GREATER MANHATTAN COMMUNITY FOUNDATION

Investment Policy

I. Supervision of Investment Functions – Executive Board and Investment Committee

The Executive Board of Trustees shall have responsibility for the investment of the assets of the Foundation. The Executive Board may assign responsibility to the Investment Committee to carry out the investment functions of the Foundation in accordance with the Foundation's established Investment Policy, as described below, and provide recommendations to the Executive Board, subject to any restrictions imposed by donors or grantors.

The Investment Committee shall meet at least quarterly to review investment policies, asset allocation, security selection, portfolio performance and address other investment-related issues of the Foundation. The Chair of the Investment Committee may also call special meetings of the Investment Committee as needed.

II. Investment Objectives for Expendable and Permanent Funds

The Investment Committee may establish separate investment objectives and portfolio asset allocations for expendable and permanent funds. Expendable funds may be invested in a portfolio of cash equivalent securities in order to preserve the principal of the fund. The Foundation will also consider recommendations by authorized fund representatives to invest expendable fund assets in one of the investment options available for permanent funds.

Permanent funds shall be invested according to the long-term investment policy established by the Investment Committee and approved by the Executive Board.

III. Investment Policy

a. Prudent Investor Policy. Foundation assets shall be invested in accordance with this Portfolio Investment Policy, which shall comply with the principles, provisions and objectives of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Such Policy shall be prepared, monitored and amended by the Investment Committee and approved by the Executive Board.

b. Investment Objective: With respect to the investment of funds entrusted to the Foundation, its objectives shall be to optimize the production of:

   1) Monies available to fund grants for charitable purposes.

   2) Total returns, which will preserve and enhance the capital value of the funds and the capacity to grow the amount available for spending from such funds. The primary objectives of the spending policy are to preserve the purchasing power of the gift/principal over the long-term while balancing the community's short-term and long-term needs for grant making dollars.

c. Investment funds of the Foundation shall be diversified among Equities, Fixed Income, and Money Market asset classes. Within these broad asset classes, portfolios shall be diversified in order to manage risk across sub-classes and categories which may include but may not be limited to the following:

Asset Class	Sub Classes/Categories
Equities	US Large Cap Equity, US Small-Mid Cap Equity, Foreign Equity, Value Equity, Growth Equity, Sector ETF's or Mutual Funds
Fixed Income	US Investment Grade Bonds, High Yield Bonds, Foreign Bonds, US Government Securities & CDs, Treasury Inflation Protected Securities
Money Market	Money Markets

d. Investment funds of the Foundation invested in the endowed model portfolio shall be rebalanced at the discretion of the investment management service provider where appropriate due to portfolio cash flows or significant variance from the target allocations. Independent regulated professional investment advisors are required to rebalance Foundation assets at least annually and are to inform the Foundation when rebalancing occurs.

e. Pooled Investment Portfolio Options:

The Investment Committee shall review current asset allocation with investment managers to insure compliance within the approved ranges. The investment manager shall have the discretion to allocate portfolios within these ranges and will update the investment committee on a periodic basis or as portfolio circumstances dictate.

Portfolios will be benchmarked against market provided indexes. The Investment Committee shall review the performance and risk compared to benchmarks based on a three-year market cycle.

GMCF Pooled Growth Portfolio:

Objective: The GMCF Pooled Growth Portfolio seeks capital appreciation with moderate risk. This allocation is designed for donors who are seeking growth and are willing to accept some fluctuation in performance.

Asset Class	Range	Long-Term Target
Equities	85-95%	90%
Fixed Income	5-15%	9%
Money Market	0-5%	1%

Benchmark: Morningstar Aggressive Target Risk Index

GMCF Pooled Balanced Portfolio: (Default)

Objective: The GMCF Pooled Balanced Portfolio seeks capital appreciation and current income. This allocation is designed for donors who are seeking growth and some income.

Asset Class	Range	Long-Term Target
Equities	55-65%	60%
Fixed Income	35-45%	39%
Money Market	0-10%	1%

Benchmark: Morningstar Moderate Target Risk Index

GMCF Pooled Income Portfolio:

Objective: The GMCF Pooled Income Portfolio seeks current income, with capital appreciation as a secondary goal. This allocation is designed for donors who are seeking current income, but also want a measure of capital appreciation to help offset the effects of inflation.

Asset Class	Range	Long-Term Target
Equities	35-45%	40%
Fixed Income	55-65%	58%
Money Market	1-10%	2%

Benchmark: Morningstar Conservative Target Risk Index

GMCF Pooled Capital Preservation Portfolio:

Objective: The GMCF Pooled Capital Preservation Portfolio seeks to maximize current income consistent with the preservation of principal, maintenance of adequate liquidity, and limited volatility.

Asset Class	Range	Long-Term Target
Equities	0-0%	0%
Fixed Income	85-100%	90%
Money Market	0-15%	10%

Benchmark: Barclays 1-3 Year Government Index

GMCF Pooled Money Market Portfolio:

Objective: The GMCF Money Market Portfolio seeks to appreciate over time, but may not keep up with inflation. This allocation is designed for donors who are seeking safety of principal, but also want a measure of current income.

Asset Class	Range	Long-Term Target
Money Market	100%	100%

Benchmark: 90-day T-bills

IV. Exceptions to the Investment Policy

a. Non-conforming assets presented for acceptance by the Foundation including, but not limited to insurance policies, annuities, non-marketable securities, private placements and real estate or real estate securities may only be purchased or retained upon specific recommendation of the Investment Committee and authorization from the Executive Board of the Greater Manhattan Community Foundation.

The Investment Committee will review non-conforming assets on an annual basis. A review will be conducted by an outside professional for non-conforming assets on a three-year cycle. The cost of the review will be charged to the fund containing the assets.

b. While diversification is the standard for the Foundation, upon recommendation of the Investment Committee and approval of the Executive Board, funds may be maintained in non-diversified portfolio of investments if such portfolio would be consistent with donor intent.

V. Management of Funds Retaining a Regulated Professional Investment Advisor

A Donor may, upon approval by the Executive Board or its designee, establish a separate fund, which may be managed by a regulated professional investment advisor selected by the Donor. The RPIA shall submit a written investment proposal to the Executive Committee, or its designee, and once approved shall then come under the supervision of the Investment Committee. In addition, the assets of such fund shall be titled in the name of the Greater Manhattan Community Foundation and both the income and principal of such fund shall be the property of the Foundation. The minimum fund value for such separately-invested funds under the terms of the Portfolio Investment Policy shall be $50,000. The fund holding such accounts shall pay the direct costs of such arrangements, including additional administrative costs.

Board approval for ongoing acceptance of such funds shall be based on the following policies and standards.

a. The Foundation must enter into a written investment agreement with the Regulated Professional Investment Advisor (RPIA). The agreement will provide that (i) the Foundation is the sole owner of all assets of such fund, (ii) all such assets shall be and must remain under the sole control of the Foundation, (iii) the RPIA will be subject to oversight by the Board or its designee, and (iv) the investment approach and/or DIA can be changed by the Board or its designee at any time, in its sole discretion. The terms of the agreement must be approved by the Board or its designee and must be acceptable in all respects, including fees.

b. Prudent Investor Policy. Assets shall be invested in accordance with Section III, Subsection e. Pooled Investment Portfolio options, ranges and long-term targets.

c. The Board or its designee shall have the option to terminate the separate management of the fund and transfer the assets of the fund to the Foundation's current investment accounts.

d. The RPIA shall provide quarterly statements to the Committee, which shall include the current market value of the assets, the cost basis and date of acquisition of the assets, income received, distributions made, fees paid, and securities transactions, and periodic investment performance. The statement shall also include gains and losses, both realized and unrealized. From time to time, the Executive Board or its designee may request additional information from the RPIA as it deems necessary to measure investment performance.

e. The RPIA agrees to distribute to the Foundation such amounts as may be requested from time to time by the Foundation. This includes annual administrative fees, which should be allocated according to Policy, and net distributable income.

f. The Foundation will not pay any RPIA or any other party a commission or fee for bringing a donor who creates a fund to the Foundation, and no existing assets of the Foundation may be transferred to a DIA or other party as compensation.

g. Regulated Professional Investment Advisors shall advise the Foundation promptly of any event that is likely to adversely impact the management, professionalism, integrity or financial position of the firm.

h. Regulated Professional Investment Advisors will not invest any part of the Foundation's assets through transactions that involve self-dealing or an actual or perceived conflict of interest.

i. Upon the death of a donor, the agreement between the Foundation and the Regulated Professional Investment Advisor may continue for a period of up to five (5) years, subject to the Donor's prior written request and to the provisions of this policy. Additional extensions of such agreement must be approved by the Executive Board.

VI. Gift Annuities

Gift annuity contracts to which the Foundation is a party/remainder beneficiary shall be administered by the Foundation's agent following its standard policies and procedures for charitable gift annuities. Funds should be invested in a high-yield bond fund chosen by the Foundation's agent, and performance shall be monitored by the Investment Committee. Gift annuities greater than $50,000 must be presented to the Executive Board for approval before creation. The remainder beneficiaries named shall be the Greater Manhattan Community Foundation or a Foundation affiliated program.