Investment Policy Statement

I. INTRODUCTION

A. This Investment Policy Statement ("IPS" or "Policy") was adopted by the Coastal Community Foundation of South Carolina ("CCF") to establish a clear understanding of CCF's investment philosophy and investment objectives. The Investment Policy Statement defines CCF's investment objectives and the responsibilities and standards applicable to those involved in the investment and management of the Portfolios.

B. The purpose of CCF's investments is to provide resources in the fulfillment of CCF's mission. While operating cash management will also be monitored, this IPS seeks to outline the role of the long-term investments of CCF and the responsibilities of those associated with the portfolios. This IPS does not address the management of cash and short-term investments.

C. The long-term investments of CCF are comprised of the following investment portfolios and assets: the Total Return portfolio, the ESG portfolio, the Place-Based Impact Investing Portfolio, portfolios managed by Third-Party Advisors, and other direct investments. This IPS provides guidelines for the Total Return and ESG Portfolios as well as for those managed by Third-Party Advisors, while the Place-Based Impact Investing is subject to its own IPS and separate governance committee, and while the Board of Directors oversees other direct investments through either the Grants & Community Leadership Committee or the Finance Committee.

D. The Board of Directors has delegated to the Investment Committee management and investment functions related to the Total Return and ESG Portfolios as well as to oversee Third Party Advisors, but retains the authority to act on all investment matters and to approve the Investment Policy Statement.

E. This Investment Policy Statement is not intended to constitute a legally binding agreement between the Coastal Community Foundation of South Carolina and Investment Consultant(s) or Investment Manager(s) or Investment Custodian(s). Any agreement with Investment Consultant(s) or Investment Manager(s) or Investment Custodian(s) will be consistent with the IPS and be pursuant to a separate, written agreement with such party. It is recognized that from time to time the Board's and the Investment Committee's policies, expectations, and objectives may change. Therefore, this Policy is intended to be used as a guideline rather than a rigid statement of policy from which there can be no deviation. This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for CCF, the Board, Investment Committee, Investment Consultant(s), Investment Manager(s) and Investment Custodian(s).

II. COASTAL COMMUNITY FOUNDATION'S MISSION AND INVESTMENT PHILOSOPHY

A. The Coastal Community Foundation was established in 1974 as a non-profit corporation under the laws of the State of South Carolina and is governed by CCF's Board of Directors. CCF has been recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is classified as a public charity. CCF's mission is to help create vibrant communities by uniting people and investing resources.

B. The Coastal Community Foundation's purpose of helping to create vibrant communities by uniting people and investing resources rests in the belief that the foundation is a steward of both resources and values. To that end, CCF is committed to the principle of endowed philanthropy which provides donors the opportunity to make an initial charitable investment while realizing the impact of that investment over their lifetime through charitable grant making and socially responsible investing.

We fulfill this aspect of our mission by ensuring that the financial assets invested in the foundation are stewarded in the most thoughtful, financially responsible and socially constructive ways. CCF believes that donors should have a choice in how they choose to work with the foundation and therefore provides investment options for donors to consider when working with CCF through one of the many fund offerings it provides.

CCF seeks to maximize return potential while minimizing risk across the various investment pools available to donors. We are transparent in both our fees and return potential and will fully disclose the risks associated with each investment approach. Our ultimate goal is to ensure that our community benefited is maximized by the assets that have been entrusted to us through the generosity of our donors. To that end the Foundation maintains the following investment portfolios and assets.

1. The Total Return Portfolio is designed to ensure long-term financial security to the communities we serve and to provide an ongoing source of funding in perpetuity for CCF's activities, programs, and operating expenses. This Portfolio emphasizes total return, liquidity, and risk minimization to allow for preservation of corpus, maintenance of purchasing power, maximum granting ability, and production of fee income for CCF's operations. This Portfolio is covered by this IPS.

2. The ESG Portfolio seeks to maximize return, maintain liquidity and minimize risk while also considering the environmental, social and governance aspects of the investments included in the portfolio. This Portfolio exists to enable donors to achieve financial and social returns. This Portfolio is covered by this IPS.

3. The Placed-Based Impact Portfolio is designed to mobilize capital ~~to~~ for the benefit of residents of CCF's nine-county service area. This portfolio seeks to balance financial returns with social returns and may not achieve the same level of returns achieved by the broad investment portfolios. As such, the granting ability of this portfolio will be limited in favor of being able to make targeted investments in support of CCF's Civic Engagement Agenda ~~of CCF~~. This Portfolio is covered by the Impact Investing IPS and not addressed in the remainder of this Policy.

4. Third-Party Advisors may be utilized by CCF in the administration of Trusts and allowed for donors that create and maintain fully-endowed funds in excess of $1 million. For eligible donors, the endowments will be managed independently in a separate account by an independent advisor. In the case of Trusts, CCF has elected to engage an Investment Advisor to serve in an OCIO capacity for trust administration. This Advisor manages the investments in accordance with this IPS and a sub-IPS. In addition to investment management, the Advisor prepares required tax filings and performs distributions as required in each trust

agreement. While third-party advised investments are separately managed from the Portfolios, they are subject to the limitations identified in this IPS where identified.

5. Other direct investments are managed by the Foundation due to requirements associated with gifts that were accepted. These investments include ownership interests in businesses, residential property, life insurance policies payable to CCF, loans through the Lowcountry Conservation Loan Fund, beneficial interests in remainder trusts not administered by CCF, and a grandfathered loan from a supporting organization to a CDFI. In these cases, the terms of the investments are outlined in other documentation with the management and reporting of the investments facilitated by CCF staff and overseen by either the Finance Committee or Grantmaking and Community Leadership Committee. Future acceptance of these investments will be controlled by a Board approved Gift Acceptance Policy outlining when such assets may be accepted. These investments are not addressed in the remainder of this Policy.

III. THE ROLE OF THE INVESTMENT POLICY STATEMENT

A. Purpose

1. The purpose of this IPS is to provide guidelines for the prudent management of CCF's investments and is intended to assist the Investment Committee and the Board of Directors (the "Board") in the investment objectives and the responsibilities and standards applicable to those involved in the investment and management of the Portfolio.

2. CCF's investment objectives are first to safeguard and preserve the real purchasing power of each Portfolio sufficient to meet its philanthropic and operational requirements and second to earn investment returns that are commensurate with each Portfolio's risk tolerance. The specific investment objectives for each Portfolio are set forth below.

B. Scope

This Policy applies to all assets that are included in CCF's investment portfolios for which the Investment Committee has been given discretionary investment authority. This authority extends to the Total Return Portfolio, ESG Portfolio and Third Party Advisor assets. Any deviations from this Investment Policy Statement must be approved by the Investment Committee in writing.

C. Fiduciary Duties

In seeking to attain the investment objectives set forth in the policy, the Investment Committee and its members will exercise prudence and appropriate care in accordance with the South Carolina Uniform Prudent Management of Institutional Funds Act, South Carolina Code of Laws, Sections 34-6-10 through 100, enacted in 2008 (#0289 of 2008), which includes the following statement of the governing fiduciary duty:

"Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, will consider the charitable purposes of the institution and the purposes of the institutional fund. In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund will manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances".

All investment actions and decisions must be based solely in the interest of CCF. All persons providing investment advice or other services to the Investment Committee must meet this statutory standard for fiduciaries and therefore must provide full and fair disclosure to the Investment Committee of all material facts regarding any potential conflicts of interests. See Article VII B. hereof.

D. Responsibilities

Board of Directors

The Board of Directors has the ultimate fiduciary responsibility for CCF's investments. The Board must ensure that appropriate policies governing the management of CCF's assets are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets investment policy, approves the Investment Policy Statement, and delegates responsibility to the Investment Committee and others for implementation and ongoing monitoring.

Investment Committee

The Investment Committee is responsible for implementing the Investment Policy for the Total Return and ESG Portfolios of the Foundation and in the oversight of the Third-Party Advisors. This responsibility includes establishing and modifying investment strategy in alignment with the mission and strategy of the Foundation and maintaining sufficient knowledge about the Portfolios and their managers and investment consultants to be reasonably assured of compliance with the Investment Policy Statement. On an ongoing basis the Investment Committee will adhere to the standards set in the Investment Committee Responsibilities. Key responsibilities include:

a. Prepare, recommend and monitor compliance with the Investment Policy Statement (IPS)
b. Formally review the investment consultant every three years and will provide a report to the Board of Directors of the outcome of the review.
c. Invest with investment managers, custodians and other professional advisors and evaluate their performance to hire and terminate providers as needed
d. Monitoring performance of the investment portfolios and third-party assets on a regular basis (at least quarterly) to include returns, fees, and liquidity concerns
e. Seek regularly the perspective of the Foundation's Vice President of Finance
f. Recruit volunteers with diverse experience and perspectives to serve on the Committee
g. Understand the Foundation's history, mission, and resources
h. Participate in regular Committee meetings
i. Educate other members of the Board

j. Ensure that all members of the Committee understand the Foundation's Conflict-of-Interest Policy
k. Recommend to the Board annually the appropriate investment objectives for each portfolio

Vice President of Finance and Chief Financial Officer

The Vice President of Finance has daily responsibility for administration of the Foundation's Total Return and ESG portfolios and will consult with the Investment Committee and/or the Board of Directors on all matters relating to the investment of the portfolios. The Vice President of Finance is the staff contact for Third Party Advisors and oversees their performance. The Vice President of Finance will serve as primary contact for the Foundation's investment managers, investment consultants, and custodians. On an ongoing basis the Vice President of Finance will adhere to the standards set in the Vice President's Position Description. Key responsibilities include:

a. Execute the Total Return portfolio's policy by coordinating the efforts of the Investment Committee, investment consultants, custodians and individual managers.
b. Work directly with the consultants to prepare manager and investment reviews, report and analysis on investments, and other items as assigned by the Committee.
c. Balance the investment portfolios as needed; process transactions for the portfolios as approved.
d. Act as staff liaison to the Investment Committee by providing information as requested, informing the Committee of the strategy of the Foundation and operational constraints, and ensuring follow through on selected tasks.
e. Work directly with the Chair to set agendas and meetings, work plans, and staff the Committee.

Investment Consultant

The Investment Consultant is responsible for assisting the Investment Committee in all aspects of managing and overseeing the Total Return and ESG Portfolios and in providing reporting relating to Third Party Advisors. The Investment Consultant is the primary source of investment education and investment manager information. On an ongoing basis the Consultant will:

a. Provide the Investment Committee with quarterly performance reports within 30 days following the end of the quarter.
b. Meet with the Investment Committee at least quarterly, and more frequently as needed.
c. Monitor the activities and results of each investment.
d. Supply the Investment Committee with other reports or information as reasonably requested.
e. Recommend engaging and terminating investment managers for the Portfolios.
f. Review the Investment Policy Statement with the Investment Committee annually.
g. Advise the Investment Committee at least annually of the details of any relationships or transactions between it and its affiliates (i.e., parent company, subsidiaries, or materially jointly-owned entities) and the investment managers it recommends to the Foundation.

h. Provide periodic reports on the macro outlook for the economy and the potential effects on the portfolios.
i. Perform all due diligence on investment managers, custodians, and other vendors.
j. Report immediately all qualitative (as well as quantitative) issues with respect to investment managers, custodians, and other vendors. This responsibility includes but is not limited to reporting to the Investment Committee on manager criteria as set in the manager review section of this IPS.

Custodians

Custodians are an integral part of executing the Foundation's Portfolios. Open communications by the Custodians with the Foundation, its Investment Managers, and its Investment Consultant will ensure accurate and timely reporting, and may provide early detection of any unexpected compliance or reporting problems.

Custodians of public investments will provide monthly transaction reports no later than the fifteenth business day following month end, and monthly asset reports no later than the tenth business day following month end. Custodians will follow best practice internal controls to safeguard the Foundation's assets and will certify to the effectiveness of their internal controls on an annual basis.

Investment Managers and Third-Party Advisors

Investment Managers and Third-Party Advisors serve to manage individual investments as recommended by the Consultant, CCF staff or donors and overseen by the Committee.

Managers of private investments will provide performance, partner capital reports and transaction reports no later than thirty days following a quarter end, with a one-quarter arrears expected for performance and partner capital reports. Managers of private investments will also provide annual tax statements by April 15th of each year, copies of annual audited financial statements by June 30 of each year, and any updated documents related to an investment by the effective date of any changes.

Third party advisors will provide performance reports no later than thirty days following a quarter end and will comply with this IPS where indicated.

IV. INVESTMENT OBJECTIVES & EVALUATION

A. Broad Objectives and Constraints

The first overall, long-term investment goal of CCF is to achieve an annualized total return (net of investment management fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus the spending rate and fees (currently 5% for the Total Return Portfolio), thus protecting the assets against inflation. Thus, the funds under the responsibility of the Investment Committee will be invested with the objective of preserving the long-term real purchasing power of each Portfolio's assets. Second, the Investment Committee will prudently seek an appropriate level of investment return.

More specifically, CCF's investment objectives and constraints for the Total Return Portfolio include the following:

1. **Preservation of Purchasing Power**
   CCF aims to at least preserve the real purchasing power of its assets over time by seeking returns on its investments that are in excess of the spending rate (described below) and the rate of inflation.

2. **Long-Term Growth**
   CCF seeks to achieve growth in its assets in excess of inflation by emphasizing long-term investment fundamentals in structuring its investments.

3. **Time Horizon**
   CCF intends to invest for the long-term, with the total return on the Portfolio evaluated on a five-year rolling basis. It is recognized that not every five-year period will meet CCF's objectives, but CCF aims to attain its objectives over a series of five-year periods.

4. **Risk Tolerance**
   CCF seeks to mitigate risk in its Portfolios through diversification. CCF recognizes and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives of the Portfolios. In establishing its risk tolerance, CCF's ability to withstand short- and intermediate-term variability, as well as the statistical probability of loss for a given period of time for the Portfolios, is evaluated by the Investment Committee.

5. **Liquidity Requirements**
   CCF seeks investment returns that will maintain adequate liquidity to meet its operational requirements for each one-year period as determined by the Board. The Board or Investment Committee will inform the Investment Consultants(s) (as defined below) of any anticipated need for additional liquidity as such need becomes known. The Investment Consultants(s) will presume no liquidity needs other than those provided by this Policy, the Board, or the Investment Committee.

In addition to the above, CCF's investment objectives and constraints for the ESG Portfolio include the following:

6. **ESG Requirements**
   CCF seeks investments that actively emphasize ESG factors in their portfolio construction. CCF will establish and monitor benchmarks for performance of this portfolio to ensure the portfolio emphasizes social returns as well as financial returns.

B. Spending Policies

1. For the Total Return Portfolio, the distribution rate is based upon a total return approach, which utilizes both income and capital withdrawn for spending. The maximum allowable spending amount (grantable amount plus foundation fees) for fully endowed funds will target 5% (4% grantable plus 1% foundation fees) of the average of the previous 20 quarters of the fund's market value. Where the fund has not been in existence for 20 quarters, the actual number of quarters that the fund has been in existence will be used as the divisor. This Spending Policy does not apply to those funds where the fund agreement spells out a separate spending calculation. In order to maintain this spending percentage, CCF's goal (apart from CPI plus 5% each year) is to achieve a 5-year average net investment return of 7.5% or more. The Investment Committee and CCF Board must approve the distribution rate. The full CCF Board, at its next regular meeting, must ratify the Committee decisions. If the full CCF Board does not ratify the Investment Committee's spending policy decisions, new guidelines must be proposed and approved as promptly as possible.

2. For the ESG Portfolio, the distribution rate is based upon a total return approach, which utilizes both income and capital withdrawn for spending. The maximum allowable spending amount (grantable amount plus foundation fees) for fully endowed funds will target 4% (3% grantable plus 1% foundation fees) of the average of the previous 20 quarters of each funds's market value. Where the fund has not been in existence for 20 quarters, the actual number of quarters that the fund has been in existence will be used as the divisor. This Spending Policy does not apply to those funds where the fund agreement spells out a separate spending calculation. In order to maintain this spending percentage, CCF's goal (apart from CPI plus 5% each year) is to achieve a 5-year average net investment return of 6.5% or more. The Investment Committee and CCF Board must approve the distribution rate. The full CCF Board, at its next regular meeting, must ratify the Committee decisions. If the full CCF Board does not ratify the Investment Committee's spending policy decisions, new guidelines must be proposed and approved as promptly as possible.

3. For the Third-Party Advisor funds, the distribution rates are set by the individual agreement. Prior to CCF accepting a Third-Party Advisor fund, the Board of Directors must approve the acceptance of the asset. This may be accomplished through the application of the approved Gift Acceptance Policy, through staff recommendation to the Board or through the Investment Committee. Distribution rates may only be changed upon agreement with authorized fund contacts and the appropriate CCF governance body.

C. Composite Performance Objectives – Total Return Portfolio

1. The primary objective of the Total Return Portfolio is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation. The primary objective of the Total Return Portfolio is:

Total Return greater than Consumer Price Index + Spending Policy + Administrative Fees

2. A secondary objective is to achieve a total return in excess of the Broad Policy Benchmark comprised of each broad asset category benchmark weighted by its target allocation and of each of the four categories constituting the Broad Policy Benchmark.

WEIGHT	INDEX	ASSET CATEGORIES
57%	MSCI AC World Index	Global Equity
17.5	Barclay' s Global Aggregate	Global Fixed Income
13	Consumer Price Index	Real Assets
12.5	DJ/CS HFI Multi-Strategy Index	Diversifying Strategies

3. A third investment objective is to achieve a total return by asset category and overall in excess of the Market Weighted Benchmark comprised of specific benchmarks weighted by the market value allocations of the managers. This benchmark will vary depending upon the managers selected and the current allocation to those managers. The specific benchmarks and weightings will be listed in the quarterly performance reports.
4. In addition to the benchmark comparisons, the risk of the Portfolio will also be monitored. Risk will be measured versus the Market-Weighted Benchmark using the following metrics:
   i. Maintain a beta of 1.20, or less of the benchmark
   ii. Produce a positive alpha return (risk adjusted performance)
   iii. Maintain a standard deviation of +/- 20% of the benchmark.

D. Composite Performance Objectives – ESG Portfolio

1. The first primary objective of the ESG Portfolio is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation. The primary objective of the ESG Portfolio is:

Total Return greater than Consumer Price Index + Spending Policy + Administrative Fees

2. A second primary objective of the ESG Portfolio is to outperform the benchmarks related to ESG Factors. Specifically, the Portfolio is expected to rank in the top quartile of MSCI's ESG Percentile Rank. Additionally, the overall ESG Quality score is expected to rank above the broad benchmark.

3. A secondary objective is to achieve a total return in excess of the Broad Policy Benchmark comprised of each broad asset category benchmark weighted by its target allocation and both of the categories constituting the Broad Policy Benchmark.

WEIGHT	INDEX	ASSET CATEGORIES
70%	MSCI AC World Index	Global Equity
30	Barclay's Global Aggregate	Global Fixed Income

E. Composite Performance Objectives – Third-Party Advised Funds

1. The total return of each Third-Party Advised Fund's target is to achieve a total return, net of fees, equal to or greater than spending, administrative fees, and inflation.

2. The total return of each Third-Party Advised Fund's target is to exceed that of the Broad Policy Benchmark comprised of 55% Russell 3000 Index, 20% MSCI ACWI ex-US, and 25% Barclays U.S. Aggregate Index.

V. INVESTMENT STRATEGIES

A. Intro

The Board and Investment Committee understand the long-term nature of Portfolios and consider that investing in assets with higher return expectations outweighs their short-term volatility risk. An equity-oriented strategy is required to meet the investment objectives for each portfolio. As a result, the majority of assets will be invested in equity or equity-like securities.

Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets.

Private capital will be deployed to increase the long-term investment results of the Portfolios.

Cash is not a strategic asset of any portfolio, but is a residual to the investment process and used to meet short-term liquidity needs.

B. Prudence Considerations

In managing and investing the Portfolios, the following factors, if relevant, must be considered:

1. general economic conditions;
2. the possible effect of inflation or deflation;
3. the expected tax consequences, if any, of investment decisions or strategies;
4. the role that each investment or course of action plays within the overall Portfolio;
5. the expected total return from income and the appreciation of investments;
6. other resources of CCF;
7. the needs of CCF and of particular funds in the Portfolios to make distributions and to preserve capital;
8. an asset's special relationship or special value, if any, to the charitable purposes of CCF;
9. the requirement of diversification unless specifically not required;
10. liquidity considerations;
11. the impact of management or administration costs; and
12. risk management.

C. Asset Allocation

Asset allocation will likely be the key determinant of each Portfolio's return over the long-term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. Globally diversified Portfolios, with uncorrelated returns from various assets, should reduce the variability of returns across time. In determining the appropriate asset allocation, the inclusion or exclusion of asset categories will be based on the impact to the total Portfolio, rather than judging asset categories on a stand-alone basis. The target asset allocation should provide an expected total return equal to or greater than the primary objective of each Portfolio, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall Portfolio level. To achieve these goals, the asset allocation will be set with the following target percentages and within the following ranges:

Total Return Portfolio:

ASSET CATEGORY	TARGET	RANGE
Global Equity	57.0	45 - 65 %
Global Fixed Income	17.5	10 - 30
Real Assets	13.0	5 - 25
Diversifying Strategies	12.5	0 - 20
Cash	0.0	0 - 10

ESG Portfolio:

ASSET CATEGORY	TARGET	RANGE
Global Equity	70.0	55 - 75 %
Global Fixed Income	30.0	20 – 35
Cash	0.0	0 – 10

Third-Party Advised Funds:

ASSET CATEGORY	TARGET	RANGE
US Equities	60.0	50 - 70 %
Global Fixed Income	30.0	20 - 40
International Equities	10.0	5 - 25
Cash	0.0	0 - 10

In addition to these broad ranges, the following targets have been established for private capital investments. These targets are sub-targets within the global equity and global fixed income categories and will be specifically set by categories and investment focus by the Committee based on the recommendation of the Consultant. It is expected that these called targets will require substantially higher targets in committed capital in order to achieve and maintain the allocations over time.

ESG Portfolio: 10%
Total Return Portfolio: 22%

D. Liquidity

A goal of both the Total Return and ESG Portfolios is to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending policy payout requirements and any extraordinary events. The Committee understands that in many instances, the most appropriate investment option is one that comes with liquidity constraints. The tradeoff between appropriateness and liquidity will be considered throughout in every aspect of the construction of the portfolios. Liquidity should be evaluated on an annual basis to ensure commitments do not jeopardize the ongoing spending needs of the Foundation.

E. Passively versus Actively Managed Funds

The asset allocation will be implemented using both active and passive investment managers. Highly efficient areas of the capital markets will be managed using primarily index funds and enhanced index/portable alpha strategies, due to the low probability of traditional active management outperforming an appropriate benchmark.

V. OPERATIONS

A. Time Horizon

The Investment Committee seeks to achieve or outperform the targeted expected returns, as defined by asset category and by the overall allocation decision, over a full market cycle. The Investment Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, investment managers may produce significant over or under performance relative to the broad markets and the benchmark for that asset category. For this reason, long-term investment returns will be measured over a five (5)-year moving period. The Investment Committee reserves the right to evaluate and make any necessary changes regarding investment managers over a shorter-term using the criteria established under "Manager Evaluation" below.

B. Rebalancing

The Vice President of Finance will monitor the asset allocation structure of each Portfolio and attempt to stay on target or at least within the ranges allowed for each asset category. If a Portfolio moves outside of the ranges the Vice President of Finance, with advice from the Investment Consultant, will develop a plan of action to rebalance. Each quarter the Investment Committee will be apprised of the asset categories' positioning relative to the targets. In many cases, the additions of new money or withdrawals for spending will be used to rebalance in a cost effective manner.

C. Investment Consultant Evaluation

The Investment Consultant will be reviewed by the Investment Committee every three years. Consultants will be evaluated upon the following criteria:

1. Performance of the portfolios managed according to the investment objective
2. The quality of reporting and analysis provided
3. The firm's adoption of diversity, equity and inclusion practices
4. Fees associated with the consultant services
5. Experience in administering foundation portfolios broadly and in administering total return and ESG portfolios specifically
6. The ease of administration of the portfolio by CCF staff

D. On-Going Manager Evaluation

Each investment manager will be reviewed by the Investment Committee and the Investment Consultant on an ongoing basis and evaluated upon the following criteria:

1. Avoidance of regulatory actions against the firm, its principals, or its employees;
2. Adherence to the guidelines and objectives of this Investment Policy Statement;
3. Avoidance of significant deviation from the style and capitalization characteristics defined as "normal" for the manager;
4. Ability to exceed the return of the appropriate benchmark index and, for equity managers, produce positive alpha (risk-adjusted return) within the volatility limits set in the following "Summary of Quantitative Performance Objectives" table;
5. Ability to meet or exceed the median performance of a peer group of managers with similar styles of investing; and
6. Stability of investment staff.

E. New Manager Evaluation

The Investment Consultant will perform all due diligence on investment managers and other vendors to be considered. The items to be consider include, but aren't limited to the following additional due diligence criteria:

1. Qualitative factors involving personnel, investment process, quality of research, implementation of process and business evaluation
2. Reliability of composite returns
3. Distinguishing features of firm
4. Strength of firm and discipline
5. Current issues
6. Quantitative factors including five year annualized returns, standard deviation, beta, Sharpe ratio, and alpha

VI. GUIDELINES & RESTRICTIONS

A. Overview

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable for the market environment in which investment decisions must be evaluated. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care, and prudence has been met for each portfolio's investments.

B. Public Equity Manager Guidelines

Each active equity investment manager will:

1. Assure that no position of any one company exceeds 8% of the manager's total portfolio as measured at market.
2. Vote proxies and share tenders in a manner that is in the best interest of the investment and consistent with the Investment Objectives contained herein.

C. Public Investment Grade Fixed Income Manager Guidelines

Each investment grade fixed income investment manager shall:

1. Maintain an overall weighted average credit rating of A or better by Moody's and Standard & Poor's.
2. Hold no more than 20% of the portfolio in below investment grade (Baa/BBB) securities. Split rated securities will be governed by the lower rating.
3. Maintain a duration within +/-20% of the effective duration of the appropriate benchmark (does not apply to TIPS managers).
4. Assure that any one issuer does not exceed 5% of the manager's portfolio, as measured at market value, except for securities issued by the U.S. government or its agencies.

D. Liquid and Semi-Liquid Investment Guidelines

Each investment will require a signed Subscription Agreement and Limited Partnership Agreement (or other governing documentation). CCF may wish to have these documents reviewed by independent legal counsel. As these investments are typically private limited partnerships or offshore corporations, the Investment Committee cannot dictate policy. The Investment Committee, however, can request side letters for revisions or addendums to the Limited Partnership Agreement. The manager is ultimately responsible to manage investments in accordance with the Private Placement Agreement (PPM) and Limited Partnership Agreement.

The investments are part of the assets of a tax-exempt Community Foundation, but certain investments may be subject to taxation on Unrelated Business Taxable Income (UBTI). Given that net risk-adjusted returns are the primary objective of the Total Return Portfolio, potential tax ramifications must be considered during the investment analysis and selection process. The portfolios will seek to minimize UBTI by selecting investment structures and geographic locations most beneficial to the portfolios.

VII. OVERSIGHT AND MEETINGS OF THE INVESTMENT COMMITTEE

A. Oversight and Meetings of Investment Committee.

1. The Investment Committee will meet quarterly, and more frequently as necessary, to review the reports of the Investment Consultant and the Investment Managers; to evaluate the performance of the Portfolio and adherence by the Investment Consultant and the Investment Mangers to this Policy; and to consider new managers, adjusting investments, and any other matter regarding the Portfolio and its management. The performance of the Portfolio will be measured relative to its appropriate and agreed upon performance benchmarks (described above).

2. The Investment Committee will also make at least semi-annually reports to the Board regarding each Portfolio's investment performance and annually recommend to the Board the expected investment objective for the Board's consideration of the appropriate spending rate, where applicable.

B. Addressing Conflicts of Interest Matters.

Each member of the Investment Committee must disclose to the Committee any actual or apparent conflict of interest in an investment matter to be considered by the Committee. All Investment Committee members will apply Article VIII of the By-Laws of Coastal Community Foundation regarding conflicts of interest and, at the discretion of the Chair, may be asked to not be present in the room or participate electronically when the matter with an actual or apparent conflict of interest is considered. The minutes will record that the Committee member has disclosed his conflict, has so recused himself or herself, and whether the member participated in the discussion of the matter.

VIII. REVIEWS OF THE INVESTMENT POLICY STATEMENT

The Investment Committee will review this Investment Policy Statement annually and more frequently if needed and recommend appropriate revisions to the Board for its approval. In conducting such review, the Investment Committee will consider with the Investment Consultant regarding the performance of each Portfolio, economic and market conditions, gather any other relevant information that will bear on this Policy, and develop appropriate proposed revision of the Investment Policy Statement.

IX. ACKNOWLEDGEMENT

We recognize the importance of adhering to the mission and strategies detailed in this Investment Policy Statement and agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission and if at any time we wish to discuss improvements to this document, those discussions are welcome and should be coordinated as appropriate with the Chair of the Investment Committee, the Vice President of Finance, the Investment Consultant, or other staff member of Coastal Community Foundation and then presented to the Investment Committee for its consideration.

The Investment Committee coordinated this Investment Policy Statement with Fund Evaluation Group, its Investment Consultant, and by The Investment Committee's action on May 3, 2019. The Coastal Community Foundation Board of Director's approved this Investment Policy Statement on May 22, 2019.