

STATEMENT OF INVESTMENT POLICY

Based on the responsibilities as set forth in the Declaration of Trust, the Investment Committee of The Chicago Community Trust (the “Trust”) has developed this Statement of Investment Policy (this “Policy Statement”) which serves the following purposes:

- Establishes objectives and guidelines for the investment of Trust assets that are consistent with the financial goals of the Trust.
- 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 Trust.
- Outlines the duties and responsibilities of the various parties involved in the investment and oversight of the Trust assets.

This Policy Statement is intended to provide documentation for all responsible parties. It should be noted that the Investment Committee strongly encourages the Trustee Banks (hereafter referred to as “Investment Managers”) to proactively recommend any changes in the investment policies, objectives or guidelines that they believe are appropriate.

INVESTMENT OBJECTIVES AND GOALS

The Trust’s investment objectives are to manage the Trust’s assets (referred to herein as the “portfolio”) in a manner that will support the programs of the Trust 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 Trust 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 Trust plus the rate of inflation as measured by the Consumer Price Index. The Trust 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 Trust’s spending policy plus inflation as measured by the Consumer Price Index.

2. A balanced index composed of 37.5% of the S&P 500 Index, 12.5% of the Russell 2500 Index, 10% of the MSCI EAFE Index, 5% of the MSCI EM, 20% of the Barclays US Aggregate Bond Index, and 15% of the HFRI Fund of Funds 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 peer group of similar foundation and endowment funds.

GENERAL PRINCIPLES

Subject to the intent of donors expressed in gift instruments, the Investment Committee, in managing and investing the portfolio, shall consider the charitable purposes of the Trust and the purposes of the Trust's institutional funds. Each person responsible for managing and investing the portfolio 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, the Investment 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 Trust;
- The needs of the Trust 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 Trust.

Management and investment decisions about individual assets will be made 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 portfolio and to the Trust.

The Investment 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.

INVESTMENT GUIDELINES

Investment guidelines are the broad parameters within which the Investment Managers operate in executing and implementing this Policy Statement and making specific investment decisions. Outlined below are the Trust'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 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 investments that generate 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), real estate, REITS, and commodity trading. The following guidelines must be met for opportunistic investments:
 - 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 Opportunistic asset class may include allocations to private assets, including private equity and private debt, subject to prior review and approval of the Investment Committee. Investment Managers are authorized to make such investments only after obtaining such approval.
- The Trust 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.

INCLUSIVE MANAGER POLICY

1. Purpose

The Trust encourages Investment Managers to broaden access to investment opportunities by intentionally considering a wider range of qualified investment firms within manager sourcing, evaluation, and selection processes, as well as to invest with firms that have demonstrated alignment with the mission and purposes of the Trust 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.

As part of its manager evaluation process, an Investment Manager is encouraged to consider the extent to which an investment firm's governance, leadership structure, and decision-making processes incorporate a meaningful breadth of perspectives, experience, and opportunity.

2. Fiduciary Duty

All investments must comply with the Trust'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.

3. Investment Manager Due Diligence & Manager Selection

The Trust's Investment Managers are responsible for sourcing and selecting investment managers. The Trust encourages its Investment Managers to expand their sourcing universe to include a broader set of investment managers. In fulfilling this responsibility, the Investment Manager 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.

4. Annual Reporting



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

Asset Class	Target Allocation	Range	Index Benchmarks
Public Equity	65%	50-80%	
Large Cap	37.5%	25-45%	S&P 500
Small/SMID Cap	12.5%	0-20%	Russell 2500
International	15%	0-20%	10% MSCI EAFE, 5% MSCI EM
Fixed Income	20%	10-30%	Bloomberg US Aggregate
Diversifiers	15%	0-25%	HFRI Fund of Funds
Opportunistic	0%	0-10%	N/A
Cash	0%	0-10%	90 day US Treasury Bill

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 will periodically review the policy asset allocation and policy benchmarks to ensure they remain appropriate for the needs of the Trust.

SPENDING POLICY

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

DUTIES AND RESPONSIBILITIES

Responsibilities of the Investment Committee are set forth for the “Finance Committee” in the Declaration of Trust Creating The Chicago Community Trust (as adopted May 12, 1915, restated November 9, 1949, and amended July 19, 1974, June 21, 1977, June 10, 1986 and November 14, 2006) (the “Declaration of Trust”) and in the Investment Committee Charter at Appendix A, which may be amended from time to time by the Executive Committee of the Trust.

Responsibilities of the Investment Managers:

- Manage the Trust assets under their control in accordance with the Declaration of Trust, this Policy Statement and the 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 Investment Committee, as appropriate.
- Act in a prudent manner with respect to investment of the Trust assets.
- Promptly inform Trust staff and the Investment Committee regarding significant matters pertaining to the investment of the Trust assets. This includes, at a minimum, the following:
 - Quarterly (based on calendar quarters) portfolio asset statements.
 - Quarterly report of performance.
 - 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.
- Maintaining such records as may be required to comply with any investment restrictions set by the donor, including investing and reinvesting funds subject to the provisions that may pertain to a particular fund.

Responsibilities of the Investment Consultants:

- Report quarterly investment performance.
- 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.
- Analyze recommendations proposed by Investment Managers and advise the Investment Committee as to the appropriateness of the recommendations.

Responsibilities of the Trust 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 Trust's needs.
- Act as the liaison between the Investment Committee, the Investment Managers and the Investment Consultant.
- Partner with Investment Managers 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.
- Carry out all other responsibilities as delegated by the Committee.

REVIEW PROCEDURES

Review of Policy Statement

The Investment Committee will periodically review and make updates, as appropriate, to this Policy Statement.

Review of Investment Results

The Investment Committee will monitor the performance of the Trust assets quarterly with the assistance of the Trust Staff, the Investment 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 the benchmarks specified above in the investment objectives and goals section of this policy statement.

Review of the Investment Managers

- The Investment Committee, the Trust staff and the Investment 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 Trust Staff and the Investment 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.

