



PIKES PEAK COMMUNITY FOUNDATION

Statement of Investment Policy **Objectives & Guidelines**

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TABLE OF CONTENTS

OVERVIEW.....	2
DEFINITION OF DUTIES	3
INVESTMENT PROGRAM DESIGN	5
TIME HORIZON AND OBJECTIVES.....	10
Addendum A – Spending Policy Calculation.....	12
Addendum B – Investment Policies and Guidelines for Investment Advisors of Outside Donor Advised Funds	14

OVERVIEW

THE ORGANIZATION

Our Mission: To inspire a passionate community to forge an enduring legacy now and for future generations.

Our Vision: A thriving, resilient, sustainable Pikes Peak Region with a vibrant quality of life for all.

Our Commitments: Mission First | Excellence in Everything | Walk our Talk

BACKGROUND

The Pikes Peak Community Foundation (the “Foundation”) has a rich history that dates to 1928, when the Colorado Springs Community Trust was established by visionary families who recognized the need for a dedicated organization to collect, grow, and deploy charitable assets for the betterment of the Pikes Peak region. Over the years, the Foundation has evolved to become a leading resource for community giving, working closely with individuals, businesses, and nonprofits to address important needs. The foundation's mission is rooted in advancing community philanthropy and supporting initiatives that enhance the quality of life for residents in the Pikes Peak area.

The 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.



The Foundation offers a variety of funds 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, if desired, to assist in determining granting amounts for the year.

PURPOSE

This Investment Policy Statement (the "IPS") was adopted by the Foundation to establish a clear understanding of the Foundation's philosophy and investment objectives.

The purpose of the Foundation is to accumulate a pool of assets (the "Assets") sufficient to build capital for future use with the corresponding obligation to support current and future needs. While shorter-term investment results will be monitored, adherence to a sound long-term investment policy, which balances short-term spending needs with the preservation of the real (inflation-adjusted) value of assets, is crucial to long-term success.

SCOPE

This IPS applies to all assets that are included in the Foundation's investment portfolio for which the Investment Advisor has discretionary investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the IPS, the Foundation's Finance & Investment Committee and the Investment Advisor shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (the "UPMIFA"), which provides guidance for investment management and enumerates a more detailed set of rules for investing in a prudent manner.

All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Finance & Investment Committee of all material facts regarding any potential conflicts of interest.

DEFINITION OF DUTIES

PIKES PEAK COMMUNITY FOUNDATION BOARD

The governing body of the Foundation (the "Board") is established in accordance with the Bylaws of the Foundation. The Board is the ultimate fiduciary of the Foundation with authority over the Assets.

Responsibilities of the Board include:

- Establish and adopt policies, including this IPS (as amended from time to time), governing the investment and management of the Assets;



- Delegate implementation and oversight responsibility to the Finance & Investment Committee, which will report directly to the Board;
- Inform the Finance & Investment Committee of the financial requirements of the Foundation so that the Finance & Investment Committee may appropriately direct the investment allocation of the Assets; and,
- Engage an Investment Advisor to advise the Finance & Investment Committee and the Foundation with respect to these duties.

FINANCE & INVESTMENT COMMITTEE

The Finance & Investment Committee, as established by the Board, will (i) adhere to the applicable provisions of this IPS, (ii) review the IPS at least annually, and (iii) propose any changes to the IPS for the Board's approval.

Additional responsibilities of the Finance & Investment Committee include:

- Monitor performance of the investment portfolio, allocation, and Investment Advisor on a periodic basis;
- Report to the Board on a periodic basis regarding the status of the Assets;
- Recommend the selection, monitoring, and termination of the Investment Advisor to the Board;
- Possess sufficient knowledge about the portfolio and its Investment Advisor so as to be reasonably assured of their compliance with the IPS; and,
- Appoint and terminate the custodian.

STAFF

The Finance & Investment Committee delegates responsibility for executing policies and procedures as outlined in this IPS to the Chief Executive Officer (CEO) of the Foundation. The CEO and Director, Finance & Operations, of the Foundation will serve as the primary contacts for the Foundation's custodian and Investment Advisor.

The CEO acts on the recommendations of the Finance & Investment Committee.

INVESTMENT ADVISOR

The Investment Advisor is responsible for managing the Foundation's Assets consistent with this IPS.

Responsibilities of the Investment Advisor include:

- Implement and monitor the overall investment strategy, including asset allocation and the selection and termination of the Foundation's holdings;
- Have full investment discretion regarding product and/or security selection;



- Have full discretion to establish, maintain, and modify benchmark(s) that are aligned with the strategic targets;
- Provide the Finance & Investment Committee with quarterly performance reports;
- Assist the Finance & Investment Committee periodically with a review of the IPS, including an assessment of investment objectives, asset allocation ranges, and liquidity targets;
- Supply the Finance & Investment Committee with other reports or information as reasonably requested;
- Notify the Finance & Investment Committee in writing of any material changes in the investment outlook, portfolio structure, ownership or senior personnel; and,
- Vote proxies and share tenders in a manner that is in the best interests of the Foundation.

CUSTODIAN

The custodian is an integral part of managing and overseeing the Foundation's Assets. Any custodian will promptly provide to the CEO and Investment Advisor all information reasonably necessary for compliance, implementation, and monitoring purposes.

The custodian shall:

- Be of institutional quality;
- Provide monthly transaction and asset reports in a timely manner; and,
- Promptly communicate any errors, irregularities or concerns regarding portfolio transactions or valuation.

INVESTMENT PROGRAM DESIGN

ASSET ALLOCATION

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

The target asset allocation seeks to provide an expected total return aligned with the primary objective of the Foundation, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level.

Investments will generally fall into one of four asset categories. Each category serves a specific role within a portfolio. An allocation to all four categories can provide diversification to major



market risk factors and provides a simple framework to review the exposures within the portfolio.

The categories are as follows:

GLOBAL EQUITY

Intended to be the primary source of long-term growth for the portfolio, as equities historically have produced high real rates of return. While having higher expected returns, they also have higher volatilities. May include long and/or short equities within domestic and international markets.

GLOBAL FIXED INCOME/CREDIT

Intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities and can be further categorized as interest rate sensitive and credit sensitive.

REAL ASSETS

Intended to insulate the portfolio from inflation shocks and to provide a source of non-correlated returns with other asset categories. Includes real estate investment trusts (REITs), natural resources (e.g., Energy Master Limited Partnerships), and commodities.

DIVERSIFYING STRATEGIES

Intended to provide diversification from systematic market risk, as the primary determinant of returns is typically manager skill (alpha) rather than market return (beta). Includes directional and non-directional strategies that seek low correlations to the public equity and fixed income markets.

REBALANCING

The Investment Advisor will actively manage the Assets on an ongoing basis but seek to remain within the minimum and maximum ranges at all times.



At its discretion, the Investment Advisor will rebalance the portfolio. Cash flows may also prompt the Investment Advisor to rebalance the portfolio within the strategic ranges.

Should any category move out of acceptable range due to market fluctuations, the Investment Advisor will use prudence in rebalancing the portfolio in a timely fashion.

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); and,
- 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 Advisor's selection of Investment Manager(s) must be based on prudent due diligence procedures.

PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Advisor shall be compiled at least quarterly and made available to the Finance & 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 Finance & Investment Committee intends to evaluate the portfolio(s) over at least a full market cycle, but reserves the right to terminate an Investment Advisor or Outside DAF Investment Advisors 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; and,
- Significant qualitative changes to the investment management organization.

CASH FLOW PLANNING AND LIQUIDITY

To optimize operational efficiency, the Finance & Investment Committee will periodically provide investment counsel with an estimate of expected net cash flow. They will notify the Investment Advisor 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. The Foundation holds six months of expected cash needs in a checking account outside of holdings in this investment policy statement.

MEETINGS

Meetings of the Foundation's Finance & 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 Advisor will meet with the Foundation's finance department and CEO monthly.

Outside DAF Investment Advisors 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 December 6, 2024, as noted in the minutes of the Board of Trustees meeting.



TIME HORIZON AND OBJECTIVES

SHORT-TERM PORTFOLIO

PURPOSE

The Short-Term 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.

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.

TIME HORIZON

.5 Year to 3 Years

Return Target

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

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%

RETURNS AND RISK BENCHMARKS

Benchmarks comprised of a blend of indices mirroring the short-term portfolio's strategic target.

ASSET CLASS	MIN	MAX
Short Term Fixed Income	35%	65%
Public Fixed Income	15%	45%
Cash and Cash Equivalents	5%	35%



LONG-TERM PORTFOLIO

PURPOSE

Designed for assets with a time horizon of at least 3 years into perpetuity. 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 the Foundation.

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.

TIME HORIZON

3+ Years

Return Target

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

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

Relative Risk Constraint: Investment Advisors will have discretion to deviate by 20% relative to the standard deviation of the Equity and Fixed Income Return and Risk Benchmarks.

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

***Restricted for accounts outside of the OCIO's discretion and under \$5.0M**

ASSET CLASS	MIN	MAX
Global Equity	42.0%	90.0%
Fixed Income	6.0%	45.0%
Real Assets	0.0%	10.0%
Diversifying Strategies	0.0%	10.0%
Cash	0.0%	10.0%



Addendum A – Spending Policy Calculation

The primary objectives for the investment of the Foundation’s 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; and,
- 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 Finance & Investment committee to the board of trustees annually and be effective January 1 of each year. The Finance & 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 after approval from the Finance & Investment Committee each year.

The spending rate is applied to the fund balance as of December 31 of the prior fiscal year to determine spending levels for the next fiscal year.

II. Current Rate

The spending rate effective April 26, 2024 is 3%.

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

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

Guidelines

- The Outside Donor Advised Fund Investment Advisor acknowledges the following: (i) the Foundation is the sole owner of all assets, (ii) all such assets shall be and must remain under the sole control of the Foundation, (iii) the financial institution will be subject to oversight by the Foundation's Finance & Investment Committee, and (iv) the investment approach, financial institution and/or investment manager can be changed by the Foundation at any time, in its sole discretion;
- The Outside Donor Advised Fund Investment Advisor will enter into a contract with the Foundation outlining these policies and guidelines;
- The Outside Donor Advised Fund Investment Advisor agrees to manage individual funds' assets in accordance with the investment objectives and guidelines stated in the Foundation'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 individuals from the Foundation, which are defined as the CEO or the Foundation's finance department. 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 the Foundation 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);
- The Outside Donor Advised Fund 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. The Foundation 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 the Foundation;
- The Outside Donor Advised Fund Investment Advisor will annually certify that they are in compliance with the Foundation's 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 Finance & Investment Committee and/or the Foundation's staff as requested; and,
- 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 Finance & Investment committee.