50%	Russell 3000	U.S. Equity / Real Assets
20	MSCI ACWI ex-US	International Equity / Real Assets
30	Barclays Capital Aggregate Bond	Global Fixed Income / Absolute Return

The current Broad Policy Benchmark for the Moderate Pool is:

WEIGHT	INDEX	ASSET CATEGORIES
35%	Russell 3000	U.S. Equity / Real Assets
15	MSCI ACWI ex-US	International Equity / Real Assets
50	Barclays Capital Aggregate Bond	Global Fixed Income / Absolute Return

The current Broad Policy Benchmark for the Conservative Pool is:

WEIGHT	INDEX	ASSET CATEGORIES
20%	Russell 3000	U.S. Equity / Real Assets
10	MSCI ACWI ex-US	International Equity / Real Assets
70	Barclays Capital Aggregate Bond	Global Fixed Income / Absolute Return

Summary of Quantitative Performance and Risk Objectives

Liquid and Semi-Liquid Active Managers

These managers are expected to outperform their primary benchmark, and equity managers are expected to maintain a beta (vs. the primary benchmark) of less than 1.25. Managers failing to meet the criteria over a full market cycle will undergo qualitative and quantitative analysis to determine continued suitability for the Foundation.

Public Liquid Passive Managers

Passive (or index) managers are expected to approximate the total return of its respective benchmark. The beta for passive equity managers should approximate 1.00.

Private Illiquid Managers

The majority of private equity, private real estate, and natural resource funds will be invested with private partnerships. These partnerships typically range from 7-15 years in life, during which time the Foundation may not be able to sell the investment. Additionally, the partnership may not produce meaningful returns for 3-5 years (depending on the strategy). New investments will create a drag on fund performance in the early years (3-5 years) until these investments begin to mature. This drag on performance is often referred to as the J-curve, due to the shape created by plotting a line graph with performance on the y-axis and time on the x-axis. Private, illiquid manager performance will be measured utilizing internal rate of return (IRR) calculations and compared to an appropriate peer group. An IRR calculated from the inception of the partnership will be the primary performance measurement tool utilized for all private equity, private real estate, and natural resource managers.

Private Equity

Returns will be compared to the appropriate peer group in the Thomson Financial Venture Economics universe of similar style (buyout or venture capital) and vintage year.

Private Real Estate

Returns will be compared to the NCREIF Property Index, which is reported on a time-weighted basis, but will be translated into an IRR for measurement purposes.

Energy

There are no suitable benchmarks for private energy. Private energy funds are utilized as an inflation hedge and thus, their returns will be compared to CPI + 8%.

This Investment Policy Statement must be reviewed by the Investment Committee at least once a year and confirmed as appropriate as necessary at that time.

Approved at a meeting of the Board of Directors on this _____ day of 20___.

Signatures:

_________________________________ _________________________________

Community Foundation Chair **Community Foundation Secretary**