COMMUNITY FOUNDATION OF BOONE COUNTY

INVESTMENT POLICY STATEMENT

RESTATED MAY 9, 2018

PURPOSE

The purpose of this Investment Policy Statement (IPS) is to (1) assist the Investment Committee (Committee) of the Community Foundation of Boone County, Inc. (Foundation) in effectively supervising, monitoring and evaluating the investment performance of the assets of the Foundation and (2) to provide a clear statement of the Committee's expectations to all other parties involved in managing the Foundation's investments.

The Foundation's investment program is defined in the various sections of this IPS by:

1. *Stating the objectives in a written document.*

   The objectives are desired results, reflecting the Committee's attitudes, risk tolerances, expectations and guidelines for the investment of all assets.

2. *Setting forth an investment structure.*

   This structure includes various asset classes and investment management styles that, in total, are expected to produce a satisfactory level of overall diversification and total investment return over the long term.

   The Committee will determine the allocation of assets with the assistance of the investment consultant(s).

3. *Providing policy guidelines for the investment portfolio.*

   These guidelines are designed to control the level of overall risk and liquidity assumed in the portfolio. Through effective monitoring of the policy, the Committee hopes to optimize the likelihood of meeting return and risk objectives and ensure that the assets of the Foundation are managed in accordance with stated objectives.

4. *Encouraging effective communication.*

   A continuing review process involving the Committee, the investment consultants, and the investment managers is intended to assist the Foundation in achieving the stated objectives.

5. *Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.*

   The Foundation's investment program is designed to comply with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact Foundation assets. Assets shall be invested in accordance with IC 30-2-12-14, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requirements. All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

BACKGROUND

SECTION I: GENERAL INFORMATION

The Foundation was founded in 1992 by a group of civic-minded Boone County citizens. Its purpose, as a publicly supported community foundation is to ensure on a long-term basis funding from permanent endowments for projects and one-time needs so that our community can continue to flourish now and into the future.

The mission of the Foundation is: The Community Foundation of Boone County unites people, organizations, and philanthropy to create a thriving community for all.

All endowments (unless specifically restricted by the donor or the Committee) will be pooled for investment purposes in a fund titled Pooled Endowment Fund. The Board of Directors of the Community Foundation of Boone County, (hereinafter referred to as the "Directors") are charged with the responsibility to prudently and properly manage the general funds of the Community Foundation of Boone County ("Foundation"). The following investment policy ("Investment Policy" or "IPS") addresses the procedures and practices which must be exercised to ensure effective fiscal management and compliance with the Directors' duties of good faith, loyalty and prudence.

Management responsibility for the investment program is hereby delegated to the Investment Committee of the Board of Directors ("Committee"). The Committee shall establish procedures for the operation of the investment program, consistent with this Investment Policy. The Committee and the President/CEO have the responsibility to select and monitor the performance of any and all investment managers. It is expected that the assets of all funds will be invested with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the investment of assets of institutions of like character and aims.

The Board of Directors ("Board"), as fiduciaries, are responsible for ensuring that the investment process is managed in a prudent manner, seeking to meet the Foundation's return objectives and maintaining the real or inflation-adjusted value of the portfolio. The Committee through delegation by the Board has the authority to select, retain and replace investment managers; to control asset allocation; and to determine the investment policies for the Foundation with the support of an investment consultant. The Committee, with the assistance of the investment consultant will review investments and allocation on a quarterly basis. Moreover, in accordance with the State of Indiana's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Board, the Committee and investment consultant will take the following into consideration when making both investment decisions and setting spending policy, but not limited to:

- Duration and preservation of the funds
- Need of the Foundation to make distributions and preserve capital
- Expected total return from income and appreciation
- The role that each investment plays within the overall portfolio
- General economic conditions
- The possible effect of inflation or deflation
- Other resources of the organization
- Assets of special relationship or special value to the charitable purpose
- Expected tax consequences

SECTION II: KEY INFORMATION/OTHER ADVISORS

TAX IDENTIFICATION NUMBER:
35-1829585

CURRENT CUSTODIAN:
Charles Schwab & Company

CURRENT INVESTMENT CONSULTANT:
Capital Cities, L.L.C.

FISCAL YEAR:
January 1 – December 31

GENERAL INVESTMENT OBJECTIVES

The general investment objectives for the Foundation are:

- To achieve an annualized total return, net of the Foundation's spending rate, fees and expenses, so as to maintain the purchasing power of the endowment over the long term.
- To maintain broad diversification so as to limit large losses and to, as much as possible consistent with the targeted asset allocation, limit volatility.
- To maximize the return of the portfolio within reasonable and prudent levels of risk.

SPENDING POLICY

ENDOWMENT FUNDS

Up to five percent (5%) of the average net fund balance is available for granting beginning in the first quarter of the following year, if the average net fund balance exceeds the fund's historic gift value. The average net fund balance is determined by a trailing 12 quarters ending September 30. If the average net fund balance is below the fund's historic gift value, the fund may distribute up to 2% of the average net fund balance, provided that the fund will not go below 80% of its historic gift value or the $5,000 minimum fund balance.

NON-PERMANENT ENDOWED FUNDS

These funds are temporarily a part of the Foundation; however, invested per the Foundation's Investment Policy. There are no restrictions on the amount per year that can be disbursed from a non-permanent endowment fund, consistent with the fund agreement.

NON-PERMANENT FUNDS/SPECIAL PROJECT FUNDS

These funds are temporarily a part of the Foundation. There are no restrictions on the amount per year that can be disbursed from a non-permanent fund, consistent with the fund agreement. The entire fund can be disbursed.

ROLES AND RESPONSIBILITIES

Investment Consultant – The Committee may delegate certain responsibilities to an Investment Consultant who will be expected to assist the Committee in the following functions:

- Accept and acknowledge in writing their responsibility as a fiduciary.
- Assist in developing the Foundation's overall investment strategy to achieve the highest probability of achieving its investment goals.
- Assist in developing an Investment Policy Statement that clearly outlines the Foundation's goals and objectives, along with the roles and responsibilities of all parties.
- The Investment Consultant will be allowed discretion to perform all their duties, in keeping with the guidelines set forth in this IPS, including performing initial and ongoing due diligence; hiring, monitoring and reporting on the investment progress of all investment managers; and when necessary, terminating investment managers who are failing to meet the Committee's or the Investment Consultant's expectations for investment performance and/or policy guidelines.
- Communicate regularly with the Committee, providing on at least a quarterly basis custodial statements and performance reports for the Foundation's assets, and meeting in person with the Committee no less than twice annually.
- Ensure that the overall asset allocation of the investment portfolio complies with the Asset Allocation Guidelines set forth in this Investment Policy Statement, regularly rebalancing the portfolio as is deemed necessary to maintain compliance.

Custodian – The Board and Committee believe that timely and accurate completion of custodial functions is necessary for effective management and monitoring of the Foundation's assets. Specifically, the duties and responsibilities of the Custodian include the following:

- Implementing in a timely and effective manner the investment actions as directed by the investment manager(s);
- Investment of any cash into the chosen sweep vehicle;
- Holding all securities in safekeeping for the Foundation;
- Collecting and receiving all income and principal;
- Maintaining accounting records and preparing reports that are required by the Board, Committee, and, investment consultant;

- Providing performance measurement numbers consistent with the Global Investment Performance Standards (GIPS®) of the CFA Institute as requested by the Board, Committee, and, investment consultant;

- Processing distributions from the Foundation as requested by the Committee and Board;

- Conforming to all provisions in its contract with the Foundation.

GIFTS OF COMMON STOCK

The Foundation's brokerage account will be used to accept all gifts of common stock. The current broker of the account has standing instructions to liquidate all shares that come into the account and remit the proceeds to the Foundation. If an individual donor chooses to use a specific broker, this liquidation policy shall also apply.

ASSET ALLOCATION GUIDELINES

The major component of the Foundation's IPS is the allocation of assets among various asset classes.

For example, studies have indicated that anywhere from 85% to 93% of a portfolio's variability of returns over longer periods of time can be attributed to how assets are allocated among various security classes, not how asset managers add value through their security selection or timing decisions.

The Committee has reviewed the forecasted returns and historical volatility associated with different asset classes. Also, the Committee has reviewed the importance of asset diversification and its impact on portfolio volatility and returns. The Committee recognizes the difficulty of achieving the Foundation's investment objectives in light of the uncertainties and complexities of contemporary investment markets. Some risk must be assumed in order to support the objectives for the Foundation. Accordingly, the Committee's risk tolerance is reviewed periodically in order determine whether such objectives can be met given the current market environment. Based on these evaluations, the Committee may make adjustments to the asset allocation and investment manager structure to maintain an acceptable level of risk for the Foundation.

SECTION I: GENERAL ASSET ALLOCATION GUIDELINES

The Asset Allocation shall be monitored on a quarterly basis and reviewed annually by the Committee. The following asset allocation guide shall apply in aggregate to investment assets over which the Foundation has discretion.

	Strategic Allocation	Allocation Range
Equity	**60%**	**55-65%**
Passive Broad US Equity	18%	
Passive Broad Non-US Equity	12%	
Diversifying Equity	30%	
Liquid Alternatives	**20%**	**15-25%**
Diversifying Assets	20%	
Fixed Income	**20%**	**15-25%**
Core Plus Fixed Income	8%	
Diversifying Fixed Income	10%	
Short-Duration/Liquidity	2%	

Specific detail pertaining to the underlying investment managers and their respective benchmarks is provided in the Appendix.

Policy Benchmark

It is the goal of the aggregate Fund assets to meet or exceed a blended index (over a full market cycle) that comprises the total return indexes weighted as follows:

Strategic Benchmark:

Asset Class	Benchmark	Weighting
U.S. Equity	Dow Jones U.S. Total Stock Market Index	36%
Non-U.S. Equity	FTSE Global All Cap Ex-US Index	24%
Liquid Alternatives	Wilshire Liquid Alternatives Index	20%
Broad Fixed Income	Bloomberg Barclays Aggregate Bond Index	18%
Short Duration/Liquidity Fixed Income	90 Day T-Bill	2%

For the purpose of this document, a full market cycle will be considered an appropriate measurement period. The total return goal will be reviewed by the Committee annually in order to evaluate the goal relative to market and economic conditions.

The above investment goals are the objectives of the aggregate Fund and are not meant to be imposed on each investment account. The goal of the aggregate Foundation shall be to:

- Meet or exceed the blended index.
- Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above.
- The greatest weight of performance evaluation will be given to performance over a full investment cycle. If the return objective is not achieved over any short-term measurement period, the shortfall would be explainable in terms of general economic and financial conditions. A temporary shortfall will not necessarily indicate failure to achieve the long-term objective.

SECTION II: ASSET CLASS/ALLOCATION

Eligible Investments and Transactions

Assets are to be managed with a view toward achieving the specific investment objectives previously described. Any bank, custodian, investment manager, broker/dealer, consultant or insurance company providing services which is appointed by the Committee shall be governed by these investment policy guidelines.

To the extent that at any time and from time to time the Committee has designated two (2) or more investment managers, each investment manager shall be governed by these investment policy guidelines. Provided, however, that each investment manager shall be responsible for compliance with the guidelines and for the attainment of the objectives only to the extent of the funds which have been transferred to it and which are subject to its management and control.

Investment managers selected to manage Foundation assets through a mutual fund, exchange-traded fund, commingled investment trust or private offering must adhere to the guidelines set forth in their respective prospectus, trust document or offering memorandum.

Investment managers selected to manage Foundation assets through a separate account must adhere to the following guidelines:

Equity Assets

U.S. Equity

Eligible Securities: Publicly-traded U.S. equity securities, regardless of market capitalization or style, including common stocks and convertible preferred stocks, that invest primarily in U.S. equities. The portfolio should be well-diversified by geography, sector, and industry, and a single position, at market value, should not exceed 5% of the total asset class portfolio.

International Equity: Developed Markets

Eligible Securities: Publicly-traded equity securities of non-U.S. companies domiciled in developed markets, as defined by Morgan Stanley Capital International (MSCI), regardless of market capitalization or style, including common stocks and convertible preferred stocks. The portfolio should be well-diversified by geography, sector, and industry, and a single position, at market value, should not exceed 5% of the total asset class portfolio.

International Equity: Emerging Markets

Eligible Securities: Publicly-traded equity securities of non-U.S. companies domiciled in emerging markets, as defined by Morgan Stanley Capital International (MSCI), regardless of market capitalization or style, including common stocks and convertible preferred stocks. The portfolio should be well-diversified by geography, sector, and industry, and a single position, at market value, should not exceed 5% of the total asset class portfolio.

Fixed Income Assets

The primary objective of the fixed-income portion of the Assets shall be to provide a secure stream of income (i.e. income in excess of U.S. Treasury Bill rates) and to provide a relatively stable market value base. The following directions are intended to apply to all fixed-income Managers:

Fixed-income investments may include issues of U.S. and foreign Government and Agency obligations, corporate bonds, mortgage or asset backed bonds, collateralized mortgage obligations, REIT debt, high yield bonds, emerging markets bonds, Treasury Inflation Protected Securities (TIPS) and preferred stocks with sinking funds as deemed prudent by the Managers.

Fixed-income portfolio maturity, as measured by portfolio duration, should not exceed 120%, nor should it be less than 80% of the appropriate fixed income benchmark.

No more than 5% of the fixed income investments, at market, shall be invested in securities of any one issuer, except Government and Agency obligations, including federally sponsored entities such as FNMA and GNMA without the Committee's prior approval.

Cash equivalent investments (maturities less than one year) are permitted, up to 10% of the total market value of the account, when the Managers' investment policies discourage longer-term commitments. However, the Committee must be consulted in the event that the Manager chooses to increase its cash equivalent position beyond 10% of the assets under its supervision.

Liquid Alternative Investments

The objective of the liquid alternative investment allocation is to provide the Foundation diversification, as well as enhance the performance of the asset pool. Alternative investments are defined as strategies and assets such as private market investments in venture capital, distressed debt, mezzanine debt, and buyouts. Additionally, alternative investment strategies may include public market investments in real estate investment trusts (REIT's), market-neutral, long/short, risk arbitrage, convertible arbitrage hedge funds or a combination of some or all strategies. Flexible equity and fixed income strategies, hedge fund-of-funds and real return strategies may also be utilized. All alternative strategies must be accessed through vehicles that provide daily liquidity.

Cash Equivalent Investments

Such investments should be prudently diversified and would include:

- any instrument issued by, guaranteed by, or insured by the U.S. Government, agencies, or other full faith instruments;
- commercial paper issued by domestic corporations which is rated both "P-1" and "A-1" by Moody's and Standard & Poor's, respectively;
- certificates of deposit, bankers acceptances, or other such irrevocable primary obligations from a list of approved banks provided by the Managers; and
- comingled, short-term cash reserve funds managed generally in accordance with the principles set forth above.

SECTION III: REBALANCING

The Committee, with assistance from the investment consultant, will be responsible for monitoring asset class exposures and ensuring investment strategies are within acceptable ranges as defined. The percentage allocation to each asset class may vary depending upon market conditions and should be reviewed by the Committee and investment consultant no less than quarterly. When an asset class is outside of its allowable range, the investment consultant will evaluate the feasibility of rebalancing the Foundation back to the target allocation. During periods of extreme market conditions, which may include excessive volatility or illiquidity in an asset class, or where rebalancing may unduly hinder the Foundation, the Committee and investment consultant may choose to delay rebalancing the Foundation. During that period, it is expected that more frequent reviews of the Foundation's allocation and market conditions will be evaluated to assess the appropriateness of rebalancing the Foundation.

Where possible, cash flow to or from the Foundation should be used to rebalance back to the targeted percentage as much as possible, since this avoids unnecessary turnover of securities. Where transfers between accounts are required, investment managers should be notified in advance, if possible, of the amount and timing of any transfers to or from their accounts.

SECTION IV: TIME HORIZON

The Committee views investment portfolio performance with a long-term perspective. This IPS is based upon an investment time horizon of a complete market cycle, typically three to five years (or longer). Interim or shorter term fluctuations in Foundation results will be viewed with appropriate perspective. Short-term liquidity requirements should be anticipated and will be handled from contributions, the amount allocated to cash/short duration fixed income, and/or by the income, appreciation, or reallocation of Foundation investments.

SECTION V: RESTRICTIONS

The following securities and transactions are not authorized for use by outside professional asset managers unless in a diversified mutual fund or exchange traded fund:

- Venture capital, private placements, unregistered or restricted stock, or limited partnerships,
- Letter stock and other unregistered securities,
- Commodities or other commodity contracts,
- Short sales and margin transactions,
- Securities lending,
- Option writing (such as covered calls) and futures trading activities are restricted to bona fide hedge purposes only...not for speculative transactions, and

- Use of derivatives for speculative purposes.

If any of the above securities and transactions is received as gifts, the Committee reserves the right to reject the gift. However, if accepted as a gift, all efforts will be made to liquidate promptly so the funds can be reinvested per policy.

STANDARDS FOR EVALUATION OF EACH INVESTMENT CLASS

SECTION I: INVESTMENT PERFORMANCE EVALUATION

The following standards will be used to evaluate the investment managers for the Foundation. Several important comments about these standards are noted below.

- *The time period for assessment will generally be rolling three and five year periods*. Interim or shorter term fluctuations in results will be viewed with appropriate perspective.

- The Committee understands that at varying points in time, individual *investment managers may not generate a performance that achieves all three standards stated below concurrently*.

- *No individual standard is more important than another.* Instead, all standards will be considered in aggregate.

- *Evaluation of investment managers will not be limited to the standards set forth below.* Organizational stability and adherence to investment style/process will also be key points of consideration. These standards are further outlined in the control procedures of this IPS.

SECTION II: REVIEW AND ANALYSIS

The Committee is aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process.

Therefore, the Investment Consultant will consider many factors, including but not limited to those outlined below, when reviewing an investment manager:

- Performance, net of fees, does not meet market indices over 3 and 5 years.

- A manager performs in the bottom quartile (75th percentile) of his or her peer group over an annual period.

- A manager falls in the southeast quadrant of the risk/return scattergram for three- and/or five-year periods.

- A manager consistently performs below the median (50th percentile) of his or her peer group over rolling three-year periods.

- A manager consistently performs below the median (50th percentile) of his or her peer group over a five-year period.

- A manager fails to adhere to the investment style for which they were employed.

- *Major organizational changes occur* including:

  - Change in professionals.

  - Significant account losses.

  - Significant growth of new business.

  - Change in ownership.

Investment managers will be monitored on an ongoing basis. If the investment consultant determines that any of the above factors, or any other development regarding the investment manager's performance or organization, warrants a more thorough examination, the investment consultant will place the investment manager on a formal "watchlist". The watchlist period will generally be four quarters, but the time period can be shorter or longer depending on the factors causing the watchlist.

It is at the investment consultant's discretion to take corrective action by replacing an investment manager, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing investment manager. The aforementioned events, or any other events of concern identified by the investment consultant, Committee and Board, may prompt the immediate removal of an investment manager without it being watchlisted.

SELECTION OF INVESTMENT MANAGERS

The investment consultant will select appropriate investment firms to manage Foundation assets. Managers are required to meet the following criteria:

- The investment manager must be a bank, insurance company, mutual fund or investment advisor as defined by the Registered Investment Advisors Act of 1940.

- The investment manager must provide to the consultant historical quarterly performance information calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.

- The investment manager must provide detailed information for the consultant on the history of the firm, key personnel, key clients, fee schedule, and support personnel.

- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

- The investment consultant must prepare performance evaluation reports for the Committee that illustrates the risk/return profile of the investment manager relative to other managers of like investment style.

CONTROL PROCEDURES

SECTION I: DUTIES AND RESPONSIBILITIES OF THE INVESTMENT MANAGERS

The duties and responsibilities of each investment manager retained by the Foundation shall include the following:

- Managing the portfolio assets under its care, custody and/or control in accordance with the investment objectives, policies and guidelines set forth herein, and also expressed in separate written amendments when deviation is deemed prudent and desirable by the Foundation.

- Exercising investment discretion (including holding cash equivalents as an alternative) within the investment objectives, policies and guidelines set forth herein.

- Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Foundation set forth herein. Each manager shall keep detailed records of said voting of proxies and related action and will comply with all regulatory obligations related thereto. These records would be made available upon request by the Foundation.

- Each manager shall utilize the same care, skill, prudence and due diligence that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use.

SECTION II: GENERAL REVIEW OF INVESTMENT OBJECTIVES

This IPS and its guidelines will be reviewed annually to determine whether existing policy remains effective and appropriate. Reviews will be conducted more frequently, if necessary.

It is not expected that this IPS will change frequently. In particular, short term changes in the financial markets should not require adjustments to the IPS.

SECTION III: MONITORING OF INVESTMENT MANAGERS

The Committee intends to monitor the performance of the investment managers through its investment consultant. Performance monitoring will be completed quarterly and reviewed with the Committee. Annual reviews will be conducted with the Committee. These reports will focus upon various topics, including:

- The economic environment during the various periods being evaluated;
- Each manager's adherence to the IPS guidelines;
- Material changes in each manager's organization, investment philosophy and/or personnel;
- Performance of each asset class and the total fund;
- Comparison of each manager's results to the appropriate standards, as specified in this IPS.
- Manager's performance in peer group universe;
- Separate account managers will promptly inform the Foundation in writing regarding all significant and/or material matters and changes pertaining to the investment of assets, including, but not limited to:
    - Changes in investment strategy, portfolio structure, tactical approaches and significant market value declines of managed assets;
    - Changes in ownership, organizational structure, financial condition, and/or professional staff of the firm; and
    - All material legal, SEC and other regulatory agency proceedings affecting the firm.

SECTION IV: MONITORING OF INVESTMENT CONSULTANT

The Committee intends to formally monitor the performance of the investment consultant on a periodic basis, typically every three to five years. This analysis should entail a detailed review, utilizing relevant metrics.

SECTION V: OUTSIDE ADVISORS

The Community Foundation of Boone County allows investment advisors to manage investments outside the pooled investments of the organization for clients who wish to make endowed/permanent gifts for the benefit of the Foundation. The minimum amount to establish an account managed by outside advisors is $1 million. The investment advisor is required to invest according to the Investment Policy Statement of the Foundation as set forth by the Investment Committee.

SECTION VI: TENURE

While the relationship with each investment manager is expected to be ongoing, the Committee reserves the right to terminate its relationship with any retained investment manager at any time it deems appropriate to do so.

SECTION VII: CONCLUSION

This IPS expresses the Committee's attitude and/or philosophy, which will guide the investment managers toward the performance desired. These objectives are meant to be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

The Committee believes that these limitations and guidelines will not prevent the investment managers from achieving the stated objectives.

The Committee expects the Consultant to monitor the investment managers relative to their personnel, organizational structure, investment style and compliance with this IPS. The Consultant shall report to the Committee any findings that *may* prevent the Foundation from meeting the objectives of this IPS.

Adopted on: Signature:

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APPENDIX

SECTION I: HISTORICAL RECORD

Date	***Change***	***Comments***
May, 2018	Capital Cities finalized amendments to the Investment Policy Statement, including reflecting the adjustments made to the asset allocation.	Seek approval of the Investment Policy Statement at the May Board meeting.
May, 2018	The Committee and Capital Cities collectively discussed the asset allocation, with emphasis on the allocation between US and Non-US Equity.	The asset allocation outlined herein was confirmed by the Committee and will be implemented pending approval of the Investment Policy Statement.
Feb, 2018	Manager Structure Analysis was conducted.	Capital Cities presented recommendations pertaining to the Manager Structure and underlying Investment Manager Recommendations.
Dec, 2017	Asset Allocation/Spending Policy Study was conducted.	The Committee selected a 60% Equity/20% Fixed Income/20% Liquid Alternatives asset allocation.
Nov, 2017	Capital Cities, LLC was retained as the Foundation's investment consultant.	None.

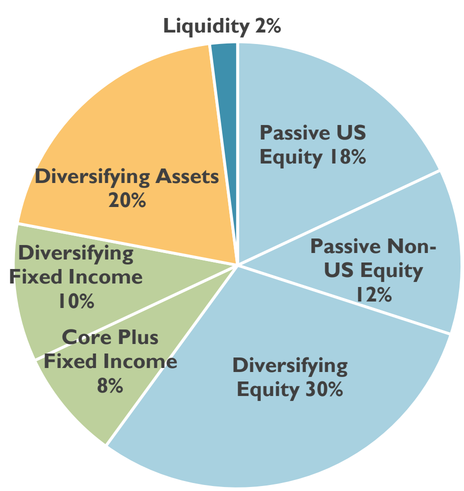
SECTION II: ASSET ALLOCATION/SPENDING POLICY STUDY

During the December 2017, February 2018 and May 2018 meetings, the Committee constructed the portfolio's strategic asset allocation. The discussion centered on the long-term objectives of the Foundation and defining outcomes that would be tolerable and unacceptable in achieving those objectives, given the current market environment. The Committee recognizes that the perpetual nature of the Foundation, coupled with the need to grant both now and in the future, causes a conundrum. In particular, the Foundation must decide how best to balance exposure to short-term volatility with achieving long-term real growth. Through this review and discussion, the Committee affirmed the below asset allocation, citing the Foundation's risk tolerance. The Committee is willing to experience periods where the portfolio's real returns fall short of the maximum allowable spending needs, in order to limit the volatility that could occur with a more aggressive asset allocation. The Committee recognizes the challenges of achieving real growth in today's market environment of lower expected returns and higher expected volatility and will continue to review the portfolio construction and make adjustments as deemed necessary.

Community Foundation of Boone County

Portfolio Construction May 2018

60% Equity / 20% Fixed Income / 20% Alternatives



Asset Class	Portfolio Role
Traditional (Passive) Equities	Broadly Diversified US and Non-US Equity Exposure, Market Returns
Diversifying Equity	Active Management, Downside Protection and Return
Alternatives	Diversification, Real Return
Diversifying Fixed Income	Diversification, Absolute Return Potential
Core/Core Plus Fixed	Broad Fixed Income Exposure, Total Return Potential
Short Duration Fixed/Liquidity	Liquidity Backstop, Higher Return than Cash

Expected Return:	6.2%
Expected Risk:	12.7%

The CFBC portfolio construction utilizes a wide range of asset classes with specific roles relating to diversification, return potential, preservation and liquidity.

Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL

SECTION III: SELECTED UNDERLYING INVESTMENT MANAGERS AND BENCHMARKS

Style	Manager	Benchmark	Peer Group
Total Domestic Equity	Schwab Total Stock Market Index	Dow Jones U.S. Total Stock Market Index	Total Domestic Equity
Total International Equity	Vanguard Total Intl Stock Market Idx	FTSE Global All Cap ex-US Index	Non-US Equity
Diversifying Equity Diversifying Equity Diversifying Equity Diversifying Equity	Epoch Global Equity Shareholder Yld FPA Crescent William Blair International Leaders Putnam Capital Spectrum	60% Dow Jones U.S. Total Stock Market Index/ 40% FTSE Global All Cap ex-US Index	Global Equity
Diversifying Fixed Income Diversifying Fixed Income	Carillon Reams Unconstrained Bond Loomis Sayles Absolute Strategies	3 Mo. LIBOR Index and BB BC Aggregate Bond Index	Unconstrained
Core/Core Plus	Western Core Plus Fixed	BB BC Aggregate Bond Index	Core Bond
Short Duration/Liquidity	Vanguard Short Federal	BB BC Gov 1-5 Yr Bond & 90-Day T-Bill	Defensive Fixed Income
Alternatives Alternatives Alternatives	Westwood Income Opportunity Western Macro Opportunities Gabelli ABC Fund	Wilshire Liquid Alternatives Index	Absolute Return Mutual Funds