INVESTMENT POLICY STATEMENT

Revised January 2019

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, Conservative Pool, and Enhanced Passive 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, the investment philosophy for the Conservative Pool is described in Appendix C, and the investment philosophy for the Enhanced Passive Pool is described in Appendix D. 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.

GREATER CEDAR RAPIDS COMMUNITY FOUNDATION

Investment Consultant
The investment consultant is responsible for assisting the Committee and 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 to 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.

Appendix A: Endowment Pool

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
Public		
U.S. Equities		
Large/Mid Cap	20	10-40
Small Cap	5	0-15
	25	
Hedged Equity	5	0-20
International Equities		
Developed Large Cap	10	5-20
Developed Small Cap	3	0-10
Emerging Markets	8	0-15
	21	
	51	
Private		
Venture Capital	4	0-15
Buyout	3	0-15
Special Situations	3	0-10
	10	
TOTAL GLOBAL EQUITY	**61**	**40-80**
GLOBAL FIXED INCOME		
Interest Rate Sensitive		
Investment Grade	7	0-30
Inflation Protected (TIPS)	3	0-15
	10	
Credit		
Publicly Traded	10	0-30
Private Debt	2	0-10
	12	
TOTAL FIXED INCOME	**22**	**5-50**
REAL ASSETS		
Real Estate		
Public (REITs)	2	0-15
Private	1	0-15
	3	

Natural Resources		
Private Energy	1	0-10
Timber	0	0-10
Commodities/ Infrastructure	3	0-10
	4	
TOTAL REAL ASSETS	**7**	**0-30**
DIVERSIFYING STRATEGIES		
Absolute Return Hedge Funds	**10**	**0-25**
TOTAL CASH	**0**	**0-10**
TOTAL	**100%**	

Appendix 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	18	10-60
	42	**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	**10**	**0-15**
CASH	**1**	**0-10**
TOTAL	**100%**	

Appendix C: Conservative Pool

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
U.S. Equities		
Large/ Mid Cap	8	5-20
	8	
International Equities		
Developed Large Cap	2	0-10
	2	
	10	**0-20**
GLOBAL FIXED INCOME		
Interest Rate Sensitive	30	10-65
Credit	30	10-65
	60	**50-85**
CASH/ SHORT TERM FIXED	**30**	**10-50**
TOTAL	**100%**	

Appendix D: Enhanced Passive Portfolio

ASSET CATEGORY	TARGET	RANGE
GLOBAL EQUITY		
Public		
U.S. Equities		
Large/Mid Cap	15	10-30
Small Cap	6	0-15
	21	
International Equities		
Developed Large Cap	20	5-30
Emerging Markets	5	0-15
	25	
	46	
Private		
Venture Capital	4	0-15
Buyout	2.5	0-15
Special Situations	2.5	0-10
	9	
TOTAL GLOBAL EQUITY	**56**	**40-80**
GLOBAL FIXED INCOME		
Interest Rate Sensitive	10	0-30
Credit	10	0-30
TOTAL FIXED INCOME	**20**	**5-50**
DIVERSIFYING STRATEGIES	**24**	**0-35**
TOTAL CASH	**1**	**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
10%	Russell 3000	U.S. Equity / Real Assets
60	Barclays Capital Aggregate Bond	Global Fixed Income / Absolute Return
30	Merrill Lynch 1-3 Year Bond	Global Fixed Income / Capital Preservation

The current Broad Policy Benchmark for the Enhanced Passive Pool is:

Weight	Index	Asset Categories
30%	Russell 3000	U.S. Equity / Real Assets
25	MSCI ACWI ex-US	International Equity / Real Assets
45	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

APPENDIX

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) INVESTMENT POLICY STATEMENT

Background and Rationale

In 2017 The Greater Cedar Rapids Community Foundation began exploring the concept of integrating Environmental, Social, and Governance (ESG) factors into the security selection process for a portion of the Endowment's assets. The Foundation recognizes that constituents of the Community have an interest in allocating charitable dollars in a fashion that is consistent with their ethics and values. Further, the Foundation and their consultant recognize the growing amount of research that suggests that incorporating ESG factors into the security selection process can help uncover unaccounted risk and return characteristics that can benefit the portfolio. For these reasons the Foundation elected to provide an additional investment option for potential donors that desire ESG characteristics in their portfolio.

It is important to note that the Foundation is not stating what values or opinions are appropriate but, rather, recognizing the desire of the Community for an ESG investment option and is providing this additional service.

Recent studies suggest that future donors are seeking ESG investment:

- The Foundation recognizes the massive inter-generational transfer of wealth from one generation to the following generation; estimated at $59 trillion by 2061, worldwide.
- Studies show that millennials are twice as likely to invest in corporations that advance their desired social and environmental outcomes. They are equally likely to divest from companies due to "objectionable" corporate activity
- 67% of millennials view their investment decisions as a way to express their social, political and environmental values, and 73% believe that it is possible to achieve market-rate returns investing in companies based on their social or environmental impact
- Many Community Foundations are establishing stand-alone Socially Responsive pools as potential fund-raising opportunities for donors and agencies that have an interest.

The Investment Committee recognizes that these goals, while noble, should not detract from the long-term performance of the Foundation. If the Investment Committee believes that allocating to a particular manager or asset class would be adversely impacted through applying the social considerations listed above then they will not invest.

Purpose

The purpose of this Investment Policy Statement is to establish a clear understanding of the investment objectives, ESG and otherwise, and philosophy for the Greater Cedar Rapids Foundation (hereinafter, "Foundation"). This policy will describe the standards utilized by the Investment Committee (hereinafter, "Committee") in monitoring investment performance, as well as, serve as a guideline for any investment manager retained.

While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term distributions with preservation of the real, inflation-adjusted value of assets, is crucial to the long-term success of the Foundation.

Scope

This policy applies to the ESG Investment Pool, which the Committee and investment manager have responsibility for prudent management.

Investment Objective

The primary investment objective of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum maintaining the purchasing power of the Foundation. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending.

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 Management of Institutional Funds Act (UPMIFA). UPMIFA requires fiduciaries to apply the standard of prudence "about each asset in the context of the portfolio of investments, as part of an overall investment strategy." 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, UPMIFA states that the Committee is under a duty to the Foundation to manage the Foundation's endowment 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.

The Committee believes that the inclusion of ESG criteria into the decision making process does not violate their fiduciary obligations and oversight of the entire Endowment.

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 in all aspects of overseeing the ESG Pool. The consultant is the primary source of investment education and investment manager information. On an ongoing basis the consultant will:

Provide proactive recommendations

a. Supply the Committee with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested
b. Monitor the activities of each investment manager or investment fund
c. Provide the Committee with quarterly performance reports
d. Review this Investment Policy Statement with the Committee

Strategy

The Committee understands the long-term nature of the Foundation and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Real assets are anticipated to provide the added benefit of inflation protection.

Fixed income and absolute return strategies will be used in an effort to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Foundation, but is a residual to the investment process and used to meet short-term liquidity needs.

Asset allocation

Asset allocation will likely be the key determinant of the ESG Pool returns over the long- term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. A globally diversified portfolio, with uncorrelated returns from various assets, should reduce the variability of returns across time. In determining the appropriate asset allocation, the inclusion or exclusion of asset categories shall be based on the impact to the total Foundation, rather than judging asset categories on a stand-alone basis.

The target asset allocation should provide an expected total return equal to or greater than the primary objective of the Foundation, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level. To achieve these goals the asset allocation for the ESG Pool will be set with the following target percentages and within the following ranges:

Asset Category	Target	Acceptable Range
Global equity	55%	40-70%
U.S. equities	30%	20-50%
International equities	25%	10-35%
Global fixed	30%	20-40%
Real assets	10%	0-15%
Diversifying strategies	5%	0-15%

ESG Limitations and Areas of Emphasis

ESG investing has grown to more than simply excluding certain stocks or industries. Investors will often not only exclude certain stocks or industries engaged in activities they disapprove of but also reward companies aligned with their interests and mission. It is not anticipated that ESG will adversely impact the performance of the portfolio. The Committee recognizes that there are tangible benefits to environmental stewardship, positive corporate action, and positive employee relations. The Committee further recognizes that it is difficult to dictate specific instruction to a mutual fund and these guidelines are just that, guidelines. Investment managers should seek to adhere to the spirit of these policies. The ESG Pool should be viewed as a holistic approach into responsive investing with a diversified allocation in region, market cap, economic inputs as well as ESG considerations. While there are no absolute cut and clear delineations within many ESG mandates, below are general descriptions of the broad areas of emphasis for clients to consider.

Environmental Issues

Environmental Screening is associated with the practice of considering environmental and energy matters as a metric of corporate performance. The term “green investing” would be most closely associated with this factor.

Investment Managers shall make best efforts to avoid investing in companies that are involved in:

- Major controversies relating to air, water or land pollution or a history of environmental fines and/or civil suits.
- A pattern of violating federal or state environmental regulations.
- Production of chemicals known to be particularly damaging to the environment and/or human health: (aerosols, plastics, pesticides, etc).
- A history of unsustainable environmental practices that exploit the world’s natural resources.
- Companies significantly involved in the development and commercialization of genetically modified organisms.

Investment Managers shall make efforts to emphasize investment in companies that are involved in:

- Publicly recognizing that global climate change is a real issue and that steps need to be taken to reduce its impact.
- Significantly reducing all waste streams through recycling or closed-loop technologies.
- Developing innovative ways to reduce the emission of toxic or chemical wastes.
- Demonstrating a long-term commitment to the reduction of negative environmental impact through the development of waste reduction and phase out goals.

- Manufacturing of organic products.
- Disclosing the amount of greenhouse gas emissions by the corporation.
- Reducing the impact of nuclear weapons globally
- Emphasizing alternative fuel sources and de-emphasizing usage of traditional fuel sources (coal and oil)
- Nuclear power as a viable power source to replace coal and/or oil.
- The cleaning of traditional fuel sources.
- Research and marketing of alternative energy sources such as wind, solar and hydrogen is important.

Corporate Governance Issues

Positive corporate governance considers the short and long-term impact of Board decisions on the shareholders of the firm. Items that fall under monitoring within Corporate Governance include:

- Employee/director remuneration
- Appointment of Directors
- Auditor appointment and independence
- Changes to capital structures that may affect shareholder value
- Voting rights among shareholders
- Significant issues that concern social or environmental matters

Investment Managers shall make efforts to emphasize investment in companies that are involved in:

- Corporations engaging in community charitable contributions in a meaningful manner.
- Corporations providing full transparency of political contributions
- Corporations with independent and non-affiliated Board members
- Corporate Boards maintaining an open and positive relationship with shareholders
- Corporations with prudent executive compensation structures

Social Issues

Social screening is associated with the practice of considering relationships with stakeholders such as employees, customers, communities and governments as a metric of corporate performance. Examples include:

- Employee diversity
- Employee benefits
- Discrimination lawsuits
- Union relations.
- Significant worker involvement and participation in management decision-making.
- Good employee benefits that include programs to help employees balance work and family concerns.
- Representation of women and minorities at all levels of the company.
- Compensation based on performance.
- Employee stock ownership program.
- Job training for employees at all levels.

Investment Managers shall make efforts to emphasize investment in companies that are involved in:

- Lending institutions emphasizing local community investing into areas in need of improvement.
- Lending institutions emphasizing lower income areas that have been underserved by traditional lending sources
- Corporations seeking to identify and rectify any human rights issues within their supply chain.
- Corporations enforcing and seeking to expand human rights issues within their company as well as supply chain.
- Corporations encouraging a positive working atmosphere and provide channels of communication between employees and management.
- Corporations actively enforcing and seeking to expand diversity in the workplace.

Investment Managers shall make best efforts to avoid investing in companies that:

- Have been convicted of major product liability or product safety violations
- Have been fined for significant price fixing, antitrust violations
- Exhibit a pattern of consumer fraud or unfair marketing
- Practice discriminatory hiring practices.
- Practice discrimination against existing employees on the basis of race, age or sexual orientation.
- Fail to comply with minimum wage laws.
- Conduct business in any way that fosters continued human rights issues around the globe (Specifically Sudan).
- Actively participate in predatory lending practices.

Negative Screening

For a variety of reasons clients will often choose to exclude specific products or activities in all aspects of their portfolio.
Investment Managers shall make best efforts to avoid investing in companies that are involved in:

- Receive meaningful revenue from the manufacture of alcohol products.
- Receive meaningful revenue from the manufacture of tobacco products.
- Receive revenue from gaming activities such as casinos, hotels with casinos and the manufacture of gaming devices.
- Engaged in the production of weaponry (bombs, jets, guns, land mines, etc)
- Receive revenue from the production or distribution of pornography
- Engage in the production and/or distribution of genetically modified foods
- Engage in any animal testing beyond what is required testing by the Food and Drug Administration. Companies engaged in ANY animal testing.

Descriptions of Permissible Investments

Assets may be invested in commingled or mutual funds and it is understood that the terms and conditions in the prospectus or similar governing documents of such funds prevail over these guidelines. However, commingled or mutual funds should be selected that generally conform to the expectations provided in the investment guidelines. The following security classifications are permissible for investment:

Domestic Equity Securities:
Publicly traded common and preferred stocks, convertible preferred stocks and convertible debentures. Equity securities may be chosen from the NYSE, Regional Exchanges and the National over the Counter Market. All assets must have readily ascertainable market values and be fully liquid.

International Equities:
Investment in non domestic publicly traded common stocks or mutual funds. These funds provide diversification to the portfolio.

Debt Instruments:
United States Government, Agency obligations and Corporate obligations must have a BBB or better agency rating by one of the major rating agencies. Maturity structure will be left to the discretion of the Investment Manager who will manage to a short and intermediate duration not to exceed three years.

Cash and Equivalents:
Cash reserves may consist of individual fixed income securities such as commercial paper, U.S. Treasury Bills, and other similar instruments with less than one year maturity and/or money markets funds. Cash reserves should be free from risk and instantly liquid.

Rebalancing

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.

Evaluation & Performance Measurement 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).

The current Broad Policy Benchmark is:

Weight	Index	Asset Categories
30%	Russell 3000	U.S. Equity
25%	MSCI ACWI ex-US	International Equity / Real Assets
30%	Barclays Capital Aggregate Bond	Global Fixed Income / Absolute Return
5%	NAREIT Index	Real Estate
5%	S&P Natural Resources	Natural Resources
5%	Hedge Fund Research Conservative	Diversifying Strategies

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