STATEMENT OF INVESTMENT POLICY

INTRODUCTION
This statement of Investment Policy serves the following purposes:

- Establishes objectives and guidelines for the investment of The Chicago Community Foundation ("Foundation") assets that are consistent with the financial goals of the Foundation.
- Provides written documentation of the expectations regarding the investment of the assets for which the Investment Committee has responsibility.
- Outlines criteria and procedures for the ongoing evaluation of the investments of the Foundation.
- Outlines the duties and responsibilities of the various parties involved in the investment and oversight of the Foundation assets.

INVESTMENT OBJECTIVES AND GOALS
The Foundation's investment objectives are to manage the portfolio in a manner that will support the programs of the Foundation and achieve, over time, a total return (i.e., both income and capital appreciation) sufficient to preserve the purchasing power of the portfolio, while at the same time maintaining a prudent level of risk. While superior investment performance in excess of spending and inflation will increase the purchasing power of the portfolio, the Foundation acknowledges that new gifts and bequests will be the primary contributor of growth in the portfolio.

The investment goal is to achieve, over time, an average annual total return (net of fees and expenses) at least equal to the spending policy of the Foundation plus the rate of inflation as measured by the Consumer Price Index. The Foundation recognizes that its investment goal will not be met in every year or every measuring period and that these goals and objectives are intended to be achieved over time.

The total portfolio should be measured against its absolute investment goal (as set forth above), a custom benchmark that approximates as closely as possible the portfolio's target asset allocation, and a universe of comparable foundation and endowment funds.

Specifically, the performance of the portfolio as a whole should be measured against:

1. The Chicago Community Foundation's spending policy plus inflation as measured by the Consumer Price Index.

2. A balanced index composed of: 45% of the S&P 500 Index, 10% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 7.5% of the MSCI EM Index and 30% of the Barclays US Aggregate Bond Index. The Investment Committee will evaluate the risk and return of the policy benchmark versus the composite performance over long-term periods (three years and longer).
3. A balanced index composed of: 30% of the S&P 500 Index, 10% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 7.5% of the MSCI EM Index, 10% of the Barclays US Aggregate Bond Index, 17.5% HFRX Absolute Return and 17.5% HFRX Hedged Equity. The Investment Committee will evaluate the risk and return of the policy benchmark versus the composite performance over long term periods (three years and longer).

4. A peer group of similar foundation and endowment funds.

INVESTMENT GUIDELINES

Investment guidelines are the broad parameters within which the Investment Managers operate in executing and implementing the Investment Policy and making specific investment decisions. Outlined below are the Foundation's investment guidelines:

- The Investment Manager should assure itself of the appropriateness of any individual investment.
- The appropriateness and use of asset types not specified in this Investment Policy Statement is subject to the approval of the Investment Committee.
- Cash equivalents may be held in the equity portfolio at the discretion of the Investment Manager.
- The volatility of the portfolio, as measured by standard deviation, should be similar or not significantly greater than that of the policy benchmark.
- No single issue may exceed the greater of 10% of the portfolio or 3% over the weight in the benchmark index, at market value.
- The portfolio may contain no more than 5% of the outstanding shares of any company, nor may the portfolio contain any stock where the manager’s aggregate holdings for all clients exceed 15% of the outstanding shares.
- The average quality of the fixed income portfolio should be no less than A rated or better.
- Commingled or mutual funds are governed by the prospectus or stated guidelines of the fund and are exempt from the above guidelines.
- Investments in derivative securities and any investment that generates unrelated business tax liability are prohibited unless prior approval is given by the Investment Committee. Current prohibited securities include, but are not limited to:
  - Restricted (letter) stock
  - Short-sale contracts
  - Option contracts
  - Futures contracts
  - Private placements
- The portfolio may contain opportunistic investments. Examples of opportunistic investments include real assets (timber, oil and gas), private placements, real estate, venture capital, REITS, and commodity trading. The Investment
Committee’s approval is required prior to making an opportunistic investment. In addition, the following guidelines must be met:

- The investment must be diversified and exhibit prudent risk characteristics so as not to unnecessarily expose the portfolio to a high level of risk.
- The investment must have a minimum track record of three years.
- The portfolio’s exposure should not represent more than 5% of the assets of the total opportunistic investment.

The Foundation has made strategic allocations to asset classes such as high yield fixed income, absolute return and hedged equity. These alternative asset classes employ strategies which involve the use of lower rated securities, short selling, derivative contracts and leverage. Therefore, the prohibited transactions noted above do not apply to these asset classes; however, prior approval by the Investment Committee is required for all alternative asset classes.

INVESTMENT MANAGER DIVERSIFICATION POLICY

The Chicago Community Trust’s vision is a thriving, equitable and connected Chicago region where people of all races, places and identities have the opportunity to reach their potential. As part of our work to advance this goal, we believe it is important to consider racial and gender diversity in the management of our investment portfolio, and we are committed to retaining a diverse pool of investment managers while achieving the investment objectives outlined elsewhere in this investment policy statement. Our investment manager diversification policy advances that commitment by encouraging investment with minority- or women-owned firms.

For purposes of this policy, a minority owned firm is defined as a firm that is at least 33% owned, controlled and operated by minority group members. For the purpose of this definition, minority group members are African Americans, Hispanic Americans, Asian or Pacific Island Americans, American Indians, Alaskan Natives, American Aleuts and native Hawaiians. A woman-owned firm is defined as a firm that is at least 33% owned, controlled and operated by women.

In general, the following definitions apply:

- Owned = at least 33% of the business or 33% of the stock is owned by minorities and/or women
- Controlled = actively exercising the power to make policy decisions
- Operated = actively involved in the day-to-day management of the enterprise

While the Chicago Community Foundation supports the advancement of all minority groups, African American- and Hispanic-owned firms shall be prioritized for investment.

To ensure continuing consideration of a diverse group of candidates, when there is a search for a new investment manager or during the re-balancing of the portfolio, the finalists will include at least one qualified minority/women owned firm unless no such candidate can be identified. In that event, the Investment Committee will receive a description of the effort to
locate minority/women owned firms within the search parameters and the reasons that the effort was unsuccessful.

The target allocation for minority- and women-owned manager representation in the investment portfolio is 20%.

The Chicago Community Foundation also believes that regardless of ownership, all investment managers have a role to play in developing diverse investment talent. To complement the target allocation to minority- and women-owned managers listed above, at least annually, the Foundation will evaluate the diversity and inclusion efforts of all investment managers utilized in our pooled portfolios.

ASSET ALLOCATION STRATEGY AND PERFORMANCE BENCHMARKS
The following asset allocation strategy has been established to provide a diversified portfolio in order to enhance total return and to minimize the risk of loss in any individual asset class.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Range</th>
<th>Index Benchmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and &quot;Equity Like&quot;</td>
<td>72.5%</td>
<td>60%-80%</td>
<td>S &amp; P 500</td>
</tr>
<tr>
<td>Large Cap Domestic</td>
<td>30%</td>
<td>20%-40%</td>
<td>S &amp; P 500</td>
</tr>
<tr>
<td>Small Cap Domestic</td>
<td>10%</td>
<td>0-20%</td>
<td>Russell 2000</td>
</tr>
<tr>
<td>International</td>
<td>15%</td>
<td>0-25%</td>
<td>7.5% MSCI EAFE /7.5% MSCI EM</td>
</tr>
<tr>
<td>Hedged Equity</td>
<td>17.5%</td>
<td>0-25%</td>
<td>S&amp;P 500 and HE</td>
</tr>
<tr>
<td>Fixed Income and</td>
<td>27.5%</td>
<td>20%-40%</td>
<td></td>
</tr>
<tr>
<td>&quot;Fixed Income Like&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>10%</td>
<td>5%-20%</td>
<td>Barclays Aggregate</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>17.5%</td>
<td>0-25%</td>
<td>Barclays Aggregate and AR</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>0-10%</td>
<td>90 T Bills</td>
</tr>
<tr>
<td>Opportunistic Investments</td>
<td>0%</td>
<td>0-10%</td>
<td></td>
</tr>
</tbody>
</table>

REBALANCING
The Investment Manager is responsible for maintaining the investments within their permissible ranges. If any asset class moves outside of the established rebalancing range for two consecutive quarters, the Investment Manager should rebalance the portfolio.

The Investment Committee of the Foundation will periodically review the policy asset allocation and policy benchmarks to ensure they remain appropriate for the needs of the Foundation.

SPENDING POLICY
The Foundation invests on a total return basis and distributions are made in accordance with a spending policy established by the Foundation. The annual spending rate falls within a range of 4% - 6% of the average market value, using a 12-quarter trailing average. The spending allocation
includes/covers cash required for the Foundation's grant-making, administrative cost, investment management and custody expenses. (Donor advised funds are excluded from the spending policy unless this election is made.)

**DUTIES AND RESPONSIBILITIES**

Responsibilities of the Investment Committee:

- To act prudently and in good faith on behalf of the Foundation.
- Oversee the investment of the Foundation assets.
- Establish and adopt an investment policy for Foundation assets.
- Review investment policy on an ongoing basis and make such changes as may be required.
- Determine if the policy objectives and guidelines are being met.
- Set desired performance objectives and monitor the performance of the Investment Managers in meeting the objectives.
- Review the recommendations provided by the Investment Consultant and act in the best interest of the Foundation.
- Remove and replace an Investment Manager as appropriate to meet the investment goals and objectives of the Foundation.
- Select and replace the Investment Consultant as appropriate.

Responsibilities of the Investment Managers:

- Manage the Foundation assets under their control in accordance with the policy, objectives and guidelines included herein, as may be revised from time to time by the Investment Committee, and subject to the authority and oversight of the Investment Committee.
- Recommend changes in the investment policies, objectives or guidelines to the Finance Committee, as appropriate.
- Act in a prudent manner with respect to investment of the Foundation assets.
- Promptly inform Foundation staff and the Investment Committee regarding significant matters pertaining to the investment of the Foundation assets. This includes, at a minimum, the following:
  - Monthly portfolio asset statements.
  - Substantive changes in investment strategy and portfolio structure.
  - Significant changes in ownership, organization structure, financial condition or professional staffing.
  - Brokerage commissions paid, in total and by broker, during each quarterly period and the average cost per share where commingled or mutual funds are used, a statement of brokerage policy and the average cents per share commission experience is acceptable.
Proxies voted, in accordance with and where appropriate, by the policies established by the Investment Committee. Where commingled or mutual funds are used, a statement of proxy voting policy is acceptable.

Responsibilities of the Investment Consultants:

- Analyze trends in manager performance, asset allocation and other objectives and make recommendations to the Investment Committee regarding the same.
- Evaluate and propose strategies relevant to the future of the portfolio.
- Assist in the selection of investment managers.
- Model portfolios and calculate investment results under selected scenarios.
- Assist in the continuity of the Investment Committee and staff education.
- Analyze recommendations proposed by Investment Managers and advise the Finance Committee as to the appropriateness of the recommendations.

Responsibilities of the Foundation Staff:

- Act as the liaison between the Investment Committee, the Investment Managers and the Investment Consultant.
- Manage the investment activity to ensure sufficient Cash Flow to meet distribution requirements.
- Work with the Investment Consultants to compile information on investment return and performance for the Investment Committee’s review.
- Interface with the Investment Committee to ensure necessary action items are brought to the Committee and that Committee decisions are implemented.

REVIEW PROCEDURES

Review of Policy

The Investment Committee, on an ongoing basis, will review all investment policies, objectives, and guidelines.

Review of Investment Results

The Investment Committee will monitor the performance of the Foundation assets quarterly (investment flash reports will be provided monthly) with the assistance of the Foundation Staff, the Consultant, and the Investment Managers. The components to be included in these reviews are as follows:

- Review of the results for each Investment Manager given their investment strategy and market conditions.
• Comparison of the results of each Investment Manager against the objectives and policy guidelines set forth in this document.

• Comparison of the total fund performance against:
  - a universe of other professionally managed funds with a similar asset mix.
  - the Chicago Community Foundation’s spending policy plus inflation as measured by the Consumer Price Index.
  - a balanced index composed of 45% of the S&P Index, 10% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 7.5% of the MSCI EM and 30% of the Barclays US Aggregate Bond Index.
  - a balanced index composed of 30% of the S&P Index, 10% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 7.5% of the MSCI EM, 15% of the Barclays US Aggregate Bond Index, 15% HFRX Absolute Return, and 15% HFRX Hedged Equity.
  - a peer group of similar foundation and endowment funds

Review of the Investment Managers

• The Investment Committee, the Foundation staff and the Consultant will review the performance of the Investment Managers and their adherence to the restrictions and policies applicable to the assets under management on a regular basis to determine whether the managers have performed in accordance with their stated investment approaches. On a quarterly basis, the managers are expected to provide a comprehensive review of strategy and performance, as well as an indication of anticipated portfolio changes. Each manager must promptly communicate significant changes in staffing, organization structure, assets under management or investment philosophy.

• On an ongoing basis, the managers will be evaluated to determine their progress toward achieving the investment objectives specified herein. Failure by a manager to achieve policy objectives may cause the Investment Committee to reexamine the manager’s investment style and philosophy and may lead to a revised investment strategy.

• As requested, each manager will be expected to meet with the Investment Committee, the Foundation Staff, and the Consultant to provide:
  - A verbal and written review of their investment performance and portfolio structure.
  - A synopsis of their key investment decisions, their underlying rationale and expected future implications.
  - An organizational update