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CCF STATEMENT OF INVESTMENT POLICY

Section 1 – General Terms

A. Introduction

This statement of Investment Policy and guidelines (this “Policy Statement”) for The Chicago Community Foundation (“Foundation”) is established by the Investment Committee (the “Committee”) under the power and authority delegated to the Committee by the Board of Directors of The Chicago Community Foundation (the “Board”).

This statement governs the management of the investment portfolio of the Foundation (the “Portfolio”) and guides the Committee, staff, and any consultants in the management of the Foundation’s invested assets.

B. Division of Responsibility within the Foundation

Responsibilities vary depending on the investment portfolio and the role of each party involved in its oversight or management. The following outlines the responsibilities for each group:

- 1. Investment Committee:** The Committee oversees implementation of the Policy Statement. Delegation of authority and other responsibilities of the Committee are detailed in the Committee Charter approved by the Board, attached as Exhibit A.
- 2. Foundation Staff:**
 - Establish and maintain a strategic plan and priorities for the investment portfolio, develop and recommend actions to the Committee to implement, and ensure portfolio alignment with the Foundation’s needs;
 - Act as the liaison between the Committee, the Investment Managers, the Investment Consultant, and External Advisors;
 - Manage investment activity to ensure sufficient cash flow to meet distribution requirements;
 - Work with the Investment Consultants and external data providers to compile information on investment return and performance for the Committee’s review;
 - Interface with the Committee to ensure necessary action items are brought to the Committee and that decisions made within the meeting are implemented; and
 - Carry out all other responsibilities as delegated by the Committee.
- 3. Investment Consultant:**
 - Report on monthly investment performance;
 - Analyze trends in manager performance, asset allocation, and other objectives and make recommendations to the Committee regarding the same;
 - Evaluate and propose investment strategies consistent with the goals of the Portfolio;



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- Assist in the selection of investment managers;
- Analyze recommendations proposed by Investment Staff and advise the Committee as to the appropriateness of the recommendations; and
- Model portfolios under different scenarios and deliver analytic assessment of findings.

4. External Advisors & Investment Managers

- Manage assets in accordance with this Policy Statement and any mandate-specific guidelines;
- Exercise discretion over security selection, portfolio construction, and trading within these parameters;
- Maintain stated investment style, adhere to all restrictions, manage risk prudently, and seek competitive long-term performance relative to agreed benchmarks;
- Provide regular reporting, notify staff of any material changes or guideline breaches, and cooperate in due diligence and oversight processes.

C. Inclusive Investment Manager Policy

- Consistent with achieving the investment objectives set forth herein, the Policy Statement will be implemented within a framework consistent with the Foundation's evaluation of inclusive Investment Managers as described in Exhibit B.

D. General Principles

- Subject to the intent of donors expressed in gift instruments, the Committee, in managing and investing the Portfolio, shall consider the charitable purposes of the Foundation and the purposes of the Foundation's institutional funds.
- Each person responsible for managing and investing the Portfolio and underlying assets shall do so in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- In managing and investing the Portfolio and specific pools of assets within the Portfolio, the Committee will consider the following factors, if relevant:
 - General economic conditions;
 - The possible effect of inflation or deflation;
 - The expected tax consequences, if any, of investment decisions or strategies;
 - The role that each investment or course of action plays within the overall Portfolio;
 - The expected total return from income and the appreciation of investments;
 - Other resources of the Foundation;
 - The needs of the Foundation and the Portfolio to make distributions and to preserve capital; and
 - An asset's special relationship or special value, if any, to the charitable purposes of the Foundation.
- Management and investment decisions regarding individual assets will be made in the context of the Portfolio—or the specific asset pool within it—as part of an overall



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investment strategy with risk and return objectives appropriately suited to that pool and to the Foundation.

- The Committee will diversify the investments within the Portfolio unless it reasonably determines that, because of special circumstances, the purposes of the Portfolio are better served without diversification.

Section 2 – The Portfolio

This section provides a high-level framework for the overall portfolio, outlining the overarching investment objectives, guidelines, and manager selection processes that apply across all assets. Appendix A offers detailed information for each individual pool, including the specific objectives, guidelines, and considerations that govern each respectively.

A. Composition of Assets

The following description of the composition of assets is intended as an overview of the Foundation’s investable resources. Underlying assets, detailed investment objectives, strategic asset allocations, permissible ranges, and portfolio specific guidelines for each investment pool are provided in the corresponding portfolio appendices, which shall govern where more specific direction is required.

- Donor advised funds, which are institutional funds of the Foundation that are wholly expendable in the form of grantmaking through donor discretion;
- Quasi-endowments, which are established by the Board of the Foundation using gifts or other funds whose use may be restricted, or unrestricted funds that the Board of the Foundation elects to treat as an endowment;
- Institutional reserves, representing other non-endowed funds set aside from time to time by the Foundation; and
- Permanently endowed assets including endowed donor advised funds and donor-restricted endowments.

B. Investment Objectives

Investment objectives for Foundation pools will be established in accordance with the charitable objectives of the underlying assets. Each investment pool will be evaluated against the policy benchmark for its respective mandate.

C. Investment Guidelines

Investment guidelines will vary by pool of assets described in the appendix. The appropriateness and use of asset types not specified in this Policy Statement is subject to evaluation by investment



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staff and, where applicable, approval by the Investment Committee.

D. Spending Policy

The Foundation invests on a total return basis, and distributions from permanently endowed funds are made in accordance with a spending policy established by the Foundation.

E. External Advisor & Investment Manager Strategy Selection

- External Advisors & Investment Managers must:
 - have the requisite experience and skills to manage the strategy under consideration;
 - have a sufficient complement of personnel with the necessary knowledge, experience and training;
 - be registered and in good standing with appropriate regulatory agencies;
 - have invested assets appropriately segregated and held by an independent custodian;
 - employ a valuation policy based on GAAP fair value standards or other generally accepted valuation standards;
 - have independent, third-party providers clear trades and provide client statements to the extent it is appropriate to separate these functions between a manager and a service provider;
 - be audited annually by a recognizable, reputable accounting firm; and
 - undergo a legal review of applicable documents when deemed necessary by the Investment Staff.
- An Investment Manager's strategy must:
 - adhere to the relevant manager's stated investment style or strategy; and
 - be managed with an appropriate match between invested assets and liabilities and commensurate liquidity terms.

F. Measuring Investment Performance

- Long-term performance will be evaluated based on market-weighted benchmarks relative to asset allocation targets.
- External advisors, investment managers, and strategies will be evaluated based on relevant benchmarks.
- Performance will be reported to the Committee on a schedule determined for each pool, as detailed in the applicable Appendix.

Appendix A – Asset Pools

Individually Managed Accounts & Advisor Pools

These assets consist of donor advised funds (funds) and advisor pools (pools) managed as



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externally managed relationships with a set of approved advisor firms, where the funds in these accounts are wholly expendable in the form of grantmaking facilitated through donor recommendations.

The Committee retains oversight of individually-managed accounts and advisor pools, and sets policies and procedures for investment of these assets. Investment staff sets fund- or pool-specific investment strategy, and implementation is delegated to external advisors.

A. Investment Objectives

- Investment objectives are set to align with charitable goals specific to that fund or pool. Individual funds and pools will be evaluated by custom benchmark set by the relevant external advisor and investment staff.

B. Asset Allocation

Asset Class	Range	Benchmark
Public Equity	0-100%	MSCI World
Fixed Income	0-100%	Bloomberg US Aggregate
Diversifiers	0-30%	HRFX Absolute Return
Cash	0-100%	90-day US Treasury Bill

C. Investment Guidelines

- The appropriateness and use of asset types not specified in this Policy Statement is subject to prior approval of the investment staff.
- The volatility of the fund or pool, 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 fund/pool or 3% over the weight in the benchmark index, at market value.
- The fund may contain no more than 5% of the outstanding shares of any company, nor may the fund contain any stock where the manager's aggregate holdings for all clients exceed 15% of the outstanding shares.
- Investments in derivative securities and any investment that generates unrelated business income tax liability are prohibited unless prior approval is given by Staff. Current prohibited securities include, but are not limited to:
 - Restricted (letter) stock
 - Short-sale contracts
 - Option contracts
 - Futures contracts
- The fund or pool may contain opportunistic investments that lie outside the agreed upon strategic asset allocation. Examples of opportunistic investments include real assets (timber, oil and gas), private placements, real estate, venture capital, REITS, and commodity



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trading. Investment Staff'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 fund to a high level of risk.
- The investment must have a minimum track record of three years.
- The fund's or pool's exposure should not represent more than 5% of the assets of the total opportunistic investment.
- The average quality of fixed income assets within the fund or pool should be no less than A-rated or better.
- Commingled or mutual funds are governed by the prospectus or stated guidelines of the applicable fund and are exempt from the above guidelines.
- The External Advisor should assure itself of the appropriateness of any individual investment.
- Exceptions to these restrictions may be granted at the discretion of staff.

D. Investment Manager and Strategy Selection

- Asset allocation for IMAs is determined primarily by donor charitable objectives and advisor preferences (as approved by Foundation staff) and is documented through fund-specific investment objectives or policy statements.
- The Foundation strives to offer flexibility for the investment of IMAs, subject to the restrictions contained herein, to ensure that IMA investment strategies align with donors' charitable objectives and anticipated investment time horizons.
- External Advisors are approved based on the criteria outlined in the IMA policy document.

E. Measuring Investment Performance

- Performance will be evaluated by investment staff quarterly and reviewed by the Committee on an annual basis.

Growth Pool

This pool consists of donor-advised funds, including fully expendable funds used for grantmaking pursuant to donor recommendations, along with endowed and designated donor-advised funds that are classified as institutional funds and managed solely by the Foundation.

A. Investment Objectives

- The growth pool's investment objective is to achieve long-term capital appreciation through a diversified portfolio, supporting the Foundation's ability to meet current and future donor-advised grantmaking and other distributions, while managing risk and liquidity.



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B. Asset Allocation

The pool assets will be invested in line with the below targets and ranges:

Asset Class	Target	Range	Benchmark
Large Cap Equity	24%	15-40%	S&P 500
Small & Mid Cap Equity	6%	0-10%	Russell 2500
International/ Emerging Markets Equity	12%	0-20%	MSCI EAFE MSCI Emerging Markets
Global Equity	15%	0-20%	MSCI AC World Index
Fixed Income	15%	10-25%	Bloomberg U.S. Aggregate Index
Diversifiers	15%	0-30%	HFRX Absolute Return
Private Markets	10%	0-30%	MSCI Global All PE VY 2024+
Cash	3%	0-10%	90 Day U.S. Treasury Bill

C. Investment Guidelines

- The appropriateness and use of asset types not specified in this Policy Statement is subject to approval by the Committee.
- The Investment Manager should assure itself of the appropriateness of any individual investment.
- The volatility of the pool, as measured by standard deviation, should be similar or not significantly greater than that of the policy benchmark.
- The pool may contain opportunistic investments that lie outside of the strategic asset allocation. Examples of opportunistic investments include real assets (timber, oil and gas), 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 fund to a high level of risk.
 - The investment must have a minimum track record of three years.
 - The pool exposure should not represent more than 5% of the assets of the total opportunistic investment.
- Exposure to illiquid private assets, measured by invested market value rather than committed capital, shall be limited to no more than 20% of the pool's total market value.

D. Measuring Investment Performance

- Performance will be reported to the Investment Committee on a quarterly basis.



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- Long-term performance will be evaluated relative to a policy index composed of the weighted benchmarks corresponding to the strategic asset allocation outlined above.

PERT

This pool of assets consists of quasi-endowed funds, which are established by the Board of the Foundation using gifts or other funds whose purposes (but not spending) may be donor-restricted or using unrestricted funds that the Board of the Foundation elects to treat as endowed funds.

A. Investment Objectives

- Achieve long-term growth of capital through a diversified portfolio, supporting sustainable mission-related spending that is generally consistent with endowment-like practices, while preserving the Board's flexibility to adjust spending based on the portfolio's performance, market conditions, and organizational and charitable needs.
- Earn a real (i.e., inflation adjusted, as measured by the Consumer Price Index) total rate of return (net of investment management fees) at least equal to the maximum spending rate authorized by the joint determination of the Investment Committee and the Budget & Compensation Committee under the spending policy.

B. Asset Allocation

- The pool assets will be invested in line with the below targets and ranges:

Asset Class	Target	Range	Benchmark
Large Cap Equity	19%	10-34%	S&P 500
Small & Mid Cap Equity	4%	0-10%	Russell 2500
International / Emerging Markets Equity	12%	0-20%	MSCI EAFE MSCI Emerging Markets
Global Equity	15%	5-25%	MSCI AC World Index
Fixed Income	10%	5-15%	Bloomberg U.S. Aggregate Index
Diversifiers	10%	0-20%	HFRX Absolute Return
Private Markets	30%	0-45%	MSCI Global All PE VY 2025+ MSCI Global Credit MSCI Global Real Assets w RE
Cash	0%	0-10%	90 Day U.S. Treasury Bill



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C. Investment Guidelines

- The appropriateness and use of asset types not specified in this Policy Statement is subject to approval by the Investment Committee.
- The volatility of the pool, as measured by standard deviation, should be similar or not significantly greater than that of the policy benchmark.
- The Investment Manager should assure itself of the appropriateness of any individual investment.
- The pool may contain opportunistic investments that lie outside of the strategic asset allocation. Examples of opportunistic investments include real assets (timber, oil and gas), real estate, venture capital, REITS, and commodity trading. The Investment staff'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 fund to a high level of risk.
 - The investment must have a minimum track record of three years.
 - The pool exposure should not represent more than 5% of the assets of the total opportunistic investment.
- Exposure to illiquid private assets, measured by invested market value rather than committed capital, shall be limited to no more than 40% of the pool's total market value.

D. Measuring Investment Performance

- Performance will be reported to the Investment Committee on a quarterly basis.
- Long-term performance will be evaluated relative to a policy index composed of the weighted benchmarks corresponding to the strategic asset allocation outlined above.

Impact Investment Platform & Pool(s)

- These assets consist of funds the Investment Committee has determined to dedicate to impact investing, as described in the Statement of Impact Investment Policy (the "Impact Investment Policy Statement"). These assets are managed by the Impact Investment Subcommittee in accordance with the Impact Investment Policy Statement.



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Exhibit A – Inclusive Manager Policy

1. Purpose

The Foundation aims to broaden access to investment opportunities by intentionally considering a wider range of qualified investment firms within the Foundation’s manager sourcing, evaluation, and selection process, as well as to invest with firms that have demonstrated alignment with the mission and purposes of the Foundation and employ inclusive practices within their own organizations.

This approach strengthens portfolio diversification, reduces concentration risk, and enhances long-term risk adjusted returns by seeking managers who bring **distinct perspectives, innovative strategies, and differentiated sourcing approaches**.

2. Definitions

As part of its manager evaluation process, the Foundation considers the extent to which an investment firm’s governance, leadership structure, and decision-making processes incorporate a meaningful breadth of perspectives, experience, and opportunity. **These considerations are applied holistically** and may include, but are not limited to:

- Firms that share the Foundation’s commitment to economic mobility, and that have implemented governance, talent development, or advancement practices designed to broaden participation in senior investment roles,
- Firms in which investment decision-making is distributed across a deep and collaborative investment team,
- Emerging or early-stage firms that may be underrepresented in traditional consultant search pipelines, and
- Spin-outs or newly formed firms led by experienced investment professionals with demonstrated prior track records.

In assessing a firm’s inclusive practices, the Foundation does not consider the demographics of a firm.

3. Fiduciary Duty

All investments must comply with the Foundation’s fiduciary obligations, emphasizing prudent selection, long-term performance, and risk management. Diversity of thought and firm structure may be considered as **nondeterminative secondary factors** relevant to governance and risk assessment.



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4. Investment Consultant Due Diligence & Manager Recommendations

The Foundation's Investment Consultant is responsible for sourcing and recommending investment managers. The Foundation encourages its Investment Consultant to expand its sourcing universe to include a broader set of investment managers that meet the criteria outlined in Section (2). In fulfilling this responsibility, the Consultant will apply appropriate due diligence standards and incorporate both quantitative & qualitative analysis in its evaluation, and shall maintain processes designed to identify investment skill, organizational stability, and alignment of interests.

5. Annual Reporting

The Committee will receive an annual evaluation of the Consultant's research efforts, including outreach to and engagement with a broad range of investment managers, as well as an assessment of outcomes specific to Foundation portfolios.