THE CAPE COD FOUNDATION
Building Resources. Granting Opportunity.

INVESTMENT POLICY
Statement of Investment Objectives and Guidelines

The Cape Cod Foundation is a community foundation whose mission is to build permanent charitable resources for community betterment through informed grantmaking and civic leadership. Since its founding in 1989, the Foundation has distributed over $95 million back into the community in the form of grants and scholarships.

Through its more than 320 individual funds, the majority of which are endowed funds, the Foundation serves as a resource for neighbors to help their neighbors, their neighborhoods, and the community they feel passionate about.

In addition to strategic grantmaking, the Foundation invests in nonprofit education and leadership development opportunities, partnerships with broad, regional impact, and projects that bring vital, shared resources to Cape Cod's nonprofit community.

Overview

CCF is entrusted with the investment management of its donors' funds and with carrying out the wishes of the donors in the best interest of the community. CCF seeks through its investment policy to maintain and increase the real value of the endowment principal and distributions over the long term. The Board of Directors ("Board") of CCF appoints an Investment Committee ("Committee") to oversee the investment management to enable the Board to prudently execute its fiduciary responsibilities in that regard.

Investment Committee

The Committee of CCF ("Committee") serves at the pleasure of the Board. There are customarily between five and seven members of the Committee. The President and Chairman of the Board shall be ex-officio members of the Committee. The Committee shall oversee investment of the funds of the Foundation in accordance with written policies of the Board.

The Committee's responsibilities and duties shall include the following:

1) Undertaking a Prudent Investor analysis of potential Investment Managers,
2) Recommending to the Board the selection of an Investment Adviser;
3) Evaluating Investment Manager performance as measured and specified under Investment Monitoring and Controls;
4) Reporting to the Board periodically on those performance measurements;
5) Replacing Investment Managers whose performance and/or professional credentials do not meet the Committee and the Board's criteria;
6) Directing the purchase and sale of individual assets consistent with the overall guidelines of this Investment Policy;
7) Such other investment-related activities as may be delegated to the Committee from time to time by the Board.

Total Return Concept

CCF believes under Prudent Investor principles that the Total Return Concept is the most effective way to manage permanent funds; that there is more to successful investing than maximizing current income; and that capital appreciation over time has historically been significant. Total Return allows the Board to establish an amount available for distribution each year based upon a defined spending rate (percentage) from its endowment. This amount may be more or less than the actual income from interest and dividends. The Total return Concept allows an Investment Manager to invest with discretion in the optimum mix of quality stocks, bonds, cash and other asset classes during all market cycles. Total Return investing from capital appreciation, dividends and interest, combined with a prudent spending rate, is designed to allow for growth of the value of the donated funds. Yearly distributions will be based on a spending rate calculated as a percentage of total fund market value averaged over the twelve prior quarters.

Standards of Prudent Investing

In investing and managing the portfolio, the Committee will consider both the purposes of the Foundation and the purpose of any specific institutional fund. Management and investment decisions about an individual asset will be made not in isolation but rather in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation. In managing the portfolio, the Committee will incur only those costs that are appropriate in relation to the portfolio or any specific institutional fund, the purposes of the Foundation, and the skills available to it.

Except as a donor's gift instrument otherwise requires, and consistent with the Uniform Prudent Management of Institutional Funds Act, the following factors must be considered, if relevant, in managing and investing the investment portfolio, including the requirements for any specific institutional funds:

- general economic conditions;
- the possible effect of inflation or deflation;
- the role that each investment or course of action plays within the Foundation's overall investment portfolio;
- the expected total return from income and the appreciation of investments;
- other resources of the Foundation;
- the needs of the Foundation to make distributions and to preserve capital; and
- an asset's special relationship or value, if any, to the purpose of the Foundation.

Return Objectives

- The Absolute long-term objective is to maintain the real value of the portfolio by achieving a rate of return in excess of inflation, spending and administrative fees.
- On an shorter-term basis, the portfolio will be expected to generate returns (net of investment fees) to exceed the "Policy Benchmark" defined as the weighted target allocation of the portfolio to broad Equity and Fixed Income asset classes (75% Standard & Poor's 500 Stock Index / 25% Bloomberg Barclays Aggregate Bond Index).
- The third objective is to use a Diversified Policy Benchmark as defined by the weights in the various asset and sub-asset classes times (x) an appropriate and approved benchmark reflecting the market level returns of such asset and sub-asset classes. The Benchmarks are defined in the Policy Asset Allocation table.

The importance of maintaining a long-term point of view toward performance, for both the total portfolio and individual asset class objectives, shall be reinforced by reviewing results over rolling three and five-year periods.

Spending Policy for Distributions

In keeping with the Total Return Concept, the Board establishes a spending policy that bases distributions on the average market value for the twelve prior quarters. Historically, the spending policy has been 3.5 - 5% of this average value, not including CCF's administrative fees and the investment managers' fees. The Board will set the actual spending rate each fall, following a recommendation by the Committee. If upon the establishment of a fund, a donor elects to establish a non-endowed fund, distributions may be made from principal and interest in excess of the spending policy.

Asset Base Calculations

Within CCF's endowment, there are over 200 individual funds. Averaging each fund's total market value over twelve quarters smooths out market volatility and the effects of new donations. Spending Rates, as described above, calculated in this manner, do not produce inordinately high levels of distributions in rising markets nor do they produce too low levels during market declines. New funds and unusually large donations will be taken under advisement for possible adjustments to the average market value on which distributions are calculated.

Investment Adviser

The Investment Adviser will assist the Committee in establishing investment policy, objectives, and guidelines. To the extent the Investment Adviser is deemed to be qualified to act as the Custodian for the portfolio's assets, the Investment Committee may appoint it to perform these functions as a component of a comprehensive services agreement.

Investment Manager's Instructions

The Committee shall establish specific policies, procedures and guidelines, as approved by the Board, by which all selected Investment Managers must agree to be bound. Asset allocation models will be monitored for each manager within General Investment Guideline ranges for each asset class treating the Pooled Fund as a whole and managers individually. Investment Managers shall be granted prudent but full investment discretion over the funds they manage.

Investment Managers will periodically present to the Committee their written investment policies as to how they are managing the Foundation's funds.

CCF will measure performance on industry-accepted indices based upon the asset allocation models to which the managers agree.

Investment Managers will provide quarterly performance information on a timely basis.

General Investment Guidelines

The intention of CCF is to encourage flexibility in the investment approach, as determined by the Investment Manager's outlook for interest rates and equity market returns.

Derivatives and Derivative Securities

Certain of CCF's managers may be permitted under the terms of their specific investment guidelines to use derivative instruments. Derivatives are contracts or securities whose market value is related to the value of another security, index, or financial instrument. Investments in derivatives include (but are not limited to) futures, forwards, options, options on futures, warrants, and interest-only and principal-only strips. No derivative positions can be established that create portfolio characteristics outside of portfolio guidelines. Examples of appropriate applications of derivative strategies include hedging market, interest rate, or currency risk, maintaining exposure to a desired asset class while making asset allocation changes, gaining exposure to an asset class when it is more cost-effective than the cash markets, and adjusting duration within a fixed income portfolio. All derivatives positions must be fully collateralized. Investment managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Each manager using derivatives shall:

1) exhibit expertise and experience in utilizing such products;
2) demonstrate that such usage is strategically integral to their security selection, risk management, or investment processes; and
3) demonstrate acceptable internal controls regarding these investments that are acceptable to the Committee.
4) Options and futures may be used as a hedging technique, but the use of such instruments for speculative purposes or to leverage any fund is prohibited.

For mutual and other commingled funds, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of the fund investments. While the Committee understands that such funds have their own stated guidelines which cannot be changed for individual investors, in principle and spirit those guidelines should be similar in nature to the guidelines stated above.

As of the date of this Statement of Investment Objectives and Guidelines, the range of asset allocations designated by the Committee are:

Policy Asset Allocation Table

Asset Class	Target	Minimum	Maximum	Benchmark
Cash	2%	0%	10%	ICE BofA U.S. 3-Month T-Bill
EQUITIES	**67%**	**45%**	**75%**	**MSCI ACWI**
US Large Cap	24%	15%	45%	S&P 500
US Small / Mid Cap	24%	5%	35%	50% Russell Mid Cap / 50% Russell 2000
International Developed	14%	0%	20%	MSCI EAFE
Emerging Markets	5%	0%	10%	MSCI Emerging Markets
FIXED INCOME	**13%**	**8%**	**25%**	**Bloomberg Barclays Aggregate**
Investment Grade	12%	8%	25%	BB Intermediate Aggregate
High Yield	1%	0%	5%	ICE BofA U.S. High Yield
HEDGE FUNDS	**5%**	**0%**	**10%**	**HFRI Fund Weighted Composite 1 month Lag**
PRIVATE EQUITY	**10%**	**5%**	**17%**	
REAL ESTATE	**3%**	**0%**	**8%**	**NCREIF**
COMMODITIES	**0%**	**0%**	**5%**	**Bloomberg Commodity Index**

Equity Guidelines

In addition to these General Investment Guidelines, the following instructions apply to equity securities. However, the Committee may approve deviations from these guidelines on a case-by-case basis.

1) Letter, or otherwise restricted stock may be received or added but not purchased. This proviso does not apply, however, to non-liquid investments in alternative asset classes.
2) Investment in the common stock of any one issuer may not exceed 5% of its common shares outstanding.

3) Investments in any class of equity securities of any one issuer may not exceed 5%, at cost, of the total market value of the stock portfolio.
4) Investments in any particular industry sector (as defined by the S&P 500) may not exceed 20% of the total market value of the portfolio.

Fixed Income Guidelines

In addition to the General Investment Guidelines, the following instructions apply to fixed income securities.

1) Obligations of the U.S. Government or Government Agencies may be held in any amounts.
2) No more than 25% of the fixed income portfolio may be rated below-investment grade.
3) Corporate Bond investments shall be diversified by sector, such as, industrial, utility, financial or communication services. Investments in any particular industry sector may not exceed 20% of the market value of the fixed income portfolio.
4) Yankee bonds are debt obligations issued by a foreign entity denominated in U.S. dollars and traded in the U.S.
   i Yankee Bonds rated Baa / BBB or higher, investment grade, will be considered US Investment Grade Fixed Income.
5) Investment is limited to no more than 5% of the outstanding debt of any one issuer.
6) Investment in any one security shall not exceed 5% of the fixed income portfolio at cost although the Committee may waive this requirement for pre-refunded issues

Real Estate

Investments may include real estate, held in the form of income producing commercial and residential assets. Such investment may be made only through professionally managed real estate investment funds and/or limited partnerships.

Alternative Investments

Alternative investments may include funds investing in hedged equity, commodities, private debt and private equity such as venture capital, secondary or buyout funds.

Rebalancing Policy

Rebalancing the portfolio allocation within the Asset Allocation Policy ranges for the various asset classes serves the purpose of maintaining risk and expected return of the portfolio within parameters stated in the Investment Policy Statement. Reallocations among asset classes and managers shall reflect the following considerations:

- Generally allocated toward maintaining the strategic asset allocation targets over time; and/or
- The Investment Adviser will rebalance the portfolio within the asset allocation ranges stated herein when the risk and reward potential is perceived to be such that an asset class weighting should be tilted toward the approved policy maximum or minimum.

Investment Monitoring and Controls

The Board bears the fiduciary responsibility to see that investments are being properly managed. The Board delegates responsibility to the Committee to monitor and evaluate the Investment Managers on a regular basis and make reports thereon to the full Board.

The Committee will meet annually with each of the Investment Managers (or the Investment Adviser on behalf of the manager) so that each may present a statistical and narrative evaluation of their performance for the previous year. These reports will be prepared and presented in the format satisfactory to the Committee so that all managers can be evaluated on a fair and equal basis.

Investment Managers' performance will be monitored and results evaluated, as appropriate, against absolute and relative return objectives. Results will be reviewed over three-month, twelve-month, thirty-six month and sixty-month periods and are expected to exceed the benchmarks noted in the "range of asset allocations" table above.

Environmental, Social and Governance (ESG) Segregate Account

The Cape Cod Foundation has established an Environmental, Social, and Governance (ESG) Segregated Account that seeks to favor investments that consider ESG factors or exposures. The Account will invest in companies who demonstrate leadership in environmental stewardship, human capital, and corporate governance, which seek to have an advantage over their peers in their ability to manage risk, invest in innovation, increase productivity, and develop long-term sustainable business models. Managers may utilize a ratings-based screening or ESG factors in seeking to identify companies having a positive, measurable impact on their ecosystem. This includes investing in companies that promote environmental stewardship and sustainability while targeting competitive financial returns.

The Segregated Account will be managed within the Investment Policy Statement Guidelines and oversight outlined above.

The Segregated ESG Account will be managed within the ESG Policy Asset Allocation table.

Asset Class	Target	Minimum	Maximum	Benchmark
CASH	0%	0%	10%	ICE BofA US 3 Month T-Bill
EQUITIES	70%	55%	85%	MSCI ACWI
US Equities	50%	25%	75%	S&P 1500
International Equities	20%	0%	30%	MSCI EAFE
FIXED INCOME	30%	15%	45%	Bloomberg Barclays Aggregate
Investment Grade	30%	15%	45%	Bloomberg Barclays Aggregate

ADDENDUM

The management of the Foundation's funds falls under the purview of the Investment Committee whose members consist of experienced active and retired investment professionals. The

Committee has a fiduciary obligation with respect to the funds under its management and is guided by "Prudent Man Rules" and an Investment Policy Statement approved by the Board. That statement sets out specific ranges of allocation for each asset class and it is the Committee's responsibility to ensure that, on an overall basis, funds are invested within these guidelines.

The above statement is agreed to and accepted on ___April 26, 2023______________by:

DocuSigned by: Kristin O'Malley 0C5CC26C24D2419...	DocuSigned by: Sarah E Clark 8EC0DAC448A2481...
Kristin O'Malley, President & CEO Cape Cod Foundation, Inc.	Sarah E. Clark, Managing Director Institutional Portfolio Manager, BofA