



Statement of Investment Policy

Objectives & Guidelines

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GENERAL POLICY

THE ORGANIZATION

Mission: We inspire generosity, serve fundholders, and mobilize resources to effectively and equitably address the Pikes Peak Region's critical issues and transformational opportunities, now and for generations to come.

Vision: A thriving, resilient, sustainable community with a vibrant quality of life for all.

COMMITMENTS TO OUR COMMUNITY

- We know our community, listen to our community, and work for its common good.
- We advance equity, diversity, and inclusion in who we are and how we work.
- We lead and collaborate with a wide array of community partners, exploring root causes to drive systemic change.
- We are the community's endowment and adhere to the highest ethical standards as grant makers and stewards of funds.
- We have been here since 1928 and we are here to stay.

BACKGROUND

The Pikes Peak Community Foundation was established in 1996, but has roots to administering the Colorado Springs Community Trust. The Community Foundation helps our community members maximize their philanthropic giving by accepting complex gifts, investing, growing, and stewarding their philanthropic assets, and provides counsel on strategic grant-making opportunities. We guide individuals, organizations, and families to help them identify and achieve their philanthropic goals. The Community Foundation acts as a steward of community-based endowed funds and as a grant-making organization. and collaborate with a wide array of community partners to contribute towards an ecosystem for systemic change.

The Foundation offers a variety of funds available to donors and organizations from which grant making is accomplished. Funds can be established as Endowed (permanent funds which limit the annual grant making to an amount specified by the Foundation's Spending Policy) or as Non-Endowed (funds which have no restriction on the amount which can be granted). Non-endowed funds may use the Spending Policy as well without the permanent restriction on access to grants greater than the amount calculated in each year.

DEFINITIONS

- "Portfolio" shall mean the individual investment "Portfolios" of the Pikes Peak Community Foundation. Investment Portfolios include but are not limited to the following: Strategic Cash Portfolio, Moderate Portfolio, Long Term Portfolio
- "Board of Trustees" shall refer to the governing board established to administer the PPCF portfolios as specified by applicable ordinance.



- The PPCF Finance & Investment Committee is the subcommittee of the Board of Trustees and is responsible for formulating and recommending investment policy for the “Portfolios” to the Board of Trustees.
- "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over portfolio management or any authority or control over management, disposition or administration of the Portfolio assets.
- "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Portfolio assets.
- "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
- “Pooled Investment Portfolios” shall refer to the PPCF hosted investment accounts for funds who wish to pool their investable dollars together. PPCF hosts a pooled investment portfolio for each portfolio objective contained in this policy statement.
- “Pooled Investment Management Consultant” shall mean any individual or group of individuals, employed to manage the investments of Pooled Investment Portfolios
- Outside Donor Advised Funds (DAFs) shall refer to portfolios that donors choose to invest outside of the Pooled Account with an advisor of their choice.
- “Outside Donor Advised Fund Investment Management consultant” shall mean any individual or group of individuals employed to manage the investments of one donor advised fund in one investment account
- "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
- "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met.
- Investment Horizon will vary depending on the purpose of the portfolio. Each Program and Fund will have customized allocations to the PPCF Investment Portfolios depending on their unique circumstances as it relates to goals, objectives, time horizon, risk level, etc.
- Place Based Investments – local deployment of investment dollars made with the intent to yield a market rate return as well as a social return back into the Pikes Peak Region.

PURPOSE

The Investment Policy Statement (IPS) has been prepared for Pikes Peak Community Foundation (the Foundation), a tax-exempt Public Foundation under IRS Code 501(c)(3). The asset allocation strategy may change depending upon grants, operating expenses, and future contributions.



This IPS is dynamic and will be adapted to changing conditions and will represent the Investment Committee's current philosophy regarding the investment of Foundation assets. The statement will be reviewed regularly and revised, if necessary, based on the then current attitudes, expectations, and objectives of the Investment Committee, the Finance Committee, and Board of Trustees.

The purpose of this IPS is to assist the Foundation, its Investment Committee, and Investment Manager(s) in effectively supervising, monitoring, and evaluating the management of the assets for which the Foundation has legal control and fiduciary responsibility. This policy does not apply to bank accounts, program related investments made from funds grantable balances, real estate held for operating or charitable-use purposes, charitable remainder trusts of which the Foundation acts as trustee, or other assets of the Foundation. The Foundation's investment program is defined in the various sections of this IPS by:

- Stating in a written document the Foundation's attitudes, expectations, objectives, and guidelines in the management of their assets;
- Setting forth an investment structure for managing the Foundation's assets so that there is a clear understanding on the part of investment advisor of the risk and return objectives and the constraints of managing the funds of the Foundation. This structure includes various asset classes, investment management styles, asset allocation, and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon;
- Establishing formal criteria to select, monitor, evaluate, and compare the performance of investment advisors and assets managers on a regular basis;
- Encouraging effective communications between the Foundation, Investment Managers, Investment Advisors, and interested parties; and
- Complying with all applicable fiduciary, prudence, and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules, and regulations from various local, state, federal, and international political entities that may impact the Foundation's assets.

UPMIFA

The PPCF Investment Committee shall apply the investment standards of UPMIFA in the management of the Fund endowed assets. In managing and investing the Fund, all of the following factors, if relevant, must be considered:

- General economic conditions.
- The possible effect of inflation or deflation.
- The expected tax consequences.
- The role that each investment or course of action plays within the overall Fund.



- The expected total return from income and the appreciation of investments.
- Other resources of the Institution.
- An asset's special relationship or special value, if any, to the charitable purposes of the institution
- The needs of the institution and the fund to make distributions and to preserve capital.
- 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 of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.
- The institution may invest in any kind of property or type of investment consistent with the investment policy.
- The institution shall diversify the investments of the fund.
- Within a reasonable time after receiving property, the institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance the portfolio.
- A person that has special skills or expertise has a duty to use those skills or that expertise in managing and investing institutional funds.

The Fund shall be invested 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 in the investment of a fund of like character and with like aims.

DELEGATION OF AUTHORITY

The Board of Trustees of PPCF is a fiduciary body and is responsible for directing and monitoring the investment management of PPCF assets. As such, the Board of Trustees is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- PPCF Finance & Investment Committee
- Investment Management Consultant
- Investment Managers
- Custodian
- Additional specialists

The Board of Trustees will not reserve any control over the day-to-day investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request



modifications which they deem appropriate. All expenses for such experts must be customary and reasonable, and will be borne by PPCF as deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

INVESTMENT COMMITTEE

The Finance & Investment Committee is comprised of representatives from the Board, staff, and other appointees from the community, and reports to the Board of Trustees. The Investment Committee serves at the appointment of the Board of Trustees and makes recommendations to the Finance Committee. The Finance Committee then relays recommendations to the Board, which retains ultimate responsibility for investment recommendations. The Investment Committee has a separate charter detailing its purpose and duties. It is responsible for overseeing the management of the Foundation's investment assets. It shall act solely in the best interests of the Foundation and in concert with the mission of the organization. It is authorized to engage the services of investment professionals. The Investment Committee's responsibilities include:

- Establishing and revising investment policies that the Board must approve;
- Developing investment objectives, asset allocation strategies, and performance guidelines;
- Selecting, retaining, and replacing investment consultants, advisors, money managers, and custodians as needed;
- Reviewing and evaluating investment results;
- Providing performance reports to the Finance Committee bi-annually;
- Providing advisors with relevant information on the Foundation's financial conditions and risk tolerances, and notifying the advisor promptly of any changes; and
- Avoiding prohibited transactions and conflicts of interest.

BOARD OF TRUSTEES

The Board of Trustees of the Foundation serve as fiduciaries for the assets of the organization. The Board has designated the Finance Committee to oversee invested assets and to develop the policies and procedures to oversee those assets. The Investment Committee serves as a sub-committee of the Finance Committee. As a fiduciary, the primary responsibilities of the Foundation are:

- Prepare and maintain the IPS to include providing prudent asset allocation guidance to meet risk/return profile targets
- Monitor investment consultants' (both Pooled and Outside DAF) adherence to investment policy statement including asset allocation, permitted and prohibited investments, and performance relative to custom portfolio benchmarks



- Oversee the process for selecting or replacing the Pooled Investment Consultant
- Approve Outside DAF Investment Consultants, review Outside DAF Investment Consultants adherence to Investment Policy Statement and terminate partnerships with Outside DAF Investment Consultants who violate the Investment Policy Statement
- Prudently select investments options for placed-based investments
- Control and account for all investment, record keeping, and administrative expenses associated with the accounts
- Monitor and supervise all service vendors and investment options; and
- Avoid prohibited transactions and conflicts of interest

INVESTMENT MANAGER(S)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Reporting, on a timely basis, quarterly investment performance results to investment consultants.
- Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Portfolio's investment management.
- Informing the Investment Consultant regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
- Voting proxies, if requested, by the Board of Trustees, on behalf of PPCF, and communicating such voting records to the Board of Trustees on a timely basis.

INVESTMENT CONSULTANT

The Foundation will retain objective, third-party advisors to assist the organization in managing the overall investment process. Advisors will be responsible for guiding the Foundation through a disciplined and rigorous investment process to enable the organization to meet the fiduciary responsibilities outlined above.

Advisors shall have full discretion to make investment decisions and to rebalance accounts for the Foundation's assets under its jurisdiction, within the Foundation's investment objectives, policies, and guidelines detailed in this document. Specific responsibilities of investment advisor(s) include:



- Designing, recommending, and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines, and constraints outlined in this statement;
- Exercising full investment discretion with regards to buying, selling, and managing securities and altering asset allocations within the Foundation's guidelines;
- Notifying the Investment Committee regarding any qualitative changes to the investment firm such as: changes in portfolio management personnel, ownership structure, investment philosophy, etc.;
- Articulating the investment strategy that will be followed and documenting that the strategy has been successfully adhered to over time by submitting a report on an annual basis;
- Utilizing the same care, skill, prudence, and due diligence under the prevailing circumstances that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for the Foundation;
- Informing the Investment Committee of any major changes to economic outlook, investment strategy, or any other factors which have the potential to impact implementation of the investment process or the Foundation's investment objectives;
- Providing historical performance figures calculated on a quarterly basis;
- Selecting investments that seek to meet a benchmark or identifying, selecting, and engaging active managers with established track records that can add value to the portfolio;
- Advising the Foundation about the selection and allocation of asset categories;
- Identifying specific assets and investment managers within each asset category;
- Monitoring the performance of all selected assets;
- Recommending changes to any of the above;
- Voting promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the accounts as described in this IPS. Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations;
- Recommending an appropriate custodian to safeguard the Foundation's assets; and
- Disclosing, in writing, whether an advisor acts as a fiduciary on behalf of the Foundation.

For purposes of clarity, the Advisors' primary contacts at Pikes Peak Community Foundation are the CEO and the Vice President of Finance.



INVESTMENT GUIDELINES

RISK

Understanding that risk is present in all types of securities and investment styles, the Board of Trustees recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Portfolio's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital. Risk will be mitigated through diversification and hedging techniques if deemed appropriate by the investment committee.

RISK MEASUREMENT

Total portfolio risk will be viewed as volatility relative to a “risk benchmark”. The portfolio’s risk will be measured by standard deviation over rolling 1, 3 and 5 year periods, relative to the risk benchmark’s actual risk as measured by standard deviation.

RISK MONITORING

- Equity Managers
 - Benchmark used for performance evaluation
 - Role of manager in the portfolio
 - Diversification in economic and geographic sectors
 - Diversification in market capitalization

- Fixed Income Managers
 - Benchmark used for performance evaluation
 - Role of manager in the portfolio
 - The overall duration and yield of the portfolio in relation to a specific benchmark
 - Diversification in economic sectors
 - Diversification in the type of fixed-income securities
 - The quality of the securities
 - The allocation to foreign securities

- Hedge Funds, Real Asset, and Private Equity Managers
 - Benchmark used for performance evaluation
 - Role of manager in the portfolio
 - Gross and net exposure to sub asset classes
 - Diversification across investment strategy



- Diversification in economic and geographic sectors
- Leverage utilized
- Liquidity profile

ILLIQUIDITY

The Board of Trustees prefers that PPCF assets can be invested in a spectrum of liquid, semi-liquid and illiquid investments. Each underlying Investment Portfolio will have its own distinct liquidity guidelines.

- Liquid is defined as securities that can be transacted quickly and efficiently for the Portfolio, with minimal impact on market price.
- Semi-liquid is defined as funds that are redeemable within 12 months.
- Illiquid is defined as funds that are not redeemable within 12 months or an investment in a fund that has a “lock-up” period exceeding 12 months.

ASSET ALLOCATION

ASSET ALLOCATION TARGETS

The diversification of the investment assets shall be in accordance with the asset allocation parameters set below. See Addendum A – Strategic Asset Allocation Analysis for the Risk/Return expectations and methodology of each investment portfolio.

Allocation changes outside of the long-term upper and lower limits will require approval by the Board of Trustees.

ASSET ALLOCATION DESCRIPTIONS

- Public Equity*: Equity of publicly traded corporations and derivatives thereof, over globally recognized exchanges.
- Fixed Income*: Debt instruments of sovereign nations and corporations in both cash bonds and derivatives thereof.
- Hedge Funds: Actively managed investment strategies that invest in public equity, fixed income, private equity and real assets and derivatives on both a long and short basis.
- Private Equity: Equity and debt securities of operating companies that are not publicly traded on a stock exchange.
- Private Credit: Non-bank lending where the debt is not issued or traded on the public markets. This includes loans, bonds, or other credit instruments that are issued in private offerings or by private companies. Private credit can also be referred to as "direct lending" or "private lending".



- Real Assets*: Equity or debt of tangible assets and investment strategies that seek real (inflation adjusted) returns. These include but are not limited to real estate, infrastructure, timber, commodities and natural resources.

**Investments may include strategies that use multiple asset classes in order to achieve their stated objectives. Exposures will be monitored on the aggregate portfolio as defined in Risk Monitoring.*

REBALANCE POLICY

The investment portfolio will be reviewed quarterly and re-balanced when any asset class is outside the minimum or maximum policy allocation. A full re-balancing activity will restructure the portfolio back to the target asset allocation. Partial rebalancing of the portfolio's assets from cash flow will move the portfolio closer to the target asset allocation by only the dollars required for the cash flow activity.

The Investment Consultant may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

INVESTMENT CONCENTRATIONS

No more than 2% committed to any single private equity, private credit or hedge fund.

PROHIBITED TRANSACTIONS (Excluding Real Assets, Hedge Funds, and other commingled vehicles/funds)

The Foundation's assets should not be invested in the following unless agreed to by the committee pursuant to an approved strategy or specifically approved in writing by the committee. Prohibited transactions include, but are not limited to the following:

- Short Selling
- Margin Transactions. Securities may be used as collateral for credit facilities and are under the supervision of the Finance and Investment committees.
- Direct purchase of precious metals
- Use of leveraged transactions
- Commodity transactions
- Direct use of puts, calls, straddles or other option strategies
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;



- Investments by the investment manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other comingled funds as authorized by the committee)
- Investments in venture capital, private equity, and hedge funds are not permitted for outside Donor Advised Funds with fund balances less than five million dollars.

INVESTMENT MANAGER SELECTION

The Investment Consultant's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. For certain alternative investment strategies, the Investment Committee acknowledges that the managers' private placement memorandum (PPM) is the governing legal document and its strategy and process are articulated within the document.

PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and made available to the Board of Trustees via the PPCF Investment Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board of Trustees intends to evaluate the portfolio(s) over at least a full market cycle, but reserves the right to terminate a manager for any reason including the following:

- Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization

CASH FLOW PLANNING AND LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the PPCF Investment Committee will periodically provide investment counsel with an estimate of expected net cash flow. They will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

The trustees should consider any factors which may necessitate maintaining a certain degree of liquidity, both for the short-term and the long-term. PPCF holds six month of expected cash needs in a checking account outside of holdings in this investment policy statement.



NONFINANCIAL INVESTMENT OBJECTIVES

PPCF believes that awareness of environmental, social and governance (ESG) factors, and where possible, the integration of such factors into the management of the Pools can help improve risk management and identify potential new value-added opportunities by capitalizing on the linkages between corporate social impact and profitability. ESG themes of relevance to PPCF include:

BROAD-BASED SUSTAINABILITY

As leaders of the region's philanthropic space, PPCF works in collaboration with community-minded individuals, business, and government leaders to realize our vision of a sustainable Pikes Peak Region. Since sustainability spans a variety of sectors and objectives PPCF will actively seek to invest in entities with the following strengths and will consider the following when evaluating individual investment records:

- Climate Solutions and Environmental Practices - advancing solutions to combat climate change and transition to a less carbon intensive economy with particular emphasis on cleaner energy sources, climate footprint, energy efficiency, and natural resource selection and use
- Governance Practices including but not limited to equitable employment and recruitment practices, diverse executive and board representation, independent board and audit committees and promoting product/services that have a social or environmental beneficial component,
- Empowerment Solutions - strong community relationships, including generous corporate giving and community outreach programs that prioritize grants or donate time and services to local community groups to support such issues as affordable housing, job training, public health, youth mentoring, etc.
- Social Practices – Human rights record, employee treatment, customer & supplier treatment, social supply chain management.

IMPROVING LIVES

PPCF envisions a thriving, resilient, and sustainable community and is driven to advance equity, diversity, and inclusion in who we are and how we work. Acknowledging today's societal systems are not necessarily equitable for all, PPCF will actively seek to invest in entities that contribute to healthy lives and well-beings for all people and will consider proactive investments in affordable housing, access to education, access to finance, access to food and nutrition, healthcare and disease prevention and information.

PLACE-BASED INVESTING

PPCF exists to mobilize resources in the Pikes Peak Region. Place based impact investing is local deployment of investment dollars made with the intent to yield a market rate return as well as a social return into the Pikes Peak Region. Up to 10% of the total portfolio can be deployed into



place-based investments across asset classes subject to asset class maximum concentrations and policies pertaining to permitted investment types.

SHAREHOLDER ENGAGEMENT

PPCF is open to pursuing shareholder engagement strategies with select companies if it determines such strategies will advance its overall mission.

To this end, in the Pooled Investment options, PPCF will actively seek to invest in entities, funds or instruments that fit into in the above themes. In addition, PPCF will direct the Advisor to proactively utilize an ESG perspective when making decisions for the portfolio and will also proactively encourage its managers to integrate ESG factors in their analytical processes. Accordingly, the Advisor will incorporate into the diligence of all prospective and/or ESG-integrated investments that are consistent with or increase alignment with the Foundation's mission and values. PPCF acknowledges that the relevancy of ESG factors will vary by industry and should be applied appropriately to help assess risk and return. To monitor exposure to relevant ESG factors, PPCF will work with the Investment Consultant to periodically aggregate exposure across the Pooled Fund. It is expected that the ESG factors most critical to effective management of the portfolio will evolve over time. To facilitate the inclusion of ESG factors in management of the Fund, the Committee will direct the Investment Consultant to include in all new investment manager searches an option for a best-in-class manager with ESG integrated into its investment strategy.

In pursuit of PPCF's ESG objectives, PPCF recognizes that the Investment Committee and Advisor may need to expand evaluation criteria to consider compelling investment opportunities that align with these objectives but might not be considered otherwise due to increased organizational risk, lack of track record, tracking error potential, above market fees or other factors.

MEETINGS

Meetings of the PPCF Investment Committee as it relates to the investment portfolios will be held on at least a semi-annual basis and will include the following topics:

- Each Portfolio's objectives and performance.
- Compliance of each Portfolio with the investment policy set forth herein and each individual portfolio's specific guidelines.
- Each individual portfolio's asset allocation.
- The investment thesis and rationale for investment decisions.
- Recommendation for any changes in the overall strategy of each portfolio.

The Pooled Investment Consultants will meet with VP of Finance and CEO monthly.



Outside DAF Investment Consultants will meet annually to demonstrate adherence to the Investment Policy Statement as well as submit monthly statements.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this statement of investment policy, the Board of Trustees plans to review investment policy at least annually.

This statement of investment policy was adopted on May 22, 2013, by the Board of Trustees of the Pikes Peak Community Foundation, last amended on April 26, 2023, signed below or as noted in the minutes of the Board of Trustees meeting.

Title

Date



PPCF INVESTMENT PORTFOLIOS

STRATEGIC CASH PORTFOLIO

PURPOSE

The Strategic Cash Portfolio is intended to provide liquidity for the day-to-day operation of the organization as well as planned distributions for the next 6 months to 3 years.

TIME HORIZON

.5 Year to 3 Years

Return Target

Real Return: 90 Day U.S. Treasury Bills + 1%

OBJECTIVE 1

Liquidity: To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

OBJECTIVE 2

Preservation of Capital: To minimize the probability of loss over the investment horizon. Emphasis is placed on minimizing volatility rather than maximizing return.

RISK

The probability of losing capital over any 1-year time-period.

- Risk Benchmark: 90-Day U.S. Treasury Bills
- Average Weighted Duration: 3 Years or less
- Illiquidity: 0%

STRATEGIC ASSET ALLOCATION			
ASSET CLASS	MIN	MAX	BENCHMARK
Short Term Fixed Income	35%	65%	Bloomberg Aggregate Govt 1-3 Year
Public Fixed Income	15%	45%	Bloomberg U.S. Aggregate Index
Cash and Cash Equivalents	5%	35%	90-Day U.S. Treasury Bills



MODERATE PORTFOLIO

PURPOSE

The Moderate Portfolio is designed for assets with a 3 to 7-year time horizon. The objective is to generate total returns by investing specifically for growth and income.

TIME HORIZON

3 Years to 7 Years

Return Target

Long-Term Strategic Benchmark: Meet or exceed the return of a benchmark comprised of a blend of indices mirroring the long-term strategic target.

OBJECTIVE

Income and Growth: To achieve a balanced return of income and modest growth of principal.

RISK

The probability of not maintaining purchasing power over the fund's investment horizon.

RISK BENCHMARK

60% Equity Risk Benchmark & 40% Fixed Income Risk Benchmark

- Equity Risk Benchmark: 70% Russell 3000 Index/30% MSCI ACWI ex. U.S. Index
- Fixed Income Risk Benchmark: 100% Bloomberg U.S. Aggregate Index
- Relative Risk Constraint: Investment consultants will have discretion to deviate by 20% relative to the standard deviation of the Equity and Fixed Income Risk Benchmarks

LIQUIDITY TARGETS		
	MIN	MAX
Liquid	75%	100%
Semi Liquid	0%	25%
Illiquid	0%	5%



MODERATE PORTFOLIO ASSET ALLOCATION			
ASSET CLASS	MIN	MAX	BENCHMARK
Global Equity	42%	72%	
Public Equity	42%	72%	*Composite Blend
U.S.	30%	50%	Russell 3000
International	7%	27%	MSCI ACWI ex-U.S. Index
Private Equity	0%	5%	Representative PE Index
Fixed Income	25%	45%	
Public Fixed Income	25%	45%	Bloomberg U.S. Aggregate Index
Private Fixed Income	0%	5%	Representative Private Credit Index
Real Assets	0%	10%	
Public Real Assets	0%	10%	S&P Real Assets Equity Index
Private Real Assets	0%	0%	Representative Private Real Assets Index
Diversifying Strategies	0%	10%	HFRX Global Hedge Fund Index
Cash	0%	10%	90Day U.S. Treasury Bills



LONG-TERM PORTFOLIO

PURPOSE

Designed for assets with a time horizon of at least 7 years. The objective is to generate total investment returns to achieve a real rate of return and long-term growth of capital. The portfolio is designed to support a discretionary spending policy of 3-6% with a target of 5% of the 3-year moving average as determined by PPCF.

TIME HORIZON

7+ Years

Return Target

Real Return: Consumer Price Index + Spending (5%) + Fees (1.5%)

Long-Term Strategic Benchmark: Meet or exceed the return of a benchmark comprised of a blend of indices mirroring the long-term strategic target.

OBJECTIVE 1

Real Growth of Capital: To achieve returns in excess of the rate of inflation over the investment horizon, net of spending in order to preserve the purchasing power of the fund's assets.

OBJECTIVE 2

Long-Term Growth of Capital: To emphasize long-term growth of capital while avoiding excessive risk. Short-term volatility will be tolerated consistent with the volatility of a comparable market index.

RISK

The probability of not maintaining purchasing power over the fund's investment horizon.

RISK BENCHMARK

80% Equity Risk Benchmark & 20% Fixed Income Risk Benchmark

- Equity Risk Benchmark: 70% Russell 3000 Index/30% MSCI ACWI ex. U.S. Index
- Fixed Income Risk Benchmark: 100% Bloomberg U.S. Aggregate Index
- Relative Risk Constraint: Investment consultants will have discretion to deviate by 20% relative to the standard deviation of the Equity and Fixed Income Risk Benchmarks

LIQUIDITY TARGETS			
	MIN	MAX	
Liquid	75%	100%	
Semi Liquid	0%	25%	
Illiquid	0%	20%	



LONG-TERM PORTFOLIO ASSET ALLOCATION			
ASSET CLASS	MIN	MAX	BENCHMARK
Global Equity	60.0%	90.0%	
Public Equity	54.0%	84.0%	*Composite Blend
U.S.	37.0%	57.0%	Russell 3000 Index
International	11.0%	31.0%	MSCI ACWI ex-U.S. Index
Private Equity	0.0%	10.0%	Representative PE Index
Fixed Income	6.0%	32.0%	
Public Fixed Income	6.0%	26.0%	Bloomberg Barclays U.S. Aggregate Index
Private Credit	0.0%	6.0%	Representative Private Credit Index
Real Assets	0.0%	10.0%	
Public Real Assets	0.0%	10.0%	S&P Real Assets Equity
Private Real Assets	0.0%	10.0%	Representative Private Real Assets Index
Diversifying Strategies	0.0%	10.0%	HFRX Global Hedge Fund Index
Cash	0.0%	10.0%	90 Day U.S. Treasury Bills



Addendum A – Spending Policy Calculation

The primary objectives for the investment of Community Foundation assets are as follows:

- Preserve the purchasing power of the gift/principal over the long-term, and if possible, increase it
- Have consistent grant making dollars available during good and bad economic times
- Balance the community’s short-term and long-term needs for grant making dollars

Endowment Funds shall be subject to the Spending Policy unless a spending policy is specified in the fund agreement. Nonpermanent/non-endowed funds are not subject to the Spending Policy and shall be governed by the fund agreement. Additionally, Pikes Peak Community Foundation assumes that any gift instrument that does not specifically reference a spending calculation but references spending “income” or “net income” is intending to create an endowed fund and will apply the spending policy.

I. Spending Rate Calculation

The spending percentage rate shall be recommended by the investment committee to the board of trustees annually and be effective January 1 of each year. The Investment Committee shall act in good faith and with the care of a prudent person acting in a like position would use under similar circumstances as defined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 2009. The investment committee will consider the following factors in determining whether a change is needed to the annual spending percentage rate:

- The duration and preservation of the endowment fund;
- The purposes of the Foundation and the endowment fund;
- Historical endowment fund distributions;
- General economic conditions;
- The possible effects of inflation or deflation;
- The possible effect of interest rates;
- The expected total return from income and the appreciation of investments;
- Reinvestment for future earnings;
- Anticipated management and investment expenses;
- Community needs;
- Other resources of the Foundation;
- The Uniform Prudent Management of Institutional Funds Act of 2009,
- The Investment Policy;



- This Spending Policy; and
- Other relevant factors.

Annual adjustments to the recommended spending rate may be necessary to ensure that the Community Foundation is not unnecessarily accumulating assets nor experiencing accelerated principal erosion. Long-term investment returns are designed to cover the recommended spending rate, investment expenses, administration fees, and inflation. The Community Foundation’s investment portfolio mix will be balanced in a way that justifies the recommended spending rate.

The Finance & Investment Committee will review the spending rate each January and determine if the rate should change for the next fiscal year. Unless otherwise specified by way of amendment to this Spending Policy, the spending rate shall never be below 3% or above 6%. The committee will use the following calculation to determine the maximum spending rate for any given year:

Twelve (12) quarter average rate of return of Long Term Pool	-	Twelve quarter average rate of inflation	-	Current Management Fees	+/-	Consideration of factors above	=	Current Spending Rate
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Unless otherwise provided by the fund agreement, the allowable distribution from an endowment fund, over and above fees and expenses allocable to the fund, shall be the current year’s spending rate multiplied by the average ending market value of the endowment fund for each of the prior twelve (12) quarters. Each fund’s available to spend balance will be calculated annually at December 31, the amount calculated shall be available for grant distributions on February 1 of each year.

The spending rate is applied to average fund balances for the prior 12 quarters to determine spending levels for the next fiscal year. At the time a fund is established, staff will discuss with the donor the options for grant making during the first 36 months of the fund. If no options are specified, the spending rate will be applied to the average balance of the prior 12 quarters.

Example

For example, assuming the current “Spending Rate” is 3%, and further assuming an endowment fund was established on June 1, 2016 for \$1 million, with quarter ending balances as follows:

\$0 (March 31, 2014)	\$0 (March 31, 2015)
\$0 (June 30, 2014)	\$0 (June 30, 2015)
\$0 (September 30, 2014)	\$0 (September 30, 2015)
\$0 (December 31, 2014)	\$0 (December 31, 2015)



\$0 (March 31, 2016)
\$1,000,000 (June 30, 2016)

\$1,050,000 (September 30, 2016)
\$1,100,000 (December 31, 2016)

The Grantable Amount for 2017 would be calculated as follows:

[Cumulative 12 quarter fund balance (\$3,150,000) / 12 = \$262,500 (Average Fund Balance)] * 3% (Spending Rate) = \$7,875 (Grantable amount for 2017)

II. Current Rate

The spending rate effective February 14, 2022 is 6%

Due to the unprecedented circumstances surrounding the COVID-19 pandemic, PPCF will allow any fund subject to PPCF's spending policy to voluntarily increase their spendable amount in 2021 up to a maximum spendable amount of 6% of the average balance of the previous 12 quarters of their fund.

Note: Any unused available to spend amount shall not be allowed, unless approved by the Grants Committee, to accumulate as available to spend at the end of each year but will remain as part of the fund balance for the next year's calculation.



Addendum B: Investment Policies and Guidelines for Investment Advisors of Outside Donor Advised Funds

Pikes Peak Community Foundation (PPCF) permits donors with a fund balance minimum of \$100,000 to recommend the investment manager of their choice to manage the assets attributed to their funds. PPCF will retain the recommended Outside Donor Advised Fund Investment Advisor to manage the assets for such a fund, contingent upon the Outside Donor Advised Fund Investment Advisor agreeing to the guidelines described below.

Guidelines

- The Outside Donor Advised Fund Investment Advisor acknowledges the following: (i) PPCF is the sole owner of all assets, (ii) all such assets shall be and must remain under the sole control of PPCF, (iii) the financial institution will be subject to oversight by the PPCF Investment Committee, and (iv) the investment approach, financial institution and/or investment manager can be changed by PPCF at any time, in its sole discretion.
- The Outside Donor Advised Fund Investment Advisor agrees to manage individual funds' assets in accordance with the investment objectives and guidelines stated in PPCF's Investment Policy Statement
- The Outside Donor Advised Fund Investment Advisor acknowledges that they maintain discretionary investment management privileges over the buy and sell decisions of the investment portfolio.
- The Outside Donor Advised Fund Investment Advisor agrees to take trading instructions only from authorized PPCF individuals, which are defined as the CEO or VP of Finance. Donor Advisors to the fund are prohibited from giving trading instructions. The Donor Advisor may continue to receive historical performance reports as an aid to his/her grantmaking, but he/she may not exercise control over the account. To behave otherwise could jeopardize the donor's charitable deduction and result in severe penalties to PPCF as well as the donor. These rules are detailed in Treasury Reg. Section 1.170A-9(e)(11)(ii)(B) and 1.507-2(a)(8).
- Investment Advisors should sell any securities received from any source immediately and invest the resulting funds in accordance with the portfolio's target asset allocation policy. PPCF must be immediately notified of such transactions via email to facilitate the gift acknowledgement process
- The Outside Donor Advised Fund Investment Advisor will provide detailed monthly account statements directly to PPCF
- The Outside Donor Advised Fund Investment Advisor will complete the PPCF IPS reporting template annually
- The Outside Donor Advised Fund Investment Advisor will annually certify that they are in compliance with the PPCF IPS.



- The Outside Donor Advised Fund Investment Advisor will charge reasonable account management fees to not exceed 150 bps (1.5%) annually. This fee is inclusive of underlying asset management fees.
- The Outside Donor Advised Fund Investment Advisor will comply with all laws and regulations that pertain to the Investment Advisor's duties, functions, and responsibilities
- The Outside Donor Advised Fund Investment Advisor, at a minimum, must be formally affiliated with a broker dealer, bank, trust, or registered investment advisory firm.
- The Outside Donor Advised Investment Advisor agrees to meet with the Investment Committee and/or PPCF Staff as requested
- The Outside Donor Advised Investment Advisor agrees to vote proxies on the securities held in the Foundation's portfolio in favor of the company's recommendations unless the manager has reason to recommend otherwise, which will be discussed with the chair of PPCF's investment committee



Consent Agreement

_____ (Investment Advisor) of

_____ (Investment Firm) agrees to abide by the Foundation's investment policy and the guidelines stated above and acknowledges they have received a copy of PPCF's Investment Policy Statement.

Investment Advisor Representative

Date

Accepted by:

Pikes Peak Community Foundation

Date

