California COMMUNITY Foundation

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INVESTMENT POLICY STATEMENT FOR THE

ENDOWMENT POOL

ADOPTED BY THE INVESTMENT COMMITTEE
MAY 6, 2026

INVESTMENT POLICY STATEMENT

ENDOWMENT POOL OF
THE CALIFORNIA COMMUNITY FOUNDATION

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This Investment Policy Statement ("Policy") details the oversight and management of the Endowment Pool ("the Pool") of the California Community Foundation (the "Foundation" or "CCF") so that all individuals with either direct or indirect responsibility may understand and manage the Pool's investment assets. The Pool is comprised of permanent funds and donor advised funds. The Foundation recognizes the potential for fluctuating withdrawal amounts for donor advised funds. Thus, from time to time, there will be a review of the relative allocation of donor advised funds and the potential implications for Pool liquidity.

This Investment Policy Statement will be reviewed annually by the Investment Committee (the "IC") and be either reaffirmed or amended.

The Foundation is a nonprofit grant making foundation benefiting a wide variety of community-based nonprofit organizations throughout greater Los Angeles County. The Investment Committee of the Foundation views the assets held in the Pool as designed for long-term purposes. The IC is also cognizant of the Foundation's central philanthropic purpose, which is to be consistently responsive to the current and changing human needs of greater Los Angeles County.

A. Roles and Responsibilities

The Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields, including the flexibility to retain, terminate, or replace an Outsourced Chief Investment Officer ("OCIO"). This delegation of authority and investment discretion allows for sufficient flexibility in the management process to capture investment opportunities as they arise.

The Investment Committee is responsible for:

1. Establishing and maintaining the Investment Policy Statement and Target Asset Allocation.
2. Monitoring the performance and risk profile of the Pool as a whole.
3. Reviewing the OCIO's implementation of the investment program.
4. Hiring, terminating, or replacing the OCIO.
5. Reviewing and addressing all potential conflicts of interest.

The OCIO is responsible for:

1. Selecting, rebalancing, terminating, and making tactical shifts between Investment Managers.
2. Monitoring the appropriateness of each Investment Manager's strategy given the Pool’s overall investment strategy, philosophy, and objectives.
3. Monitoring the investment performance of each Investment Manager compared to the reference index established for that Investment Manager.
4. Overseeing the Pool’s investment assets and reporting on the status of the investments to the Investment Committee.
5. Managing “investment cash” which includes the Pool’s portfolio cash such as cash received from an investment liquidation or distribution awaiting reinvestment.

The internal Administrative Staff of the Foundation is responsible for:

1. Working closely with the OCIO to represent the Foundation’s needs and interest on a day-to-day basis.
2. Act as the liaison between the Investment Committee and the OCIO for regular meetings and/or ad hoc requests.
3. Investment of “operating cash,” under the advice of the Investment Committee, into appropriate market instruments.

B. Investment Objectives

The investment goals of the Foundation are (1) to support the current and future operations of the Foundation and (2) to preserve and enhance the real (inflation-adjusted) purchasing power of the Pool over the long term. The Investment Pool will be managed on a total return basis while taking into account the liquidity required to support distributions and other obligations of the Foundation.

The Investment Committee prioritizes capital preservation but accepts prudent market risk as necessary to achieve the Pool’s long-term objectives, recognizing that risk is generally rewarded over full market cycles. Given the Pool’s perpetual time horizon, it can tolerate reasonable short-term volatility in pursuit of stronger long-term returns, with professional management and diversification helping to moderate risk and improve return consistency.

Therefore, investments with different types and degrees of risk are appropriate for the Investment Pool, provided that such risks are regularly identified and managed. To meet the financial objectives, the primary investment objective of the Investment Pool is to achieve an average annual real total return[1] of at least 5.7% over rolling five-to-seven-year periods, net of both Cambridge and individual investment manager fees. It is recognized that the 5.7% real return objective is challenging and may be difficult to attain in every five-to-seven-year period, but the Investment Pool will seek to achieve the objective over a series of such periods. It is also recognized that, given the static nature of this objective, it is not directly related to market performance; this reinforces the view that success or failure in achieving this objective should be evaluated in the context of the prevailing market environment and over the long term. The secondary objective of the Investment Pool is to outperform a Simple Benchmark of 75% global stocks and 25% bonds over rolling five-year periods, with comparable volatility, rebalanced quarterly. The third objective is to outperform the Policy

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[1] Real total return is the sum of capital appreciation (or loss) and current income achieved in the form of dividends and interest adjusted for inflation as measured by the CPI(U) index.

Benchmark over rolling five-year periods. Given the planned evolution of the asset allocation over time, the Policy Benchmark may be infrequently adjusted to ensure it remains representative of the Investment Pool's overall investment structure.

The Investment Pool will be invested in a manner that is expected to maximize the long-term total return with reasonable and acceptable levels of investment risk. Investment risk is defined in two ways: (1) the possibility of investments declining in value, and (2) the expected performance volatility of the investments in the portfolio. The Investment Pool aims to achieve the stated return objectives with a targeted annualized standard deviation similar to a simple blend of 75% global stocks (MSCI All Country World Index, net) and 25% bonds (Bloomberg Aggregate) over rolling five-year periods. Similar to the return objective, it is recognized that this volatility objective may be difficult to attain in every five-year period, but the Investment Pool will seek to achieve this objective over a series of five-year periods.

C. Spending Policy

The Board of Trustees sets the spending policy with input from the Investment Committee. Spending is guided by several factors; most important is the value of the portfolio. The combined spending rate will be applied against the trailing 16 quarter average balance for the applicable funds. The combined spending rate calculation is subject to a ceiling (7%) and a floor (4%) of the last of the applicable sixteen quarters. The Board may occasionally seek approval of excess spending driven by factors outside of their control. The spending policy does not apply to Donor Advised Funds (D), which are currently approximately 50% of the Pool's total assets.

Furthermore, in recognition of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), spending shall comply with the evolving "prudent spending" guidelines of UPMIFA. This policy will be reviewed annually as part of the budgeting process. Investment Managers should be given ample notice of the required withdrawal schedule. Appropriate liquidity should be maintained to fund these withdrawals without impairing the investment process.

Spending for all permanent funds, consisting of Field of Interest (F), Unrestricted (U), Restricted (R) Restricted Scholarship (S), and Scholarship Discretionary (SD) funds shall be comprised of a combined rate of 5.7%.

D. Fund Composition and Asset Allocation

The Investment Committee will evaluate asset allocation targets and ranges for the Foundation and will review each annually in tandem with the OCIO. Certain asset classes require substantial time to adjust levels, particularly private equity and real assets, as well as multi-strategy mandates. Consequently, implementation of adjustments to targets and ranges will require several years to achieve. The target allocations below are intended as long-term strategic goals, not short-term imperatives. Thus, it is permissible for the overall Foundation's asset allocation to deviate from the targets listed below.

Roles of Investments

- The purpose of **Total Public Equity & Private Investments** (e.g. public equity, private equity and growth-oriented private debt) is to provide a stream of current income and appreciation of principal that more than offsets inflation. It is recognized that pursuit of this objective could entail the assumption of significant variability in price and returns. Return premiums may exist for investors who accept the illiquid and inefficient characteristics of the private equity market. For private investments, the performance objective is to achieve an internal rate of return of 300 bps greater than public market returns over the life of the investment that is commensurate with public equity benchmarks plus a premium for illiquidity and risk.

- The **Diversifiers** allocation (e.g. hedge funds, liquid alternatives, royalties, specialty finance, leasing, other private debt financing) is intended to provide equity-like returns with low equity correlation and lower levels of risk than Growth Assets. The investments are intended to help moderate the volatility of the Pool in order to provide additional year to-year stability in Pool values.

- The purpose of the **Real Assets** allocation (e.g. private investments in hard assets such as real estate and natural resources; or opportunistic investments in public real assets such as REITs, natural resource equities, and commodities) is to provide potential portfolio protection against the risk of unanticipated severe inflation, thus preserving the real value of the portfolio over the long term.

- The **Fixed Income & Cash** allocation (e.g. bonds and cash) is intended to: (1) provide some asset appreciation in periods of declining interest rates (especially in periods of significant equity price deflation) and (2) provide ready liquidity.

The Pool will be managed with allocations to the following asset classes in the ranges outlined below:

Asset Class	**Current (12/31/25)**	**Target**	**Range[2]**
Public Equity	46%	45%	35%-55%
Private Equity	10%	11%	5%-15%
Venture Capital	9%	9%	5%-15%
Public Diversifiers	10%	6%	0%-15%
Private Diversifiers	2%	4%	0%-10%
Public Real Assets	0%	4%	0%-10%
Private Real Assets	9%	6%	0%-15%
Fixed Income	10%	13%	5%-15%
Cash & Equivalents	5%	2%	0%-15%

[2] Due to the nature of the vehicles in which the OCIO invests the portfolio, from time to time, it may be necessary for the portfolio to temporarily exceed or fall below the allowable ranges to facilitate efficient movement between paired transactions. Such temporary deviations shall not constitute a breach of the Policy Ranges/Investment Guidelines provided that the exposure deviations are rectified within three business days.

E. Co Investments and Secondaries

The California Community Foundation has the ability to build a portfolio of co-investments, primarily sourced through the Foundation's existing and future private investment managers, with the primary goal of gaining access to specific deals that meet their mission objectives. Additional benefits include enhancing the return potential of its private investments program through a combination of reduced fees, shortened or eliminated J-curve, and investment selection. CCF will also implement the use of secondary transactions to exert greater control and have more flexibility regarding the construction of its private equity portfolio. CCF will primarily seek to purchase LP interests with the goals of mission alignment. Additional benefits include increasing exposure to high-conviction GPs, mitigating the J-curve, improving private portfolio yield, and/or adding historical diversification elements to its portfolio.

F. Benchmarks

The performance of the Pool will be evaluated against 3 benchmarks over time: (1) an absolute benchmark equal to spending plus inflation; (2) a simple, or passive, benchmark; and (3) a more complex, composite market benchmark. All returns will be measured net of fees.

1. The Foundation should seek to generate returns over rolling five-to-seven-year periods in excess of its long-term spending rate, including operating expenses and grant-making, plus the rate of inflation, or 5.7% plus the Consumer Price Index ("CPI").

2. The Foundation should seek to generate returns over rolling five-year periods in excess of an easily investable index of stocks and bonds, or 75% MSCI All Country World Index Net and 25% Bloomberg Aggregate Bond Index, with comparable volatility (rebalanced quarterly). The Foundation's spending policy emphasizes consistency in grant-making and the ability to fund multi-year grants. Achieving this requires managing volatility of the portfolio as a whole over time, while also generating investment returns.

3. Finally, the Foundation should seek to generate returns over rolling five-year periods in excess of a composite market index that represents the style and asset allocation of the Pool's overall investment structure, with comparable volatility (rebalanced quarterly). Given the planned evolution of the asset allocation over time, the composite market benchmark will be infrequently adjusted to ensure it remains representative of the Pool's investments.

G. Liquidity

Liquidity is required for grant-making, to meet operating cash needs, to meet additional unanticipated needs, to fund capital calls to private equity and real assets investments, and to take advantage of unforeseen market opportunities. The portfolio will maintain liquidity in order to meet all of these needs. As a guideline, approximately two years of anticipated operating cash needs should be maintained in cash and fixed income. At least 25% of the portfolio should have liquidity available within 30 days at any given time.

Investments will be made through a combination of externally managed portfolios (separately managed accounts), commingled funds, and partnerships with various liquidity terms.

H. Cash Flows and Rebalancing

Interest and dividends generated by Investment Managers will generally be re-invested according to the Investment Manager's mandate. The OCIO will be responsible for making choices about additions or withdrawals to or from different Investment Managers. Actual allocations will be reviewed relative to targets and long-term ranges at each meeting between the Investment Committee and OCIO. Any deviations from asset class policy targets outside of the allowable ranges will be addressed through rebalancing or acknowledgment of a valid reason for remaining outside of stated policy ranges (such as liquidity or short-term transitions between managers).

I. Meeting Schedule

The Investment Committee and OCIO will meet in person or via conference call to review the performance and Foundation's compliance with objectives and guidelines at least four times per year.

J. Conflict of Interest Policy

Any situation which brings to mind the question of a possible conflict of interest should be brought to the attention of the Investment Committee; members should be sensitive to even the appearance of impropriety. Generally, a conflict of interest exists whenever litigation, a contract, or other relationship being entered into, reviewed, or modified is:

- Between CCF and the member, or the employer, business partner, or immediate family of the member; or
- Between CCF and an organization in which the member's employer, business partner, or immediate family is a director, officer, or legal representative, or has a material financial interest.

A conflict of interest does not arise simply because directors or members of their families are incidentally benefited as members of a class of persons entitled to benefit from a transaction, policy, or program consistent with purposes and accomplished in good faith. For these purposes, "family" includes parents, siblings, children, grandchildren, and their spouses

This policy is not intended to prohibit investing with any firms or investment managers with whom a Committee Member is affiliated; rather such relationships must be disclosed, and the affiliated Committee Member should recuse himself from any decisions pertaining to the affiliated firm.

In addition to the guidelines above for the Investment Committee, the OCIO will be expected to disclose the existence of persons or entities associated with the OCIO that engage in other business activities with and invest in funds managed by outside investment managers. Any activities that fall under this category do not provide the OCIO special remuneration from, or financial incentive for, recommending the Funds.

K. Mission Alignment

The primary criterion for the selection of Foundation investments is to maximize return within defined risk parameters, which in turn, maximizes the financial support for the Foundation. To achieve this goal, the Foundation is committed to incorporating the financial objectives of the Foundation with the social and environmental priorities of the broader CCF community. CCF will therefore strive to invest in opportunities that target both market-rate returns and positive, measurable social and environmental impact. The Foundation is committed to pursuing full portfolio mission alignment over time, integrating these priorities across the Endowment Pool while allowing for flexibility and continuous refinement.

In practice, this means the Foundation aims to:

- Be intentional and explicit in portfolio design, with a clear understanding of what we own and how investments align with the Foundation's mission across asset classes and implementation approaches.
- Minimize exposure to activities that may be inconsistent with the Foundation's mission and values while supporting the long-term returns needed to fund grantmaking, operations, and program-related expenses.
- Take an active ownership approach by engaging with the companies, funds and organizations we invest in.
- Identify investments that can provide additional resources to the Los Angeles County community, complementing and leveraging our grantmaking.
- Maintain a mindset of continuous learning and periodically refine mission-alignment strategy to adapt to evolving industry best practices, data availability and manager landscape.

The Foundation recognizes that some investments are more closely connected to its mission than others. To help guide decisions and measure progress over time, investments are reviewed along a spectrum of alignment. The OCIO shall use this framework to help the Foundation evaluate investments consistently, guide portfolio construction over time, and measure progress toward fuller mission alignment, and shall report on the portfolio's alignment and make best efforts to improve it over time.

For purposes of this framework, investments shall be categorized as follows:

- Targeted Impact – Investments seeking positive impact in one of the Foundation's five Institutional Priorities outlined in its Strategic Framework, with an emphasis on: (1) meeting basic needs, (2) building economic opportunity, (3) creating safe, resilient and connected communities, (4) ensuring communities have a voice, and (5) supporting healing and renewal — particularly where impact is meaningfully connected to Los Angeles County.
- Broad Impact – Investments that seek net positive social or environmental contributions, through corporate engagement or the products, services or business practices of underlying portfolio companies.
- Aligned – Investments aligned with the mission and values of the Foundation, which is defined as strategies that authentically integrate environmental, social or governance (ESG) criteria into investment decision-making and avoid or limit exposure to activities that may be inconsistent with the Foundation's mission and values
- Neutral – Investment strategy is neither in conflict with nor intentionally aligned with the Foundation's mission and core values.
- Negatively Aligned – Direct holdings in the following categories: Private Prison operators, Civilian Firearm manufacturers, Companies that engage in Predatory Lending.

As part of this broader approach, the Foundation also values diversity, equity, and inclusion in investment management. It considers whether investment managers bring diverse perspectives, inclusive leadership, and a meaningful commitment to equity both within their firms and in the companies in which they invest.

The Foundation believes these perspectives can strengthen investment decision-making and expand access to opportunity, including opportunities that may otherwise be overlooked. It also believes that supporting diverse ownership and leadership in investment firms can help broaden participation, strengthen firms over time, and contribute to a more inclusive investment industry.

To help track progress, the Foundation monitors manager diversity, including firms with significant or majority ownership or leadership by women, gender-diverse individuals, and people of color. It also pays particular attention to managers that are majority-owned or majority-led by people of color.

For purposes of monitoring and reporting, the Foundation shall use the following definitions:

- "Significantly diverse" shall mean asset managers with at least 33% ownership by women, gender-diverse individuals, and/or people of color, or firms or strategies with at least 33% leadership by women, gender-diverse individuals, and/or people of color.
- "Majority diverse" shall mean asset managers with at least 50% ownership by women, gender-diverse individuals, and/or people of color, or firms or strategies with at least 50% leadership by women, gender-diverse individuals, and/or people of color.
- "Majority people of color" shall mean asset managers with at least 50% ownership by people of color, or firms or strategies with at least 50% leadership by people of color.

The OCIO shall report on, and make best efforts to improve, these key statistics within the Portfolio over time, including with respect to the representation of asset managers that are majority-owned or majority-led by underrepresented people of color. The OCIO will consider the approach of all Portfolio investment managers to diversity in its evaluation criteria, investment scoping, and ongoing monitoring, including consideration of managers that demonstrate a commitment to diversity and inclusion in their culture and/or improving their diversity practices over time.

Because the investment landscape continues to evolve, the Foundation reviews and refines this approach over time so that its portfolio can continue to support both long-term financial performance and mission alignment.

L. Legal and Regulatory

The OCIO will abide by applicable laws and regulations, invest prudently in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and incur only reasonable costs. Investment decisions shall be made in the context of the Foundation's entire portfolio. The OCIO, in tandem with the Investment Committee, if necessary, will retain legal counsel when appropriate to review contracts and provide advice with respect to applicable statutes and regulations.

INVESTMENT MANAGER GUIDELINES

M. Discretion

Investment Managers shall have discretion in the management of the assets subject to the policies and guidelines set forth herein, and in manager specific investment advisory agreements or fund terms.

Compliance with such policies, guidelines, agreements, and fund terms is the responsibility of each Investment Manager.

N. Performance Measurement and Evaluation

Investment performance for the overall portfolio as well as for each Investment Manager is best measured over appropriate time horizons: five plus years for the overall portfolio; seven to ten years for public equity, private equity, and real assets funds; and two to five years for hedge funds and fixed income investments. It is understood however that these longer measurement periods are comprised of a series of shorter intervals in which there will be measurable investment performance. The performance of Investment Managers and for the portfolio as a whole will be quantitatively and qualitatively analyzed after each calendar quarter in the context of these longer-term objectives.

O. Use of Cash Equivalents

Cash equivalents may be held in any Investment Manager's portfolio at the Investment Manager's discretion. Investment Managers will be evaluated based upon the performance of their total fund component relative to the appropriate index benchmark, regardless of the amount of cash equivalents held during any performance measurement period.

P. Review and Evaluation by OCIO of Prospective Investment Managers

Each prospective Investment Manager will be required to provide the following information to the OCIO as part of an initial review and evaluation. Any material changes should be reported to the OCIO.

a. Organizational structure and process
b. Detailed description of investment strategy
c. Performance history with comparison to relevant benchmarks and peer groups
d. Policies with regard to use of leverage and derivatives
e. Diversification and concentration limitations
f. Liquidity terms and restrictions or limitations on withdrawals
g. Valuation methodology and practices
h. Compliance and ethics policies, including any material violations or exceptions
i. Fees, including any use of rebates or soft dollars
j. ESG (Environmental, Social, Governance) Policy Incorporation as well as DEI (Diversity, Equity, and Inclusion) Factors)

Q. Derivatives Policy

Individual Investment Managers may utilize derivative securities only in a manner consistent with the manager's stated investment philosophy and the manager-specific guidelines described above. It is expected that Investment Managers adopt and follow practices and procedures for measuring and controlling risk that specifically address the exposure to loss inherent in derivatives and other highly speculative investments.

R. UBTI Policy

Investments that have the potential to generate UBTI will be considered for the portfolio only if the contribution to the investment portfolio is expected to be sufficient to outweigh the negative tax and accounting implications.

S. Stock Distributions

From time to time, private equity funds will distribute shares of public companies in-kind. It will be standard protocol for the OCIO to sell shares immediately upon receipt rather than hold direct securities.

T. Voting Proxies

Where applicable Managers will have the responsibility to vote proxies.