VENTURA COUNTY COMMUNITY FOUNDATION
INVESTMENT POLICY

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A. INTRODUCTION

This Investment Policy Statement ("Policy") governs the investment management of Ventura County Community Foundation's ("Foundation" or "VCCF") investment portfolios, which includes the Long-Term Portfolio, Intermediate-Term Portfolio, and Short-Term Portfolio. The purpose of this Policy is to establish a clear understanding of the investment objectives for each portfolio and the investment philosophy of VCCF. It is anticipated that this Policy will be reviewed and amended as needed at least annually by the Investment Committee ("Committee") with the approval of the Board of Directors ("Board"). Both the Committee and investment consultant are expected to propose revisions in the guidelines at any time the existing guidelines would impede meeting VCCF's investment objectives.

B. RESPONSIBILITIES

Board of Directors

The Board of Directors has the ultimate fiduciary responsibility for investment of VCCF's assets. The Board must ensure that appropriate policies governing the management of investments are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets and approves the Investment Policy Statement and delegates responsibility to the Investment Committee and investment consultant for implementation and ongoing monitoring. Any changes to the Investment Policy Statement must be approved by the Board. At least annually the Board will receive and review a performance report from the Committee.

Investment Committee

The Board has authorized the Investment Committee to provide oversight of the portfolios. The Committee is responsible for adopting and implementing the provisions of this Policy. On an ongoing basis the Committee will:

- Establish the investment portfolio structure that will be offered to donors both in terms of the number of portfolios and the risk level of each portfolio.
- Establish the investment strategy, asset allocation targets, permitted ranges and re-balancing strategy for each portfolio.
- Establish appropriate benchmarks for each portfolio, asset class and investment manager.
- Monitor investment performance of each portfolio and each manager against benchmarks using reports prepared by the investment consultant.
- Monitor the performance and expenses of custodians and the investment consultant, and overall expenses of each portfolio.
- Maintaining sufficient knowledge about the portfolios and VCCF's investment managers to be reasonably assured of their compliance with this Policy.
- Review meeting agendas and disclose any actual or potential conflicts of interest at the start of the meeting.
- Review this Policy on a regular basis, no less than annually, and recommend changes as necessary.

Foundation Staff

The Chief Financial Officer (CFO) has daily responsibility for administration of the portfolios and will consult with the Committee and the investment consultant on matters relating to the investment of the portfolios. On an ongoing basis the CFO will:

- Serve as primary liaison to VCCF's investment managers, investment consultant and custodian.
- Assist fund advisors in selecting an appropriate portfolio allocation that is aligned with the fund advisor's charitable goals and time horizon
- Distribute investment performance results to fund advisors and key stakeholders.

Investment Consultant

The investment consultant is responsible for assisting the Committee and CFO in all aspects of managing and overseeing the investment portfolios. The consultant is the primary source of investment education and investment manager due diligence and recommendations. On an ongoing basis the investment consultant will:

- Actively provide advice and recommendations regarding asset allocation strategy, manager selection, rebalancing, market conditions and any other matters relevant to the return and risk profile of VCCF's portfolios.
- Meet with the Committee quarterly, and more frequently as needed.
- Maintain an inclusive process for sourcing, evaluating and recommending investment managers across race, ethnicity and gender; and report annually to VCCF the number of diverse managers evaluated, recommended and hired across consultant's client base.
- Monitor each investment manager for adherence to this policy as well as to the manager's stated investment style. All significant changes are to be reported to VCCF.
- Review, hire and terminate investment managers.
- Meet with each of VCCF's active investment managers at least once per year.
- Monitor and report investment performance results for each portfolio, asset class and manager against specified benchmarks following quarter-end.
- Assist the Committee and Foundation staff with their responsibilities.
- Supply the Committee with reports or other information as reasonably requested.
- Monitor this policy and actively recommend changes as needed.

Investment Managers

Investment managers are expected to follow the prudent investor guidelines that are widely used in the investment management industry. These include, but are not limited to, fiduciary standards described in the Uniform Prudent Investor Act (UPIA), the Uniformed Prudent Management of Institutional Funds Act (UPMIFA) and the Global Investment Performance Standards (GIPS) that are promulgated by the CFA Institute. As fiduciaries, all investment managers are expected to uphold the highest ethical standards and to carry out their investment responsibilities in order to promote the best interests of VCCF. Specific duties include:

- Immediately report any findings against the firm or its principals, either by the SEC or any other regulatory authority. In addition, any lawsuits brought against the firm or its principals related to the manager's business activities must be reported immediately to VCCF.

- Prepare quarterly written statements, including actions taken in the portfolio and expected changes in the portfolio.
- For managers of commingled funds, provide their proxy voting record to VCCF no less than annually. Separate account managers should vote all proxies to increase shareholder value unless directed by VCCF to do otherwise.
- Attend meetings with the investment consultant, Committee and Foundation staff as needed.
- Immediately communicate all pertinent changes in the manager's firm to the investment consultant and to VCCF. This includes, but is not limited to:
  - Changes in personnel involved in VCCF's relationship
  - Changes in ownership
  - Changes in senior investment professionals' responsibilities
  - Changes in investment style or process
- Adhere to the investment strategy or style for which the manager was selected.
- Execute all transactions in the best interests of the client. This usually involves obtaining the best net realized price for a purchase or a sale. It also includes using commissions to obtain research or other services that are expected to enhance both the investment process and the returns.

The requirements listed above apply to all VCCF managers. Appendix B of this document contains additional restrictions, organized by asset class, which apply only to separate account managers as commingled vehicles are not governed by VCCF's policy but by their prospectus or offering document. Separate account managers are responsible for immediately reporting in writing any violations of the guidelines and restrictions as set forth in Appendix B.

C. FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in this Policy, 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 in investment decision making, stating "Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's Portfolio…" All investment actions and decisions must be based solely on the interest of VCCF. 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 UPMIFA states that the Committee is under a duty to VCCF to manage the funds as a prudent investor would, in light of the purposes, scope, objectives and other relevant portfolio 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 VCCF. In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of VCCF 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.

D. INVESTMENT OBJECTIVES

Short-Term Portfolio

VCCF offers a Short-Term Portfolio for funds or that portion of a fund that will be distributed in **less than three years**. The Short-Term Portfolio is intended to be invested in a manner consistent with the objectives of (i) maintaining the principal value of the invested assets, (ii) minimizing the potential that the principal value of assets will be impaired, and (iii) providing a liquid source of funds for distributions.

Due to the objective of preserving principal value of assets, the Short-Term Portfolio is expected to be invested exclusively in money market instruments and short-term fixed income securities such that the average credit quality of the portfolio is "A" or higher and the average duration of the portfolio is less than 24 months. Despite the intention to maintain principal value, the Committee and the Board acknowledge that no securities with affiliated credit and/or interest rate risk are completely free of risk and principal losses may occur over short periods.

Intermediate Portfolio

The Intermediate Portfolio is designed for funds with an investment horizon of ***three to six years***. The portfolio's investment objective is to seek a real rate of return that is commensurate with a reduced level of risk as compared to the Long-Term Portfolio. Given the shorter time horizon, the Intermediate Portfolio will be invested in a manner consistent with the objectives of (i) mitigating volatility while accepting some level market risk, and (ii) generate an annualized rate of return, net of fees and expenses, that exceeds the portfolio's policy benchmark.

Long-Term Portfolio

The Long-Term Portfolio is designed for funds with an investment horizon of **seven or more years**.
The primary investment objective of the Long-Term Portfolio is to achieve an annualized total return, net of fees and expenses, that is equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and investment expenses, such that purchasing power is maintained over time. 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 annual distributions. The primary objective of the portfolio may be expressed as:

Total Return greater than Consumer Price Index + Spending Policy + Investment Expenses

Given that this benchmark is not directly related to market performance, success or failure in achieving this goal should be evaluated over 10 to 20 years. A secondary objective is to achieve a total return in excess of the Policy Benchmark comprised of each strategic asset category benchmark weighted by its target allocation. The Policy Benchmark is defined in Appendix A of this Policy.

E. SPENDING POLICY FOR ENDOWED FUNDS

VCCF has adopted investment and spending polices for endowment assets that are consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). These policies work together to attempt to provide a predictable stream of funding to programs supported by endowment funds while seeking to maintain the purchasing power of the endowment assets. Both policies are reviewed and approved annually by the Board. The current spending policy is defined in Appendix D of this Policy.

F. ASSET ALLOCATION

The Long-Term Portfolio is expected to endure into perpetuity and asset allocation will likely be the key determinant of the portfolio's returns over the long-term. The purpose of establishing an asset allocation for the portfolio is to construct a target or normal set of investments, based on long-term return, risk and correlation assumptions that properly balance the need for liquidity, preservation of purchasing power and risk tolerance. The Committee, with appropriate input and assistance from the investment consultant, shall periodically examine the asset allocation and consider adjustments as may be appropriate. Changes to the asset allocation will be reviewed by the Committee every 18 to 24 months and approved by the Board. The current asset allocation, including targets and acceptable ranges, is outlined in Appendix A.

In addition to being diversified across asset classes, VCCF will seek to be diversified within each asset class. This will provide reasonable assurance that the investment performance of any single security, issuer or class of securities, or active investment manager will not have a disproportionate impact on total performance.

The target asset allocation should provide an expected total return equal to or greater than the primary objective of the Portfolio, 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 will be set pursuant to the Target Allocation and within the Allowable Ranges outlined in Appendix A

G. REBALANCING

The Portfolio's asset allocation will be monitored regularly relative to the Target Allocation. In maintaining the Target Allocations, VCCF will strive to remain within the Allowable Ranges, as this is essential for maintaining the risk profile adopted by the Committee. The actual asset allocation will be compared to these ranges on a monthly basis. In the event that the allocation to a particular asset class falls outside of acceptable range, the pool will be re-balanced so that all asset classes are within their permitted allocations. The Portfolio will be periodically re-balanced first from net cash flows in and out of the portfolio and then by liquidations from over-funded managers at the recommendation of the investment consultant. It is recognized that adjustments may be constrained by practical limits with respect to liquidity and transaction costs, but efforts will be made to rebalance as appropriate.

H. MONITORING OF OBJECTIVES AND RESULTS

VCCF seeks to outperform its Policy Benchmark (see Appendix A) 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 Portfolio may produce significant deviations relative to the Policy Benchmark. For this reason, investment returns will be evaluated over a full market cycle (for measurement purposes, at least 5 years). All objectives and policies are in effect until modified by the Committee. They will be reviewed at least annually at a meeting of the Committee for their continued appropriateness.

The Portfolio will be monitored on a continual basis for consistency of each investment manager's investment philosophy, return relative to objectives, investment risk as measured by asset concentrations, exposure to extreme economic conditions and market volatility. Each manager will be compared to the asset class benchmark listed in Appendix A along with a market index that more closely reflects the manager's investment style where appropriate. Furthermore, managers will be evaluated based on the volatility of their results compared to the benchmark and to an appropriate universe of their peers.

I. INVESTMENT GUIDELINES

VCCF has adopted the specific investment guidelines and restrictions for each asset class as listed in Appendix B. These guidelines apply to each portfolio to the extent that a particular asset class is included in that portfolio. Assets managed in commingled vehicles are subject to the investment guidelines outlined in the prospectus or other governing agreements. Since, in these cases, VCCF cannot impose its own guidelines, the Committee will, assisted by the investment consultant, determine beforehand whether the guidelines in the offering document are in accordance with the broad guidelines set out below and are generally acceptable and suitable for the given mandate.

Investment Manager Autonomy

Decisions as to individual security selection, security size and quality, number of industries and holdings, current income level, turnover and the other tools employed by active investment managers are left to the manager's broad discretion, subject to the usual standards of fiduciary prudence and the limits described below and/or in individual investment manager guidelines.

Diversification

Diversification will be achieved at the total Portfolio level and not necessarily at the investment manager level. To produce overall diversification, investment managers may be selected to employ different management philosophies which together achieve the desired degree of diversification. Investment manager portfolios will be monitored for adherence to these philosophies.

J. DIVERSITY AND INCLUSION

VCCF values diversity and seeks to ensure that the investment process for sourcing, evaluating and recommending talented investment managers is inclusive across race, ethnicity and gender. When selecting an investment consultant, VCCF will consider the consultant's internal diversity policies and practices, as well as the consultant's practices for ensuring an inclusive manager selection process. The investment consultant will be required to report annually to VCCF the number of diverse managers evaluated, recommended and hired across consultant's client base. For reporting purposes, a diverse manager is defined as a minority- or women-owned business enterprise (MWBE) with 51% or more ownership by diverse members. This policy does not preclude inclusion of other groups such as disabled, veterans or LBGT.

K. PROXY VOTING

VCCF recognizes that it has a responsibility to evaluate corporate governance factors with respect to the companies in which we have voting rights, and to maximize the long-term value of the charitable capital entrusted to the Foundation by donors and for the benefit of the community. We also recognize that there are practical limits to what VCCF can manage given its size. For this reason, the voting of proxies is delegated to each investment manager with the expectation that proxies are voted in a manner that enhances long-term value without compromising sustainable growth, inclusive economies and healthy communities.

As the availability and integration of corporate ESG (environmental, social and governance) data improves and becomes more mainstream, voting on ESG proposals will be increasingly important. Financially material ESG issues are likely to be important drivers of shareholder value, while VCCF's voting record on social and environmental issues may be important to VCCF's work and reputation. For these reasons, VCCF expects managers to carefully consider and integrate ESG data, as appropriate, into voting decisions, and to not adopt voting policies that simply vote with management.

Appendix A - Target Asset Allocation & Portfolio Benchmarks

Long-Term Portfolio

This portfolio has a broad target allocation of 45% equity, 20% fixed income and 35% alternative investments. It is designed for endowed funds and funds with a long-term spending horizon of seven or more years, and is generally appropriate for funds intended to be fully expended over a donor's lifetime.

Asset Class	Target	Min.	Max.	Benchmark
U.S. Equity	25.0%	20.0%	40.0%	Russell 3000
Non-U.S. Equity	20.0%	10.0%	30.0%	MSCI ACWI ex. USA IMI
Private Equity[1]	20.0%	0.0%	25.0%	CA US Private Equity Legacy Index
Fixed Income	20.0%	10.0%	40.0%	Barclays Cap U.S. Aggregate
Hedge Funds	10.0%	0.0%	15.0%	HFRI FoF:Diversified FoF Index
Liquid Real Assets	5.0%	0.0%	10.0%	Morningstar U.S. Real Assets Index

Intermediate Portfolio Policy Benchmark:

This portfolio has a target allocation of 40% equity, 50% fixed income, 5% real assets and 5% liquid alternatives. It is designed for funds with a spending horizon of three to six years.

U.S. Equity	25.0%	15.0%	35%	Russell 3000
Non-U.S. Equity	15.0%	5.0%	20.0%	MSCI ACWI Ex. USA IMI
Fixed Income	50.0%	30.0%	70.0%	Barclays Aggregate
Real Assets	5.0%	0.0%	7.5%	Morningstar U.S. Real Assets
Liquid Alternatives	5.0%	0.0%	7.5%	60% MSCI ACWI/40% Barclays Global Agg

Short-Term Portfolio

This portfolio has a target allocation of 100% short-term fixed income securities. It is designed for funds with a spending horizon of three years or less. It is generally appropriate for short-term reserves, pass-through, or that portion of a fund that will be distributed within three years.

Asset Class	Target	Min.	Max.	Benchmark
Money Market Funds	50%	50.0%	100.0%	U.S. Treasury Bills

Short Term Bonds	50.0%	0.0%	50.0%	Citigroup Gov't/Credit 1-3 Yrs.

[1] Assets that have not been committed to or called by private equity managers will be allocated to the publicly traded equity portfolio based on the strategic weights to those classes.

[2] Please note that the NCREIF Property Index is available quarterly and with a considerable time delay. Therefore, estimates will be used for each month which will then be changed to actual figures once they are released.

Appendix B - Asset Class Guidelines & Restrictions

Equities

The purpose of the equity investments, both domestic and international, is to provide capital appreciation, growth of income and current income. This asset class carries the assumption of greater market volatility and increased risk of loss, but also provides a traditional approach to meeting portfolio total return goals. This component includes domestic and international common stocks, American Depository Receipts (ADRs) and other equity securities traded on the world's stock exchanges or over-the-counter markets.

The investment objective for the domestic equity composite is to outperform the Russell 3000 Index over a normal investment cycle.

The investment objective for the international (developed and emerging) markets equities is to outperform the MSCI ACWI ex U.S. Index over a normal investment cycle.

Fixed Income

The purpose of the fixed income segment is to provide a hedge against deflation, provide a stable component of return, and to minimize the overall volatility of the fund.

The fixed income asset class includes the fixed income markets of the US and the world's other economies. It includes, but is not limited to US Treasury and government agency bonds, US and non-US dollar denominated securities, public and private corporate debt, mortgage and asset-backed securities, non-investment grade debt and currencies. Also included are money market instruments such as commercial paper, certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, and US Treasury and agency obligations. The investment managers shall take into consideration credit quality, sector, duration, and issuer concentrations in selecting an appropriate mix of fixed income securities. Investments in fixed income securities should be managed actively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums.

The allocation to investment strategies will be managed to maintain an average intermediate duration at the level of the overall fixed income segment.

The investment objective for the total fixed income segment is to outperform the Barclays Aggregate Bond index over a normal investment cycle.

Private Equity

The private equity portfolio will include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security and special situation funds. The private equity portfolio is recognized to be long-term in nature and highly illiquid.

The investment objective for this asset class will be measured by IRR (Internal Rate of Return), with an annualized return of 300 basis points or more over a public equity market index. The benchmark for this segment when mature will be the Cambridge Private Equity Index, measured on a time-weighted basis and reported on a one quarter lag.

Hedge Strategies

The purpose of using hedged strategies is to reduce the volatility of the overall portfolio by further diversifying the portfolio and to provide an alternative source of return from that of the traditional domestic and international capital markets. Managers exploit market inefficiencies while minimizing exposure and correlation to traditional stock and bond markets.

The investment objective for the hedge fund composite is to outperform a peer group of funds as represented by the HFRI Funds Weighted Index.

Inflation Hedging

The purpose of the Inflation hedging segment is to represent claims on future streams of inflation sensitive income, protect against unanticipated inflation and to capitalize on rising commodity prices. This segment plays an important diversifying role in the portfolio as assets in this segment have a tendency to outperform during periods of rising inflation.

This segment will include investments in oil and gas, real estate, infrastructure, agriculture, commodities, timber, inflation protection bonds as well as financial instruments whose value is derived from a contractual claim on an underlying real asset such as commodity futures, REITs and MLPs. It may also include equity securities of companies engaged in energy, natural resources and basic materials businesses. The investments can be made via public and private funds, partnerships and co-investments.

The investment objective for the liquid real asset segment is to outperform the custom Inflation Hedge benchmark as listed in the benchmarking segment of these policies. Individual manager benchmark will be determined at the time that the manager is hired.

The investment objective for individual real estate funds will be measured by IRR (Internal Rate of Return. The benchmark for the overall real estate segment, when mature, will be the NCREIF Property Index, measured on a time-weighted basis.

The investment objective for individual private funds investing in timber, oil and gas, infrastructure and other areas of real assets will be measured by IRR. The benchmark for individual funds will be determined at the time that the manager is hired.

Cash Equivalents

The percentage of total assets allocated to cash equivalents should provide enough liquidity to support general operational expenses.

Cash equivalents may include a selection of high-quality money market instruments such as U.S. Treasury bills, commercial paper, and certificates of deposit, as well as bank Short Term Investment Funds (STIFs).

Appendix C – Endowment Spending Policy

The purpose of the spending policy is to calculate the amount of money annually distributed from the foundation's various endowment funds, for grantmaking and administration. The primary objectives of the spending policy are to balance the interests of current and future beneficiaries by not over spending in the short-term or over accumulating in the long-term, and maintain the purchasing power of distributions over time by growing the corpus of each endowment fund to pace long-term inflation.

VCCF's spending and investment policies work in tandem to achieve these objectives. The investment policy establishes an achievable return objective through a diversified investment strategy. Over long periods of time (7+ years), the foundation's spending rate plus that of inflation should be in alignment with the average annual total return achieved through investment earnings. In other words, by distributing an amount that is equal to investment earnings less inflation, the Board seeks to preserve purchasing power of future distributions by growing each endowed fund at the rate of inflation. Mathematically, this is represented by the following hypothetical formula:

5% spending + 2% inflation = 7% net investment return objective

A secondary objective is to achieve a reasonable degree of stability in payout for annual distributions to grantees. Predictability of distributions allows recipients, including VCCF, to more accurately budget future income. Predictability also helps to insulate the foundation's investment managers from pressure to generate undo short term liquidity, which allows them to focus on achieving the best total return over the long term. The foundation utilizes a smoothing formula to help achieve stable and predictable year-over-year distributions.

In determining the amount to appropriate for spending, or accumulation, the Board shall consider, if relevant, all of the following factors:

- The duration and preservation of the endowment fund,
- The purposes of VCCF and the fund,
- General economic conditions,
- Effects of inflation and deflation,
- Expected total return from income and appreciation,
- VCCF's other resources, and
- VCCF's investment policy.

In California, UPMIFA includes the provision that an appropriation of greater than 7% of the average fair market value averaged over the past three years is presumptively imprudent.

Spending Rate & Smoothing Formula

The current spending rate is **5%** (or less for underwater funds based on the schedule below). This spending rate is applied to the trailing **16-quarter** average market value for each endowment fund for the period ending **June 30** of the prior fiscal year.

Additionally, a support fee based on the market value for each endowment fund is assessed semi-annually in December (based on September 30 value) and June (based on March 31 value). The support fee schedule is attached to this policy document.

Where a fund has not been in existence for 16 quarters, the actual number of quarters that the fund has been in existence will be used. All new endowment funds must be invested for four full quarters before any distributions are made. Endowment funds designated to a specific organization may use the quarter-end date of June 30 or December 31 if it is better aligned with the organization's fiscal year or budgeting cycle.

The spending policy will be applied to both donor restricted and board designated (quasi) endowment funds. It does not apply to endowment funds with specific donor restrictions as to expenditure where the gift instrument defines a specific spending formula.

VCCF will maintain a record of the historic gift value of each donor restricted endowment fund. This includes the terms of any foundation solicitation from which a donor restricted fund resulted. Historic gift value means a) the fair value in dollars of an endowment fund at the time it first became an endowment fund, b) plus the fair value in dollars of each subsequent donation to the fund at the time it is made, c) plus accumulations to the endowment fund if specifically directed by the donor's gift instrument.

Carryovers

Some endowment funds may not be able to fully grant the annual payout. For example, a fund with a very narrow purpose, or when the grantee wishes to defer payment. In these cases, VCCF will allow a fund to carryover one year of unused payout as long as the fair market value of the fund exceeds its historical gift value by the spending rate plus an annual inflation factor, and the carryover amount plus the current payout amount will not cause the fund to fall below historical gift value. If the combined carryover plus current year spending would cause the fund to go underwater, then the carryover amount will be eliminated and not carried forward to any future year. Exceptions to the policy must be reviewed and approved by the Board.

Underwater Funds

Endowed funds that are below their historic gift value ("underwater") will experience a reduction in payout based on the schedule below. The reduced payout is intended to allow for recovery of the historic gift value over a reasonable period of time, while not completely eliminating payout in support of charitable programs.

Underwater Amount	Reduction in Payout	Adjusted Spending Rate
Less than 5%	No reduction	5.00%
5% to less than 10%	25% reduction	3.75%
10% to less than 15%	33% reduction	3.35%
15% or more	50% reduction	2.50%

Board Approval

This Investment Policy Statement has been reviewed and adopted by the Board on 05/17/2021.