Inland Empire Community Foundation

Investment Policy Statement

APPROVED ON NOVEMBER 13, 2023 AND EFFECTIVE DECEMBER 1, 2023

I. Statement of Purpose

This Investment Policy Statement ("IPS") is established by the Board of Directors of the Inland Empire Community Foundation ("IECF") and sets forth in writing an appropriate set of objectives, goals, and policies regarding investment of the Long-Term Pool, Medium Pool, Short/Medium Pool and ESG Pool (hereafter, the "Fund").

This Investment Policy Statement ("IPS") serves to:

a. Define the purpose of the Fund and articulate the broad investment philosophy, goals, policies, and specific objectives that govern the management of all assets;
b. Outline the duties and responsibilities of all involved parties;
c. Articulate guidelines and strategies for diversification, acceptable levels of risk, expectations concerning return and liquidity, and the procedures for monitoring and control;
d. Provide criteria against which investment results will be measured; and
e. Serve as a reference document to guide ongoing operations and oversight.
f. Assure the investment of the Total Fund assets is in accordance with normal fiduciary standards as delineated in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by state laws applicable to the Fund.
g. Tax, Legal / Regulatory and Unique Considerations The Foundation is a tax-exempt entity under IRS Code 501©(3) and generally is not subject to federal or state income taxes. Further, the Foundation is subject to UPMIFA and other state laws and regulations.

The Board of Directors is responsible for the IPS and may amend it from time to time. The IPS is intended to allow sufficient flexibility to address changes in capital market conditions and objectives of the Fund.

II. Statement of Responsibilities

The following parties associated with the Fund shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows: (1) in the sole interest of The Inland Empire Community Foundation; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use, and (3) by diversifying the investments so as to minimize the risk of large losses.

a. The Board of Directors ("Board") has ultimate oversight responsibility for the Fund (except for the policy implementation delegated to the OCIO), and is responsible for establishing and revising this IPS. The Board delegates responsibility for policy oversight and implementation to the Committee as defined below. The board will approve the selection of the OCIO upon recommendation of the committee.

b. The Investment Committee ("Committee") is responsible for policy oversight and implementation, including:
    i. Reviewing this IPS at least annually to ensure compliance and appropriateness, and as necessary, recommending appropriate changes to the Board.
    ii. Reviewing investment objectives and risk parameters in light of near-term and long term plans and recommending appropriate investment structure, strategic asset allocation target(s) and allowable ranges.

iii. Establishing appropriate sub asset class targets, benchmarks and reviewing the performance of the investments and outside parties, if any, through analysis, written reports and periodic meetings.
iv. Evaluating, monitoring and, if necessary, recommending replacement of the Outsourced Chief Investment Officer ("OCIO").
v. Delegating policy implementation to the OCIO.
vi. Meeting periodically, but at least quarterly.
vii. Providing a summary of performance and activity to the Board at least quarterly.
viii. Selecting, approving, and monitoring Separate Account Advisers.

c. IECF Staff/Management ("Management") is responsible for supporting the Committee in their policy oversight responsibilities and for implementing the policy. Specifically, Management is responsible for:
   i. Supporting the selection, monitoring and replacement of the OCIO.
   ii. Serving as the primary means of communication with the OCIO on all matters pertinent to effective implementation of this policy.
   iii. Selecting, monitoring and, if necessary, recommending replacement of any outside parties including, but not limited to, custodian, attorneys, auditors and accountants.
   iv. Supporting appropriate communication of performance and other matters to the Committee and Board.

d. The Outsourced Chief Investment Officer ("OCIO") is a fiduciary and holds discretionary authority to manage the Fund subject to this investment policy, including the selection of Investment Managers, tactically altering the risk and asset allocation, and other strategies to achieve the Fund's investment objectives. Specific responsibilities of the OCIO include:
   i. Assisting the Committee in the development and periodic review of the IPS, including providing consultative advice on the strategic asset allocation and allowable ranges.
   ii. Conducting due diligence on and making hiring and firing decisions on Managers with general liquidity terms of one year or less.
   iii. Conducting due diligence and making recommendations to the Committee on hiring and firing decisions on illiquid Managers with multi-year liquidity terms.
   iv. Monitoring the performance of Managers.
   v. Making tactical shifts to the asset allocation, within allowable ranges, based on the current economic outlook.
   vi. Communicating matters of policy, manager research, and manager performance to Management and committee.
   vii. Providing review of the Fund investment strategy, history, performance, the contents of this IPS, and general educational support to Management and any newly appointed members of the Committee or Board.
   viii. Assisting the Committee with custodian review, as requested.
   ix. Where necessary purchase or sell individual publicly traded securities (equities, bonds, ETFs and other similar assets).

e. Separate Account Adviser ("SA Adviser"): The SA Adviser is a recommended by a donor and selected/approved by the Committee. The SA Adviser will assist with the management of separately managed assets within specific guidelines, as outlined in Appendix B.
f. The custodial bank ("Custodian") will maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian is expected to also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Fund account(s). The custodian will provide prompt monthly statements.

g. Investment Managers ("Manager", "Managers") will be responsible for the management of securities on behalf of the Fund. The OCIO may use their authority to direct funds to investment managers, separate accounts, collective trusts, mutual funds, partnerships, trusts, exchange-traded funds, and like vehicles. Any Manager responsible for a separately managed account will agree to serve as a fiduciary. The OCIO will monitor all fund vehicles for adherence to their intended mandate and guidelines. Each Manager shall:
    i. Use discretion to purchase, sell or hold the specific securities as assigned by their specific mandate, prospectus, offering memorandum or other such investment guidelines.
    ii. Report, on a timely basis, monthly and quarterly investment performance results.
    iii. Vote proxies, if requested, on behalf of the fund, and communicate such voting records to the OCIO and Management on a timely basis.

III. Investment Objectives/Risk Tolerance

The IECF is committed to: (1) protecting the corpus of the Fund; (2) obtaining adequate investment returns in order to meet the objectives of each Fund; and (3) complying with applicable law.

The Fund shall be managed in a prudent manner recognizing risk and return trade-offs, consistent with the goals and time frames of those goals, of the Fund. While concerned with avoiding undue investment volatility, IECF desires to achieve investment gains for the endowed funds which will allow them to outperform the spending rate, expenses and inflation over a full market cycle. Accordingly, consistent with safety of principal over the complete business/investment cycles, investments shall be chosen to allow the client to achieve that goal.

The investment objective of the Fund is to exceed a custom index made up of the indices presented in Appendix A weighted by the corresponding Target Allocations.

The Fund cash flows will be monitored on a regular basis by IECF. When withdrawals become necessary, IECF Management will notify the OCIO as far in advance as possible to allow sufficient time to acquire necessary liquid reserves.

IV. Spending Policy

The Board's objective is to establish a spending policy which balances the Foundation's shorter-term grant making goals with the longer-term goal to provide grants in perpetuity. The spending methodology employed is typically a 20-quarter smoothed market value approach.

The spending rate will generally be reviewed annually, by the Investment Committee and the Board.

V. Strategic Asset Allocation

The Board, with the recommendation by the Committee, is responsible for the establishment of the strategic asset allocation and allowable ranges for the fund. See Appendix A for the respective details for each of the underlying Funds.

VI. Broad Asset Class Categories

The following description of approach and asset categories is intended to provide further clarity of the intended exposures and sub-allocations within the broad categories of the strategic asset allocation in Section V. Guidelines and restrictions listed herein are general in nature and are expected to be reiterated and clarified in each investment manager's specific mandate and guidelines.

Diversification is vital in portfolio management. Verus will construct portfolios using a wide range of asset classes and portfolio management tools to meet the goals outlined in this document with appropriate levels of risk.

The portfolio will be invested in four major asset class categories.

Equity

a. Public equity: Equity securities traded on regulated exchanges anywhere in the world.
b. Private equity: Equity investment in companies not traded on regulated exchanges anywhere in the world.
c. Equity orientated hedge funds: Hedge funds that provide significant exposure to the equity market or to equity securities, directly or indirectly through derivative or other means.

Fixed Income

a. Government Public Debt: Debt issued by government issuers and available in public markets.
b. Credit & Other Public Debt: Debt issued by non-government issuers, whether corporate, securitized, or other, and available in public markets
c. Private Debt: Debt issued by any issuer, where the debt is not available in public markets.
d. Fixed-income orientated hedge funds: Hedge funds that provide significant exposure to the fixed income market or to fixed income instruments, directly or indirectly through derivative or other means.

Real Assets

a. Real Estate
    i. Publicly traded real estate vehicles: REITS or other publicly traded vehicles where the primary economic exposure concerned is to real estate markets or assets.
    ii. Private real estate vehicles: Non-public investment vehicles that provide economic exposure to real estate markets or assets.
b. Infrastructure vehicles: Public or non-public investment vehicles that provide economic exposure to infrastructure assets or investments.
c. Other real asset investments: other vehicles or assets that provide economic exposure to markets or assets that are regarded as responsive to, or protecting against, inflation. This exposure may be directly to the assets concerned or through derivative exposures.

Other Assets & Other Alternatives

a. Multi-Asset Strategies: Investment vehicles that invest in strategies, such as Risk Parity, designed to provide multi-asset exposure either directly or through derivative means.
b. Non-beta related investment strategies: Any strategy, whether long-only or hedge fund orientated, that provides exposure to drivers of investment return not broadly related to standard market betas.
c. Other investments: any other investment, direct or indirect, that is appropriate for institutional investment use, that is in the interests of the client and that will, in the OCIO's opinion, help them achieve their goals.

Investment opportunities that are not explicitly prohibited in this document and which are in the OCIO's judgement appropriate for the client given their risk tolerance and return expectations, are permitted even if not specifically mentioned above.

The above asset class categories will be interpreted broadly, with the presumption that the OCIO is able to make a determination of the appropriateness of any asset or strategy, and where that strategy sits in the categories in the IPS, without further reference to the client.

VII. Investment Guidelines

a. **Total Risk Level & Rebalancing:** The Fund should be kept relatively closely in line with the asset allocation described in this document. The OCIO will retain discretion as to the exact rebalancing implementation and it is expected that there will be some short-term deviations due to market movement. Regular rebalancing of the Fund will occur to ensure it remains relatively close to the target asset allocation, which may reflect the OCIO's active overweight/underweight decisions.

   Notwithstanding this, the OCIO will retain the right to make exceptions to this approach if it believes, having considered relevant factors, that such an exception is in the best interests of the client.

b. **Active Management Risk:** While the Committee recognizes that taking on active tracking error is important if the goal is to generate active return their risk tolerance means that only a moderate amount of tracking error of this type can be accepted on an intermediate or long-term basis. OCIO will retain discretion to include some managers who run Funds with high tracking error in the Fund but will take care to ensure that the total level of tracking error in the Fund as a whole is constrained to a moderate level.
c. **Illiquidity:** OCIO has the authority to commit to investments with up to a one-year lockup, within the constraints of the strategic asset allocation policy. Investments with more than a one-year lockup must be approved by the Committee.
d. **Environmental, Socials, Governance (ESG):** Within the ESG Pool, the OCIO shall employ ESG-specific strategies whereby the investment managers incorporate environmental, social and governance factors as components of the decision-making and portfolio construction process. Proxy voting shall be viewed as an extension, and valuable component, of ESG implementation.
e. **Manager:** Each Manager must have in place detailed investment guidelines appropriate to their mandate and role in this portfolio. The OCIO will be responsible for establishing guidelines for Managers of separately managed accounts; these Managers must annually attest to their compliance to this IPS and their individual guidelines. Managers of commingled trusts, mutual funds, partnerships and commingled funds will be subject to the guidelines set forth in their prospectus or offering memorandum, which the OCIO will evaluate in their selection and monitoring efforts to ensure appropriateness for the Fund.
f. **Proxies:** Each Manager shall have the sole and exclusive right to vote any and all proxies solicited in connection with the securities held by the Manager's Fund under their management and shall vote proxies in a manner consistent with their fiduciary responsibility. Each Manager shall keep records with respect to its voting decisions and promptly submit a report summarizing votes cast to the Fund or OCIO when requested, if not otherwise periodically provided. The OCIO is authorized to vote proxies for commingled funds and mutual funds in the event the OCIO is advised by a Manager that in a particular event the Manager is unable to vote a proxy. The OCIO shall cast the proxy in a manner consistent with its fiduciary responsibility to the Fund, keep records of such vote and provide IECF with details of the vote cast, and promptly provide a summary of votes cast to the Fund when requested.
g. **Trading and Execution**: As fiduciaries, Managers and OCIO shall have a duty of "best execution" to seek the most favorable terms reasonably available under the circumstances. Best execution is not necessarily the lowest possible commission cost, but rather the best qualitative execution, including commission rates, execution capability, financial responsibility and responsiveness to the Managers and OCIO.
h. **Allowances:** Investment vehicles allowed included mutual funds, ETFs, ETNs, commingled funds, limited partnerships, separate accounts, collective investment trusts and such other institutional vehicles of a related nature. Investment types within each vehicle may include, among others, individual stocks, sovereign and agency bonds and notes, corporate bonds, real estate and commodities. Separate account vehicles will have their own investment management agreement, allowable investment types and restrictions.

i. Restrictions

i. Prohibited Investments:
   - Direct investment in derivative and OTC contracts including, but not limited to: options, futures, options on futures, forwards and swaps unless such investments are performed by an investment manager hired for that specific purpose by the OCIO (such as an overlay manager or currency manager)
   - Direct emerging markets
   - Venture capital
   - Direct Real Estate Investments
   - Annuities issued by insurance companies

ii. Prohibited Transactions: The OCIO is prohibited from margin transactions or leverage at the Fund level.

iii. Required Approvals: The OCIO must receive approval from the Committee for manager commitments with lock-ups or similar illiquidity provisions greater than one year.

VIII. Performance Evaluation

a. Reporting: Quarterly performance reports will be provided to the Committee by the OCIO and will include investment performance of the total Fund as well as asset class components and Managers. The Committee will use this information to evaluate the extent to which investment results are consistent with the objectives, goals and guidelines set forth in this statement.

b. Portfolio Benchmarks: Total fund benchmark will be a weighted average of the asset allocation and corresponding benchmarks outlined in the Strategic Asset Allocation section above (section V). The policy index will be adjusted to account for illiquid assets based on the percentage invested in the specific illiquid asset class, with the remaining uninvested portion being added to the target weight of the respective public market proxy.

c. Manager Benchmarks: The OCIO will establish appropriate benchmarks for each Manager according to their style and intended role in the portfolio. The OCIO will be responsible for tracking Manager benchmark deviations relative to Policy Index and ensuring the tracking risk is appropriate and intended and will provide necessary attribution and education to the Client as needed.

IX. Excess Business Holdings

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

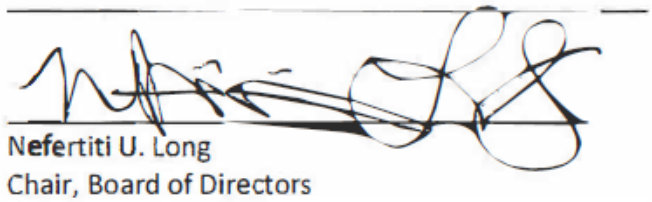
a. 20% of the voting stock of an incorporated business;
b. 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
c. Any interest in a sole proprietorship.

Manager Benchmarks: The OCIO will establish appropriate benchmarks for each Manager according to their style and intended role in the portfolio. The OCIO will be responsible for tracking Manager benchmark deviations relative to Policy Index and ensuring the tracking risk is appropriate and intended and will provide necessary attribution and education to the Client as needed.

X. Adoption of Policy

The Committee will regularly review this IPS to determine whether stated investment objectives, financial status and capital market expectations are still relevant and the continued feasibility of achieving the same.

This statement of investment policy has been approved on this 13th day of November, 2023 and shall become effective December 1st, 2023.



Nefertiti U. Long
Chair, Board of Directors

Tomás Morales
Secretary, Board of Directors

XI. Appendices

Appendix A
Strategic Asset Allocation and Allowable minimum/maximum

Long Term Pool[1]

The Long Term Pool is designed for donors or nonprofits with Long-term objectives (7-plus years). While the portfolio is diversified, there is a risk of loss of principal.

Asset Class	Strategic Target	Min. Allowed	Max. Allowed	Market Index for Performance
Equity	**61%**	**41%**	**81%**	
U.S. Large Cap Equity	31%	16%	42%	Russell 1000 or S&P 500
U.S. Small/Mid Cap Equity	5%	0%	20%	S&P Completion
International Dev. Equity	18%	5%	40%	MSCI ACWI ex. US or MSCI EAFE
International Dev. Small Cap	3%	0%	10%	MSCI World ex. US Small Cap
Emerging Markets	4%	0%	15%	FTSE Emerging Mkts or MSCI EM
Fixed Income	**23%**	**15%**	**40%**	
Core/Core Plus FI	18%	5%	28%	Bloomberg U.S. Aggregate
High Yield FI	2%	0%	10%	Bloomberg Corp. High Yield
Short Term FI	3%	0%	20%	Bloomberg Govt/Credit 1-5 yr.
Alternative Asset Classes	**16%**	**0%**	**31%**	
REITs	4%	0%	10%	FTSE NAREIT Equity REIT Index
Liquid Alts/Hedge Funds	12%	0%	20%	60/40 MSCI ACWI/Blmg. Glbl/HFRI FOF
Cash Equivalents	**0%**	**0%**	**5%**	90 Day U.S. Treasury B3ill

[1] Revised/approved by IC February 2024

Non-Endowed Pool - Medium Term[2]

The Medium-Term Pool is designed for donors or nonprofits with moderate-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss of principal.

Asset Class	Strategic Target	Min. Allowed	Max. Allowed	Market Index for Performance
Equity	**45%**	**20%**	**60%**	
U.S. Large Cap Equity	24%	10%	35%	Russell 1000 or S&P 500
U.S. Small/Mid Cap Equity	4%	0%	9%	S&P Completion
International Dev. Equity	12%	5%	20%	MSCI ACWI ex. US or MSCI EAFE
Emerging Markets	5%	0%	8%	FTSE Emerging Mkts or MSCI EM
Fixed Income	**55%**	**15%**	**40%**	
Core/Core Plus FI	34%	5%	45%	Bloomberg U.S. Aggregate
High Yield FI	3%	0%	10%	Bloomberg Corp. High Yield
Short Term FI	16%	0%	25%	Bloomberg Govt/Credit 1-5 Yr.
TIPS	2%	0%	8%	Bloomberg U.S. TIPS 1-5 Yr.
Cash Equivalents	**0%**	**0%**	**5%**	90 Day U.S. Treasury Bill

Non-Endowed Short/Medium Term Pool[3]

The Short/Medium Term Pool is designed for donors or nonprofits with Short-term objectives (1-3 years). While relatively conservative, this pool will have a risk of loss of principal.

Asset Class	Strategic Target	Min. Allowed	Max. Allowed	Market Index for Performance
Equity	**35%**	**20%**	**50%**	
U.S. Large Cap Equity	22%	8%	30%	Russell 1000 or S&P 500
International Equity	13%	5%	20%	MSCI ACWI ex. US or MSCI EAFE
Fixed Income	**65%**	**15%**	**80%**	
Core/Core Plus FI	41%	25%	60%	Bloomberg U.S. Aggregate
High Yield FI	3%	0%	8%	Bloomberg Corp. High Yield
Short Term Fixed Income	19%	10%	30%	Bloomberg Govt/Credit 1-5 Yr.
TIPS	2%	0%	8%	Bloomberg U.S. TIPS 1-5 Year
Cash Equivalents	**0%**	**0%**	**5%**	90 Day U.S. Treasury Bill

[2] Revised/approved February 2024

[3] Revised/approved February 2024

Environmental Social and Governance (ESG)[4]

The ESG Pool will have a distinct emphasis on Environmental, Social and Governance (ESG) criteria, for the implementation of the portfolio.

The ESG Pool is designed for donors or non-profits who wish to have an ESG impact and are expecting to grant a significant percentage of their funds in the long term (7 or more years) and willing to tolerate moderate to high levels of risk in order to get an enhanced rate of return (versus cash) over a full market cycle.

Asset Class	Strategic Target	Min. Allowed	Max. Allowed	Market Index for Performance
Equity	**65%**	**40%**	**80%**	
U.S. Equity	39%	20%	52%	Russell 3000
International Developed	19%	10%	40%	MSCI EAFE or MSCI ACWI ex. US
Emerging Markets	7%	0%	15%	FTSE Emerging Mkts or MSCI EM
Fixed Income	**35%**	**20%**	**50%**	
Core/Core Plus FI	31%	20%	40%	Bloomberg U.S. Aggregate
TIPS	4%	0%	10%	Bloomberg U.S. TIPS
Short Term Fixed Income	0%	0%	20%	Bloomberg Govt/Credit 1-5 Yr.
Cash Equivalents	**0%**	**0%**	**5%**	90 Day U.S. Treasury Bill

Short Term Pool

The Short-Term Pool is designed for donors or nonprofits that wish to make grants immediately or for funds that want to minimize the risk of loss of principal over any time horizon.

The assets are held 100% in cash or cash equivalents. The Short Term Pool assets are held outside of the OCIO mandate.

[4] Revised/approved February 2024

Appendix B

Separate Account Adviser

The management of separately managed assets shall conform within the specific guidelines shown in the table below. Separate Account Advisor assets are held outside of the OCIO mandate.

Asset Class	Strategic Target	Min. Allowed	Max. Allowed
Equity	**61%**	**40%**	**80%**
Large Cap Equity		16%	42%
Small/Mid Cap Equity		0%	20%
International Developed Equity		5%	40%
International Small Cap		0%	10%
Emerging Markets		0%	15%
Fixed Income	**23%**	**15%**	**40%**
Core/Core Plus Fixed Income		5%	25%
TIPS		0%	10%
High Yield Fixed Income		0%	10%
Short Term Fixed Income		0%	20%
Alternative Asset Classes	**16%**	**0%**	**31%**
Commodities		0%	8%
MLP's		0%	10%
REITs		0%	10%
Liquid Alternatives		0%	15%
Cash Equivalents	**0%**	**0%**	**5%**