

Charlottesville Area Community Foundation (CACF)

INVESTMENT POLICY STATEMENT

SEPTEMBER 2025

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OVERVIEW

BACKGROUND

This Investment Policy Statement (IPS) was adopted by the Governing Board (the Board) of the Charlottesville Area Community Foundation (CACF) to establish a clear understanding of the Community Foundation’s philosophy and investment objectives.

The purpose of the Foundation’s Investment Portfolio (the Portfolio) is to accumulate a pool of 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 preservation of the real (inflation-adjusted) value of assets, is crucial to the long-term success of the Portfolio.

SCOPE

This Policy applies to all assets that are included in the Portfolio for which the Investment Advisor has discretionary investment authority. Currently, that consists of four separate funds — the Endowment, the Socially Responsible Portfolio, the Intermediate-Term Portfolio, and the Short-Term Portfolio. Unless otherwise noted, the governance, fiduciary, and investment philosophy sections apply broadly to all portfolios, with portfolio-specific objectives, horizons, and allocations detailed in Appendices B–E.

CACF also maintains a separate IPS relating to Separately Invested Funds (SIFs), as attached hereto as Appendix F. SIFs are held outside of the investment pools as described in this IPS and related Appendices A-E.

INVESTMENT POLICY STATEMENT

DEFINITION OF DUTIES

GOVERNING BOARD

The Governing Board (the Board) serves as a fiduciary and is responsible for the Portfolio. The Board must ensure that appropriate policies governing the management of the Portfolio are in place and that these policies are effectively implemented. To implement these responsibilities, the Board sets and approves the IPS and delegates responsibility to the Investment Committee (the Committee) for ongoing monitoring.

INVESTMENT COMMITTEE

The Investment Committee shall:

1. Review and propose to the Governing Board an Investment Policy and/or its revisions.
2. Select and recommend to the Board for approval, Investment Advisor(s), and custodians as deemed appropriate.
3. Monitor adherence to the Investment Policy and evaluate investment performance.
4. Within the parameters of the Investment Policy, and working in concert with the Investment Advisor, review and recommend changes in asset allocation strategy to the Board.
5. Monitor investment performance, fees and expenses, and report on them and appropriate matters to the Board.

STAFF

The Staff has ongoing responsibility for the administration of the Portfolio and will consult with the Committee and Board on all related matters. The Chief Executive Officer and Chief Financial Officer serve as the primary contacts for the Investment Advisor, and will:

1. Provide necessary and timely data for the Committee to fulfill its responsibilities.
2. Maintain detailed records of all accounts and funds.
3. Maintain records of all Committee actions and communicate actions to the Investment Advisor and/or custodian when necessary.
4. Receive monthly and quarterly updates on the performance of managers from the Investment Advisor. Monthly and quarterly updates will include manager performance, net of all fees, compared to the respective indices.

INVESTMENT POLICY STATEMENT

INVESTMENT ADVISOR

The Investment Advisor is responsible for managing the Portfolio consistent with this IPS:

1. Assist the Committee with a review of the Investment Policy Statement, including an assessment of investment objectives, asset allocation ranges, and illiquidity targets.
2. Assist the Committee with establishing, maintaining, and modifying benchmark(s) that are aligned with the strategic targets.
3. Implement and monitor the overall investment strategy, including asset allocation and the selection and termination of Portfolio holdings.
4. Have full investment discretion regarding strategy selection for all investment strategies, consistent with this Investment Policy Statement.
5. Provide the Committee with monthly and quarterly performance reports.
6. Supply the Committee with other reports or information as reasonably requested.
7. Provide investment education and education materials to the Board and Committee members.
8. Notify the Committee in writing of any material changes in the investment outlook, strategy, Portfolio structure, ownership, or senior personnel at least quarterly, providing material trade notification within 3 days of a trade.
9. Vote proxies and share tenders in a manner that is in the best interest of the Portfolio and consistent with the investment objectives contained herein.
10. Provide donor communications and support.

CUSTODIAN

The custodian is an integral part of managing and overseeing the Portfolio. The custodian will promptly provide to the Staff and Advisor all information reasonably necessary for compliance, implementation, and monitoring purposes. The custodian shall:

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

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Investment Committee (the Committee) and the Investment Advisor shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All investment actions and decisions must be based solely in the interest of the Portfolio. Fiduciaries must provide full and fair disclosure to the Committee and of all material facts regarding any potential conflicts of interest.

INVESTMENT POLICY STATEMENT

OBJECTIVES

Endowment: Seeks to preserve the long-term purchasing power of the corpus while providing for the annual spending distribution from the portfolio. Objectives include:

- Produce a total investment rate of return over the long term (defined as at least a full market cycle, usually over 5 years or more) that exceeds the rate of inflation as measured by the Consumer Price Index (CPI) by at least 5% (annualized, net of fees, over a full market cycle).
- Produce a total investment rate of return over the long term, which exceeds a custom benchmark, composed of the benchmark for each asset class weighted by the policy weight for each asset class (annualized, net of fees, over a full market cycle).
- Produce long-term returns competitive with a universe of peers while recognizing that peer comparisons may not be directly comparable due to different return and risk profiles.
- Aligns with the overall investment objective with the expectations of protecting the long-term purchasing power of the assets.

Socially Responsible Portfolio: Pursues long-term growth while ensuring all investments reflect socially responsible criteria. Objectives are dual: financial performance in-line with the broad markets and values alignment with a broad emphasis on environmental protection, social well-being, and good governance.

Intermediate-Term Portfolio: Aims to balance preservation of capital with moderate growth over a medium horizon (3–7 years). Returns are expected to exceed inflation plus 2–3% annually over a full market cycle.

Short-Term Portfolio: Seeks to preserve capital and provide a high level of liquidity over a 1–3 year horizon, with little to no tolerance for loss of principal.

SPENDING POLICY

The Community Foundation's spending policy is detailed in Appendix A.

RISK TOLERANCE

The Board recognizes the challenges of achieving investment objectives, given the uncertainties and complexities of capital markets. It also recognizes that it cannot achieve its long-term investment objectives without taking on some level of investment risk. The Board has considered the ability to withstand short and intermediate-term variability in its assets and concluded that the Portfolio can tolerate interim fluctuations in market values and rates of return to achieve its long-term objectives of preserving and, if possible, increasing, the purchasing power of its assets to support Portfolio spending over the long term.

INVESTMENT POLICY STATEMENT

INVESTMENT PHILOSOPHY AND STRATEGY

To achieve the long-term return objective of $\geq 5.0\%$ plus inflation without undue risk, the Portfolio embraces a strategy that incorporates:

- (1) thoughtful strategic asset allocation
- (2) select use of dynamic asset allocation
- (3) consideration of illiquid strategies
- (4) and a blend of active and passive strategies

ASSET ALLOCATION

Asset allocation will likely be the key determinant of the Portfolio'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 on the total Portfolio, 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 Portfolio 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 the 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.

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 volatility. Sub-categories include both public and private equities.
GLOBAL FIXED INCOME/CREDIT	Intended to offset the volatility of equities, particularly during market downturns, and provide deflation protection. These investments comprise primarily fixed income (debt) securities and can be further categorized as interest-rate-sensitive and credit-sensitive. Sub-categories include both public and private debt.
REAL ASSETS	Intended to insulate the Portfolio from inflation shocks and to provide a source of non-correlated returns with other asset categories. Sub-categories include both public and private investments in real estate, natural resources (e.g., energy, agriculture, timber, commodities), and infrastructure (e.g., power generation, mid-stream-energy Master Limited Partnerships "MLPs").
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). Sub-categories include both liquid and semi-liquid non-directional strategies that seek low correlations to the public equity and fixed income markets, as well as hedged equity.

To achieve the Portfolio's objectives, the asset allocation will be based on strategic targets and ranges, which may differ by underlying pool, and are provided in Appendices B-C.

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DYNAMIC ASSET ALLOCATION

The Portfolio strategy embraces active management. Therefore, the Advisor will have the flexibility to dynamically tilt the asset allocation within the IPS strategic asset allocation ranges to further pursue alpha. These tilts will not fall outside the defined target ranges and will generally fall within a tighter range of +/- up to 5%¹ for most asset categories, with Fixed Income and Cash possibly ranging higher (+/- up to 10%). Asset categories may maintain their overweight or underweight position to the strategic targets for a short- to intermediate- timeframe, generally defined as a period of 6 months to 3 years.

ILLIQUID STRATEGIES

Investing in illiquid strategies can provide the ability to generate additional alpha from illiquidity premiums. The confluence of the Portfolio's long-term time horizon, the reasonableness of the 5% + CPI return target per UPMIFA, and the fact that the Portfolio has no debt covenants, results in a strategy that allows for *the consideration* of investment in illiquid and semi-liquid assets.

Illiquid investments (liquidity >1 year) typically include private equity, private debt, private real estate, and natural resources. Semi-liquid investments (liquidity of > monthly to ≤ 1 year) typically include hedge funds and select commingled strategies are considered semi-liquid due to lock-up periods, redemption restrictions, and in some cases, illiquidity of the underlying investments.

Targets and ranges for liquid, semi-liquid, and illiquid strategies are defined in Appendix A.

ACTIVE AND PASSIVE MANAGEMENT

The Portfolio strategy will be implemented using both active and passive investment managers. Active management can generate alpha across various asset categories, geographies, and market environments. It should be emphasized within areas of the market where inefficiencies are most pronounced or when favorable fee structures can be negotiated. Passive and "smart beta" strategies will be utilized in more efficient areas (e.g., U.S. large-cap equity) to capture beta and help keep fees low.

REBALANCING

The Advisor will actively manage the asset allocation based on their determination of market valuations, fundamentals, and sentiment, but always remain within the ranges. Should any category move out of an acceptable range due to market movements, the Advisor will use prudence in rebalancing the Portfolio, either immediately or over the subsequent few months.

IMPACT INVESTING

Up to 5% of the Endowment and other eligible portfolios may be allocated to place-based impact investments. These investments are intended to generate positive social and economic outcomes in the Charlottesville area while also seeking financial returns. While the intent is to achieve market-rate returns when possible, CACF recognizes that impact investments may also deliver holistic value through

¹ 5% states on an absolute basis vs. a relative basis. For example, if the strategic allocation is 70% to equities, then the dynamic allocation would fall within a 65%-75% range.

INVESTMENT POLICY STATEMENT

strengthened communities, sustainable development, and long-term mission alignment. Impact investments may span different asset classes (e.g., equity, fixed income, real assets) and are subject to the broader limits outlined in this IPS. Impact investments will further be evaluated for both financial characteristics and their contribution to community well-being.

SOCIALLY RESPONSIBLE CONSIDERATIONS

When all other factors are equal, socially responsible factors will be integrated into investment decisions across all portfolios where appropriate. When all other factors are equal, socially responsible alignment with CACF values will guide selection. This differs from place-based impact investing, which explicitly targets local community development.

INVESTMENT STRATEGY CONSTRAINTS

The Advisor shall not employ short-selling or margin trading at the Portfolio level.

INVESTMENT POLICY STATEMENT

PERFORMANCE MEASUREMENT

TIME HORIZON

The Committee seeks to achieve the investment objectives over a full market cycle. The Committee does not expect that all investment objectives will be attained each year and recognizes that over various time periods, the Portfolio may produce significant over or under-performance relative to the broad markets. For this reason, long-term investment returns will be measured net of fees over a full market cycle, usually 5 years or more.

BENCHMARKING

Performance for each Fund will be measured relative to a “Target Weighted Benchmark” comprised of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Advisor is responsible for recommending appropriate benchmarks for inclusion. For the primary asset classes Global Equity, Fixed Income, Real Assets, Diversifying Strategies, and Cash, the following benchmarks will be used:

- **MSCI ACWI IMI:** This is a widely recognized, global equity benchmark diversified by country, sector, industry, and style, and includes an allocation to small-cap equity.
- **Bloomberg Barclays US Aggregate:** This benchmark is the most widely used core bond benchmark for U.S.-based bond investors, consistent with a domestic bias in this asset category.
- **The S&P Real Assets:** This benchmark comprises real estate, global infrastructure, and natural resources and is a fair proxy for a diversified, liquid real assets portfolio.
- **HFRI Fund of Funds Conservative Index:** This is a broad, liquid hedge fund index designed by a leading hedge fund index provider, Hedge Fund Research. The multi-strategy representation in the index best reflects a conservative, multi-strategy approach to hedge fund portfolio construction.

INVESTMENT POLICY STATEMENT

GUIDELINES AND RESTRICTIONS

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving investment objectives. Any such list is likely too inflexible to be suitable for the market environment in which investment decisions must be made. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented, and monitored, and the overall manner investment risk is managed, will determine whether an appropriate standard of reasonableness, care, and prudence has been met for the portfolio's investments.

The Investment Advisor shall:

1. Have full investment discretion with security selection, consistent with this Investment Policy Statement.
2. Notify the Committee in writing of any material changes in the investment outlook, strategy, Portfolio structure, ownership or senior personnel.
3. Report to the Board and Committee at least quarterly on the status of the Funds, or more frequently, if appropriate.
4. Vote proxies and share tenders in a manner that is in the best interest of the Portfolio and consistent with the investment objectives contained herein.
5. Not employ short-selling, margin trading, private placements, or direct investments in commodities at the Portfolio level (e.g., gold bullion, barrels of oil, forest land), and cryptocurrencies.
6. Avoid over-allocating to any individual manager or strategy. Generally, for active managers this would be no more than 5% for a single fund, no more than 15% for enhanced index funds, and no more than 30% for index funds.

INVESTMENT POLICY STATEMENT

ACKNOWLEDGMENT

We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize that suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed are expected.

Charlottesville Area Community Foundation

Date

Fund Evaluation Group, LLC

Date

REVISIONS

Holistic revision given changing Advisors and approved by the Board on September 18, 2025.

APPENDIX

A – SPENDING POLICY

PURPOSE

The Foundation’s spending Policy and investment strategy are designed to work together to provide a predictable stream of dollars for annual grantmaking to the region’s nonprofits while also prioritizing the preservation of the inflation-adjusted value of the funds so that the impact of future grantmaking can be as effective as it is today.

The Community Foundation sets a sustainable annual payout recommendation. For funds deemed to be held in perpetuity, the annual payout recommendation determines the portion of the fund balance available for grantmaking and other fund expenses in the coming year.

SPENDING RATE AND CALCULATION METHOD

The spending policy rate generally ranges from 4 to 5 percent of the rolling 3-year semi-annual average of the market value of each fund balance (calculated based on three years ending either December or June for budget purposes). In January, the annual payout budget (spending policy amount) for individual funds adhering to the Board-approved spending rate is calculated and communicated for the calendar year.

The Governing Board sets and approves the annual Spending Rate upon recommendation of the Finance Committee.

The 2021 Spending Rate has been set by the Board at 4.5%.

APPROVALS

This policy was approved by the CACF Governing Board on December 9, 2019.

This policy was approved by the CACF Governing Board on September 14, 2020.

This policy was approved by the CACF Governing Board on September 18, 2025.

INVESTMENT POLICY STATEMENT

B – ENDOWMENT

STRATEGIC ASSET ALLOCATION

The following are targets for each of the broad asset categories and liquidity classifications that represent the Investment Advisor’s current understanding of the appropriate asset allocation for achieving the CACF’s objectives.

ASSET CATEGORY		MINIMUM	TARGET	MAXIMUM
Global Equity		55.0%	70.0%	85.0%
Fixed Income		10.0%	17.0%	35.0%
Real Assets		0.0%	5.0%	10.0%
Diversifying Strategies		0.0%	8.0%	15.0%
Cash and Cash Equivalents		0.0%	0.0%	10.0%
CLASSIFICATION	TARGET	RANGE		LIQUIDATION ¹
Liquid	77%	At least 70% of the Assets		≤ Monthly with no lock-up
Semi-Liquid ¹	8%	No more than 15% of the Assets		> Monthly to ≤ 1 Year ²
Illiquid ²	15% ³	No more than 20% of the Assets		> 1 Year

¹ The portfolio may temporarily exceed the limits to semi-liquid strategies due to high market volatility or cash outflows. When this happens, the plan is to reset to target but will not necessarily liquidate the assets to avoid penalties and fees.

² Excludes any initial lock-up period or redemption gate.

³ 15% target and maximum refer to invested amount, or market value, vs. committed amount.

Note: Investment decisions regarding illiquid strategies (i.e., private markets) will be made by the Investment Committee. While the Investment Advisor will recommend commitment levels per the guidelines outlined in this policy, the final decision-making authority rests with the Investment Committee.

PERFORMANCE BENCHMARKING

Various benchmarks will be employed to evaluate the relative portfolio performance of asset allocation and underlying managers. Benchmark selection is at the discretion of the Committee. Minimally, performance will be measured relative to a Broad Policy and a Target Weighted Benchmark (TWB) composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target, as follows.

BROAD	TWB	INDEX	ASSET CATEGORIES
75.0%	70.0%	MSCI ACWI IMI	Global Equity
25.0%	17.0%	Bloomberg Barclays US Aggregate Bond	Fixed Income / Credit
	5.0%	S&P Real Assets Equity	Real Assets
	8.0%	HFRI FoF Conservative Index	Diversifying Strategies
	0.0%	U.S. 91-Day Treasury Bills	Cash

INVESTMENT POLICY STATEMENT

C – SOCIALLY RESPONSIBLE PORTFOLIO

PURPOSE

The Socially Responsible Portfolio is designed to provide institutions with a turnkey solution that integrates financial performance with values alignment. Its central purpose is to enable organizations to pursue long-term growth while demonstrating responsible stewardship on issues of environmental sustainability, governance practices, and social equity.

The portfolio reflects the belief that responsible investment considerations are not an overlay, but an essential driver of sustainable long-term returns. By embedding environmental, social, and governance (ESG) priorities directly into portfolio construction, the strategy aspires to achieve competitive performance while minimizing exposure to material risks such as regulatory sanctions, reputational harm, and stranded assets.

OBJECTIVES

Financial: Achieve returns exceeding a blended benchmark of global equity and fixed income indices.

Socially Responsible: Ensure every investment reflects socially responsible investing criteria, measured by rigorous designation standards. Specific guidelines include:

- **Environmental:** Favor companies engaged in efficient use of non-renewable resources and de-emphasize those centered on extraction/refining; avoid firms with repeated pollution violations; support enterprises aligned with sustainable practices and “care for our common home.”
- **Governance:** Prioritize companies with transparent governance, ethical business conduct, fair treatment of employees and shareholders, and proactive risk management; avoid firms operating in sanctioned or dictatorial regimes.
- **Social:** Exclude businesses materially tied to alcohol, tobacco, gambling, pornography, predatory practices, or weapons; invest in organizations that demonstrate respect for human dignity, equitable labor practices, diversity in leadership, and fair stakeholder engagement.

INVESTMENT POLICY STATEMENT

STRATEGIC ASSET ALLOCATION

The following are targets to each of the broad asset categories and liquidity classifications that represent the Investment Advisor's current understanding of the appropriate asset allocation for achieving the ESG Portfolio's objectives.

ASSET CATEGORY		MINIMUM	TARGET	MAXIMUM
Global Equity		60.0%	75.0%	90.0%
Fixed Income		10.0%	25.0%	40.0%
Real Assets		0.0%	0.0%	10.0%
Diversifying Strategies		0.0%	0.0%	10.0%
Cash and Cash Equivalents		0.0%	0.0%	10.0%
CLASSIFICATION	TARGET	RANGE		LIQUIDATION ¹
Liquid	100%	At least 90% of the Assets		≤ Monthly
Semi-Liquid	0%	No more than 10% of the Assets		> Monthly to ≤ 1 Year
Illiquid ²	0%	0% of the Assets		> 12 Months

¹ Excludes any initial, lock-up period or redemption gate.

² For illiquid investments, market movements could cause the assets to move outside the ranges, in which case, rebalancing will not be necessary, but future illiquid commitments may need to be adjusted.

PERFORMANCE BENCHMARKING

Various benchmarks will be employed to evaluate the relative portfolio performance of asset allocation and underlying managers. Benchmark selection is at the discretion of the Investment Committee. Minimally, performance will be measured relative to a Target Weighted Benchmark composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Advisor is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic target(s).

WEIGHT	INDEX	ASSET CATEGORIES
75.0%	MSCI ACWI IMI	Global Equity
24.5%	Bloomberg Barclays US Aggregate Bond	Fixed Income / Credit
0.0%	S&P Real Assets Equity	Real Assets
0.0%	HFRI FoF Conservative Index	Diversifying Strategies
0.5%	U.S. 91-Day Treasury Bills	Cash

INVESTMENT POLICY STATEMENT

D – INTERMEDIATE-TERM PORTFOLIO

STRATEGIC ASSET ALLOCATION

The following are targets to each of the broad asset categories and liquidity classifications that represent the Investment Advisor’s current understanding of the appropriate asset allocation for achieving the Intermediate-Term Portfolio’s objectives.

ASSET CATEGORY		MINIMUM	TARGET	MAXIMUM
Global Equity		20.0%	35.0%	50.0%
Fixed Income		35.0%	55.0%	65.0%
Real Assets		0.0%	5.0%	10.0%
Diversifying Strategies		0.0%	0.0%	10.0%
Cash and Cash Equivalents		0.0%	5.0%	10.0%
CLASSIFICATION	TARGET	RANGE		LIQUIDATION ¹
Liquid	100%	100% of the Assets		≤ Monthly
Semi-Liquid	0%	0% of the Assets		> Monthly to ≤ 12 Months
Illiquid ²	0%	0% of the Assets		> 12 Months

¹ Excludes any initial, lock-up period or redemption gate.

² For illiquid investments, market movements could cause the assets to move outside the ranges, in which case, rebalancing will not be necessary, but future illiquid commitments may need to be adjusted.

APPENDIX

PERFORMANCE BENCHMARKING

Various benchmarks will be employed to evaluate the relative portfolio performance of asset allocation and underlying managers. Benchmark selection is at the discretion of the Investment Committee. Minimally, performance will be measured relative to a Target Weighted Benchmark composed of each asset category benchmark (or appropriate substitute) weighted by its strategic target. The Investment Advisor is responsible for updating the Target Weighted Benchmark to coincide with any changes to strategic target(s).

WEIGHT	INDEX	ASSET CATEGORIES
35.0%	MSCI ACWI IMI	Global Equity
55.0%	Bloomberg Barclays US Aggregate Bond	Fixed Income / Credit
5.0%	S&P Real Assets Equity	Real Assets
0.0%	HFRI FoF Conservative Index	Diversifying Strategies
5.0%	U.S. 91-Day Treasury Bills	Cash

APPENDIX

E – SHORT-TERM PORTFOLIO

PURPOSE

The purpose of the Short-Term Portfolio is to preserve capital while providing a high level of liquidity. The time horizon should be up to 3 years. Principal risk should be avoided.

STRATEGIC ASSET ALLOCATION

The following are targets for achieving the Short-Term portfolio's objectives.

ASSET CATEGORY	MINIMUM	TARGET	MAXIMUM
Short-Term Fixed Income Instruments	0%	70.0%	100%
Cash, Cash Equivalents	0%	30.0%	100%

INVESTMENT GUIDELINES

The Short-Term Portfolio will be invested in securities that are liquid and preserve principal. However, the portfolio should be comprised of 100% liquid strategies. Investments in the Short-Term portfolio must adhere to the below guidelines.

- Securities shall be readily marketable securities, which may include, but not necessarily limited to U.S. Treasury, Federal Agencies, and U.S. Government guaranteed obligations, and corporate issues including convertibles.
- Duration will typically fall between 1.5 and 2.5 years but will not exceed 3.0 years.
- Mortgage pass-through, structured product and asset backed securities that otherwise qualify on quality, liquidity and volatility criteria may also be held, with an average life of up to 3.0 years.
- Individual securities must maintain a minimum quality rating of Baa3/BBB- by Moody's/S&P; however, a maximum of 20% of the portfolio at market may be invested in Baa1/BBB+ or below Rated Issues by Moody's/S&P and the weighted average of the portfolio must be A3/A- or higher. In the event of a split rating, the lower rating will be used. In the event of a credit downgrade, the Investment Advisor will decide on the appropriate course of action and will notify the Committee.
- Only U.S. dollar denominated securities are to be held.
- The use of short sales, margin purchases, or external leverage (borrowed money) is prohibited. Also prohibited are option or future contracts, credit default swaps, commodities, and direct real estate investments. Investment in mortgage interest-only (IO) and principal-only (PO) securities, or their derivations, is prohibited. Borrowing and/or lending of funds or securities is prohibited.

PERFORMANCE BENCHMARKING

Various benchmarks may be employed to evaluate the relative portfolio performance of asset allocation and underlying managers. Benchmark selection is at the discretion of the Finance and Audit Committee. Minimally, the Short-Term Portfolio will be compared to cash, as follows.

WEIGHT	INDEX	ASSET CATEGORIES
100.0%	ICE BofAML U.S. 3-Month Treasury Bill Index	Cash, Cash Equivalents, and Short-Term Fixed Income Instruments

APPENDIX

F – INVESTMENT POLICY FOR SEPERATELY INVESTED FUNDS (SIFS)

OVERVIEW

This document represents the Investment Policy Statement (“IPS”) of the Charlottesville Area Community Foundation (“CACF”) Separately Invested Funds (“SIFs”). SIFs are the assets of a Donor Advised Fund (“DAF”) managed by an external investment advisor as recommended by the donor and approved by the Investment Committee. The purpose of this IPS is to guide the CACF Governing Board, Investment Committee, Investment Advisors, and Finance Officer in effectively managing, monitoring and evaluating CACF's SIF portfolios.

INVESTMENT RESPONSIBILITIES

Also see the CACF’s internal IPS, incorporated herein by reference.

Governing Board

The Governing Board appoints members of the Investment Committee and designates the Chairperson. The Chairperson of the Investment Committee will report periodically to the Governing Board on the status of CACF’s SIFs, and on the policies and practices of the Committee.

Investment Committee

The Investment Committee is responsible and accountable, as delegated by the Governing Board, for the prudent management of the SIFs, including:

- 1) Review and approval of donor recommended investment advisor, to include sufficient due diligence such as introductory meeting(s) by at least two Investment Committee members, contract review, and confirmation the advisor satisfies certain regulatory matters as defined by the Investment Committee on a case-by-case basis,
- 2) Confirm the Investment Advisors will follow the CACF’s internal IPS or provide a custom IPS specific to the DAF’s investment strategy,
- 3) Conduct ongoing monitoring to include report review at least quarterly and annual update meeting by at least two members of the Investment Committee,
- 4) Monitor investment expenses,
- 5) Report to the Board periodically the results of the investment program, and
- 6) Conduct periodic evaluations of investments based on environmental, social, and governance factors to ensure that there are not misalignments with the CACF’s mission.

The Committee may be composed of both Governing and non-Governing Board members. A quorum of the Committee is defined as a majority of members of the Investment Committee.

APPENDIX

Investment Advisors

The Investment Advisor is responsible for the attainment of the SIF's investment objectives while complying with all Investment Policy guidelines and standards. SIFs are generally expected to follow the investment guidelines as outlined in the CACF's internal IPS. If the Donor's spending policy and investment objectives differ meaningfully from the CACF Long-Term, Short-Term, or any other established Pools, then the Investment Advisor will be required to provide a custom governing document in writing. The Investment Advisor serves as the primary contact for all the underlying investments and will consult with the Finance Officer on all material changes made to the portfolio strategy, asset classes, and investments. Investment Advisor responsibilities also include:

- 1) With authorization of the CACF Investment Committee, establish an account with a qualified custodian in the legal name and tax identification number of the CACF, with reference to the DAF,
- 2) Adhere to the SIF's prescribed IPS, while also acknowledging acceptance of the general guiding principles as outlined in the CACF's internal IPS, if a custom IPS is associated with the DAF,
- 3) Oversee the process of investment selection and ongoing monitoring of the portfolio,
- 4) Prepare and present appropriate performance and allocation reports in writing to the Investment Committee at least quarterly, and
- 5) Conduct periodic rebalancing of underlying strategies, as appropriate.

Finance Officer

- 1) Ensure all required due diligence and documentation is in place prior to implementation of a new SIF,
- 2) Monitor implementation of the underlying SIF IPS and account opening,
- 3) Coordinate Investment Advisor selection and review processes, and ongoing due diligence,
- 4) Ensure regular reporting of investment allocations and performance to Investment Committee,
- 5) Communicate investment information and results to SIF fundholders.

Outsourced Chief Investment Officer

The OCIO will support CACF and the Investment Committee in the oversight of SIFs and will:

- 1) Consolidate performance reporting of all SIFs into a single cohesive report for review by the Investment Committee and Governing Board.
- 2) Seek clarification directly from Investment Advisors regarding any policy violations, material firm changes, or other irregularities, and report such matters to the Committee.
- 3) Assist in the monitoring process by ensuring that SIFs submit a standardized electronic quarterly form to facilitate consistent oversight and recordkeeping.
- 4) Provide additional information or analysis as reasonably requested by the Investment Committee or Finance Officer to support the ongoing monitoring of SIFs

APPENDIX

PROXY VOTING POLICY

All proxies are voted by the individual Investment Advisors, as applicable, with the purpose of achieving the investment objectives of the Separately Invested Fund.

POLICY CHANGES

The Investment Committee will review this policy annually at its August meeting and make changes, if any, as necessary.

This policy was approved by the CACF Governing Board on December 14, 2015.

REVISED, AMENDED, APPROVED December 3, 2021 – Investment Committee

December 9, 2021 – Governing Board

September 18, 2025 – Governing Board