JEWISH COMMUNITY FOUNDATION OF GREATER HARTFORD

Investment Policy and Guidelines
Updated and Approved 5/10/23

1. Introduction

The Jewish Community Foundation invests the charitable assets it holds to provide support for the community's current needs and to preserve charitable resources for use by future generations. It seeks to achieve these dual objectives through prudent investment and a sound spending policy. The Foundation employs a total return investment approach for its investments in order to achieve its long-term financial objectives balanced with its short-term liquidity needs.

The Foundation's spending policy determines the amount that will be available each year for grant making and for the support of the Foundation's operating budget . The current total spending rate is 5%, subject to a floor of 4% and ceiling of 5.5% of a fund's average fair market value over the preceding 20 quarters. The combination of these two strategies is intended to balance the desire to use current funds for grant making with the need to provide a growing level of distributions in the future.

The overall financial objectives of the Jewish Community Foundation are to:

- Preserve the purchasing power of the Foundation's pooled investment portfolio over time through asset growth in excess of the spending policy plus the rate of inflation.

- Produce a stable and predictable flow of revenue for grant making and custodial distributions.

- Invest assets in order to maximize the long-term return while assuming a reasonable level of risk.

In making investment decisions, the Investment Committee is guided by the standards of conduct for prudent investing set forth in Section 45a-553b of the Connecticut General Statutes (the "Uniform Prudent Management of Institutional Funds Act"), as amended from time to time. Among the factors, if relevant, to be considered in managing and investing charitable funds are: (1) general economic conditions; (2) the possible effects of inflation or deflation; (3) the expected tax consequences, if any, of investment decisions or strategies; (4) the role each investment plays within the overall portfolio; (5) the expected total return from income and appreciation; (5) other resources of the Foundation; and (6) the needs of the Foundation and the funds it manages to make distributions and preserve capital. All investment decisions will be made in relation to the overall resources of the Foundation and its charitable purposes.

2. Investment Values and Philosophy

The Foundation's guiding values are central Jewish values of *tikkun olam* (repairing the world), *chesed* (loving kindness), *tzedakah* (charity), *tzedek* (justice), and *achrayut* (communal responsibility). The Foundation's investment decisions should be made with these values in mind. When prudent and in keeping with the overall fiduciary responsibility of the Foundation, investments could include but are not limited to investments that provide support for basic human, social and economic needs; support of Jewish education, connection to Jewish identity and Jewish continuity; strengthening Israel; opposing BDS or other anti-Israel activities; developing the Greater Hartford economy; or furthering the missions of one or more Jewish institutions in Greater Hartford. The following principles will guide the Foundation's pooled investment strategies:

- Establish a target asset mix that is expected to achieve the Foundation's long-term financial objectives. The Foundation's current strategic asset allocation is outlined in Appendix A.

- Assure broad diversification among asset types, managers and individual investments.

- Avoid changes to the target asset mix related to short term forecasts or market timing.

- The Committee may, in its discretion, make investments in asset classes that are not expressly identified in this investment policy, but which are deemed to fit the Foundation's overall mission and/or financial objectives. Any such investments and adjustments to the portfolio shall be fully documented by the investment consultant and promptly disclosed to the Board of Trustees.

With respect to non-pooled investments, which may include planned gift assets, the Foundation will seek to achieve a total return consistent with the donor's charitable objectives, the duty to give due regard to the interests of both the income and remainder beneficiaries and Connecticut's prudent investor rules.

3. Investment Responsibilities

a. Investment Committee

The Investment Committee has responsibility for overseeing the investment of the Foundation's assets with the goal of achieving the Foundation's long-term financial objectives. The Committee is responsible for:

1) Recommending the portfolio's asset allocation and rebalancing strategies to the Board of Trustees.

2) Reporting on the portfolio to the Board of Trustees on a quarterly basis.

3) Monitoring portfolio asset mix and managers' performance on a quarterly basis.

4) Selecting/Removing investment managers and monitoring investment performance in view of the Foundation's overall investment strategy, philosophy,

and objectives.

5) Recommending investment consultants and custodians to the Board of Trustees.

6) Evaluating the performance of the investment consultant on an annual basis.

7) Reviewing this policy, no less frequently than annually, and recommending changes to the Board of Trustees as may be necessary or desirable.

b. Investment Consultant

The investment consultant is responsible for:

1) Assisting the Investment Committee in carrying out its responsibilities.

2) Attending Investment Committee meetings.

3) Assisting in the development and implementation of investment objectives, policies and guidelines.

4) Preparing investment reports, for the Committee's review, that contain information necessary for the Committee to exercise its investment responsibilities.

5) Providing monthly asset allocation and investment performance summary reports to Foundation staff on a timely basis.

6) Monitoring each investment manager's key personnel and investment style on an ongoing basis and reporting all significant changes to the Foundation.

7) Recommending additions, eliminations, or changes in investment managers.

8) Providing such documentation that may be reasonably requested by the Investment Committee and that sets forth the selection and retention criteria for each investment manager/investment vehicle engaged by the Foundation.

9) Monitoring portfolio exposures versus asset allocation targets, and recommending re-balancing strategies to the Investment Committee as needed.

10) Monitoring investments of managers on a quarterly basis for compliance with the manager's stated strategy.

11) Assisting the Foundation in communicating investment strategy and performance to various constituencies.

4. Performance Objectives

The long-term performance objective for the Foundation's pooled investment portfolio is to earn a rate of return that is at least equal to the rate of inflation plus the spending rate (the Consumer Price Index plus 5%).

The performance of individual managers will be evaluated against appropriate benchmarks. For the portfolio as a whole, the performance benchmark will consist of a suitable index for each asset class used, weighted according to the Foundation's strategic asset allocation targets listed in Appendix A.

Appendix C defines the current total portfolio benchmark. Overall performance will also be compared with appropriate universes of endowments/foundations.

It is anticipated that the comparison with relevant benchmarks may not be favorable in every quarter or year; however, it is expected that the comparison will be favorable over a market cycle.

5. Investment Performance Review

The Investment Committee will review the performance of the pooled investment portfolio at each quarterly meeting. These reviews will include:

- Review of the portfolio's overall asset allocation to assure adherence to these guidelines.
- Review of the quarterly investment reports prepared by the investment consultant that show asset values, detail investment performance by managers against predetermined benchmarks, comment on relative performance within asset classes and changes in investment managers, investment philosophy strategy, ownership, management and key personnel, and contain other relevant commentary.
- Review of performance against benchmarks.

Appendix A
Strategic Asset Allocation

All figures listed here refer to an asset class's percentage of the total pooled investment portfolio. The minimum and maximum weights listed here represent the acceptable allocation ranges for each asset class. Actual asset allocation will be compared to these ranges on a monthly basis. In the event that the allocation to a particular asset class falls outside of acceptable range, the portfolio will be rebalanced so that all asset classes are within their permitted allocations.

Assets committed to alternative investments but not yet drawn down may be temporarily allocated to other asset classes at the discretion of the Investment Committee. This may cause actual allocations within an asset class to exceed target percentages.

Asset Class	Target	Minimum	Maximum
U.S. Large Cap Equity	15.0%	12.0%	18.0%
U.S. Mid Cap Equity	8.0%	5.0%	10.0%
U.S. Small Cap Equity	8.0%	5 .0%	10.0%
Non-U.S. Developed	19.0%	16.0%	22.0%
Non-U.S. Emerging Equity	5.0%	2.0%	8.0%
Special Opportunities	10.0%	7.0%	13.0%
Total Equity	**65%**		
U.S. Aggregate Bonds	9.0%	6 .0%	12.0%
Treasury Inflation Protected Securities	3.0%	1.0%	5.0%
Global Fixed Income	4.0%	1.0%	7.0%
Total Fixed Income	**16%**		
Cash/ Cash Equivalents	3.0%	0.0%	5.0%
Total Cash	**3%**		
Private Assets	11.0%	6.0%	16.0%
Real Assets	5.0%	2.0%	8.0%
Total Alternatives	**16%**		

Appendix B
Asset Class Definitions/Guidelines

The sections below outline the Foundation's investment parameters and restrictions for each asset class. Many of the current investments are through commingled vehicles and are therefore subject to the guidelines and restrictions put forth in their offering documents/prospectus rather than those specified below. In general, the Foundation seeks to invest with managers whose portfolios comply with the policies below, although specific vehicles may be managed with very different investment parameters and restrictions. The Foundation utilizes these vehicles both due to the specific risk/return parameters of a particular fund along with the manner in which such strategies are able to improve total portfolio diversification.

Domestic Equity

- The domestic equity portfolio will be diversified according to economic sector, industry, number of holdings and other investment characteristics. However, it is recognized that any actively managed portfolio will not be as diversified as the market.
- Managers are expected to maintain fully invested portfolios. Thus, cash holdings should generally be less than 3% of the value of the portfolio.

International/Emerging Markets Equity

The following definitions may be used to distinguish between developed and emerging international securities.

International Developed Equity: Listed equity securities traded on developed non-U.S. markets. Developed markets are defined as those included in Morgan Stanley's EAFE index, plus Canada.

Emerging Markets Equity: Listed equity securities traded on emerging non-U.S. markets. Emerging markets are defined as any market that is not included in Morgan Stanley's EAFE index, plus Canada.

All restrictions listed above for Domestic Equity also apply to International/Emerging Markets Equity with the following additions and modifications.

- Managers must hold securities in a minimum of three countries at all times.

Fixed-Income (Investment Grade/TIPS/High Yield)

The following definitions should be used to define the various fixed income segments that the Foundation includes in its portfolio:

<u>US Aggregate Bonds</u> consist primarily of investment grade, US Dollar denominated government, corporate, mortgage and asset backed securities

<u>Treasury Inflation Protected Securities</u> ("TIPS") are US Government issued inflation-linked securities

<u>US High Yield Bonds</u> are primarily US Dollar denominated corporate bonds or bank loans which carry a below investment grade rating from at least one major ratings agency.

Global Bonds consist primarily of investment grade government and corporate bonds issued both within and outside of the United States. Securities issued outside of the United States are frequently denominated in currencies other than the US Dollar.

1) Managers (including the Foundation) are permitted to invest in the following classes of fixed income securities:

a) Bonds or notes issued by the U.S. government or a U.S. government agency;

b) Mortgage-backed securities;

c) Corporate bonds issued in the U.S. and denominated in U.S. dollars.

d) Asset-backed securities;

e) Senior secured loans issued and denominated in U.S. dollars;

f) State of Israel bonds (which may be unrated) up to an aggregate amount not to exceed 5% of the Foundation's pooled fixed-income portfolio.

2) Investment grade bond /TIPS managers are expected to maintain a weighted average credit quality rating for their portfolio that does not fall below AA- as established by a nationally recognized credit rating agency.

3) High yield bond managers are expected to maintain a weighted average credit quality rating for their portfolios that does not fall below B as established by a nationally recognized credit rating agency.

4) No more than 5% at market of a manager's portfolio may be held in the securities of a single corporate issuer. This restriction does not apply to securities issued by the U.S. government or a U.S. government agency.

Global Fixed Income

All restrictions listed above for Fixed Income apply to Global Fixed Income with the following additions.

1) Managers must hold securities across a broadly diversified group of countries.

2) Managers may hedge currency exposure although it is expected that the portfolio will frequently be un-hedged.

Cash & Cash Equivalents

1) Cash or cash equivalent securities may constitute a planned component of the investment portfolio, in the discretion of the Investment Committee.

2) Short-term securities are defined as securities having a maturity of one year or less at the time they are acquired and may include, but are not limited to, short-term money market

investments, Treasury bills, commercial paper rated A-1 or P-1 or higher and bank certificates of deposit for banks rated AA or better by a nationally recognized credit rating agency.

Special Opportunities

In order to enhance portfolio results, the Foundation may elect to invest in strategies with equity return profiles that involve portfolio concentration by security, country or sector. These strategies may also utilize short selling and long lockups to ensure the stability of the manager's capital base.

Including such approaches is based on the expectation that they will generate high returns, net of fees and will enhance total portfolio diversification due to the less diversified nature of each individual approach.

Private Assets

Private Assets are included in the portfolio to increase returns and enhance diversification compared to public asset markets, as these investments are generally not correlated with other Foundation Investments. This is in part due to the expanded opportunity set available by considering private assets. At the same time, it is also due to nature of private assets in terms of ongoing valuation.

The Foundation recognizes that diversification by time and sector is very important. Therefore, the Foundation intends to primarily allocate assets to well-diversified fund of funds or direct fund managers.

Real Assets

Commodity strategies are included in the portfolio to enhance diversification and lower total portfolio volatility as these investments are generally not highly correlated with other Foundation investments. The Foundation's investments will be liquid and invested via commingled vehicles so specific restrictions cannot be enforced other than to note that the Foundation will not permit the use of leverage.

Appendix C
Total Portfolio Benchmark

The Foundation's total portfolio benchmark is based on its strategic asset allocation using suitable market indices to represent each asset class. This custom index is calculated on a monthly basis using the weights listed below.

Asset Class	Weight	Market Index
US Large Cap Equity	15.0%	S&P 500
US Mid Cap Equity	8.0%	Russell Mid Cap
US Small Cap Equity	8.0%	Russell 2000
Non-U.S. Developed Equity	19.0%	MSCI EAFE
Non-U.S. Emerging Equity	5.0%	MSCI Emerging Markets
Special Opportunities	10.0%	MSCI AC World Index
U.S. Aggregate Bonds	9.0%	Bloomberg Barclays Capital Aggregate
Treasury Inflation Protected Secs	3.0%	Bloomberg Barclays Capital US TIPS
Global Fixed Income	4.0%	Citigroup World Gvt Bond Index
Cash & Cash Equivalents	2.0%	U.S. T-Bills
Private Assets	11.0%[1]	S&P 500 & Cambridge All Private Equity Index
Real Assets	5.0%	Bloomberg Commodity Index

Managers within each asset class will be measured against a specific style benchmark, along with the market benchmark for their asset class as indicated above.

[1] Note that two benchmarks will be created for the Private Asset segment – one with the S&P 500 and one with the Cambridge All Private Equity Index