

Jewish Community Foundation of the West

Investment Policy Statement

August 5, 2019

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Introduction

This Investment Policy Statement (IPS) is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Jewish Community Foundation of The West's ("JCFW" or "Foundation") investment portfolio ("Portfolio").

This Investment Policy Statement:

- Establishes the Investment Committee's expectations, objectives and guidelines in the investment of the Portfolio's assets.
- Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Investment Committee, including:
 - Describing an appropriate risk posture for the investment of the Portfolio
 - Specifying the target asset allocation policy
 - Establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets
 - Specifying the criteria for evaluating the performance of the Portfolio's assets
- Defines the responsibilities of the Investment Committee, Advisor and Investment Manager(s).
- Encourages effective communication between the Investment Manager(s), the Advisor and the Investment Committee.

This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Investment Committee. The investment policies described in this IPS should be dynamic. These policies should reflect the Investment Committee's current status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio, to the Investment Committee or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

Asset Allocations and Summary of Portfolios

Portfolio A - Growth Fund

Primary Objective: A growth oriented portfolio focused on total return

Time Horizon: More than 5 years

Asset Allocation	Asset Class	Minimum	Aim	Maximum
	U.S. Equities	27%	45%	47%
	Ex-U.S. Equities	26%	30%	46%
	Fixed Income	10%	15%	20%
	Real Assets	0%	0%	15%
	Alternative Investments	0%	10%	20%
	Cash & Cash Equivalents	0%	0%	15%

The maximum allowable allocation to illiquid securities is 20%.

Portfolio B - Balanced Fund

Primary Objective: A balanced portfolio focused on total return

Time Horizon: 3 to 5 years

Asset Allocation	Asset Class	Minimum	Aim	Maximum
	U.S. Equities	10%	20%	30%
	Ex-U.S. Equities	10%	20%	30%
	Fixed Income	35%	43%	55%
	Real Assets	0%	0%	20%
	Alternative Investments	0%	15%	20%
	Cash & Cash Equivalents	0%	2%	15%

The maximum allowable allocation to illiquid securities is 20%.

Portfolio C - Short Term Fund

Primary Objective: Provides for liquidity through preservation of principal with a secondary focus on income

Time Horizon: Less than 2 years

Asset Allocation	Asset Class	Minimum	Aim	Maximum
	U.S. Equities	0%	0%	0%
	Ex-U.S. Equities	0%	0%	0%
	Fixed Income	25%	50%	75%
	Real Assets	0%	0%	0%
	Alternative Investments	0%	0%	0%
	Cash & Cash Equivalents	25%	50%	75%

The maximum allowable allocation to illiquid securities is 0%.

Portfolio D - Preservation of Principal (Cash)

Primary Objective: Provides for liquidity through the preservation of principal

Time Horizon: Less than 2 years

Asset Allocation	Asset Class	Minimum	Target	Maximum
	U.S. Equities	0%	0%	0%
	Ex-U.S. Equities	0%	0%	0%
	Fixed Income	0%	0%	0%
	Real Assets	0%	0%	0%
	Alternative Investments	0%	0%	0%
	Cash & Cash Equivalents	100%	100%	100%

The maximum allowable allocation to illiquid securities is 0%.

Portfolio E - Environment, Social and Governance Growth Fund (ESG Growth Fund)

Primary Objective: A growth oriented portfolio focused on total return. The investments in this portfolio will be selected based on the premise that positive environmental, social and governance factors will lead to outperformance over time.

Time Horizon: More than 5 years

Asset Allocation	Asset Class	Minimum	Aim	Maximum
	US. Equities	23%	33%	45%
	Ex-U.S. Equities	20%	32%	45%
	Fixed Income	15%	18%	40%
	Real Assets	0%	0%	10%
	Alternative Investments	0%	15%	25%
	Cash & Cash Equivalents	0%	2%	15%

The maximum allowable allocation to illiquid securities is 25%.

Account Information: Availability subject to minimum balance to open and maintain, and requires Board approval

Portfolio F - Aggressive Growth Fund

Primary Objective: An aggressive growth oriented portfolio focused on total return

Time Horizon: More than 5 years

Asset Allocation	Asset Class	Minimum	Aim	Maximum
	U.S. Equities	40%	70%	100%
	Ex-U.S. Equities	0%	30%	50%
	Fixed Income	0%	0%	25%
	Real Assets	0%	0%	10%
	Alternative Investments	0%	0%	20%
	Cash & Cash Equivalents	0%	0%	5%

The maximum allowable allocation to illiquid securities is 20%.

Account Information: Availability subject to minimum balance to open and maintain, and requires Board approval

Investment Policy Discussion

What Is an Investment Policy Statement?

An Investment Policy Statement (IPS) describes the investment philosophies and investment management procedures to be utilized for the funds as further described below, as well as the long-term financial goals for The Jewish Community Foundation of the West.

The principle reason for developing an investment policy and for putting it in writing is to protect your portfolio from ad hoc revisions of a sound long-term policy. Without an investment policy, in times of market turmoil, Investors are often inclined to make impromptu investment decisions that are inconsistent with prudent investment management principles. Your investment policy is intended to provide a well thought out framework from which sound investment decisions can be made.

Uniform Prudent Management of Institutional Funds Act

The Uniform Management of Institutional Funds Act ("UMIFA") was originally promulgated in 1972, with revisions in 2004. UMIFA provides guidance to institutional nonprofits of investment authority, permits delegation of authority to independent financial advisors and authorizes the expenditure of appreciation of investment funds. Recently, UMIFA was changed to Uniform Prudent Management of Institutional Funds. California adopted UPMIFA effective January 1, 2009.

Key provisions of the UPMIFA include:

- No investment is inherently prudent or imprudent, except in how its inclusion or exclusion impacts the portfolio as a whole.
- Trustees are expected to use all reasonably available strategies to improve the risk-reward relationship of the portfolio.
- Under most circumstances, the assets of the trust must be diversified.
- Trustees are obliged to spread portfolio investments across asset classes to enhance performance and reduce risk.
- The possible effect of inflation must be considered as part of the investment strategy. As a result, use of equities is encouraged to allow the possibility that the portfolio's growth will outpace inflation.
- Fiduciaries have a duty to either demonstrate investment skill in managing trust assets or to delegate investment management to another, more qualified party.

Definitions

- "Investment Committee" shall refer to the decision-making body established to administer the portfolio as specified by applicable ordinance.

- “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the portfolio’s assets.
- “Advisor” shall mean any individual, or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring.
- “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of portfolio assets.

Investor Information

Investor Information: Jewish Community Foundation of The West
2130 21st Street
Sacramento, CA 95818

Authorized Decision Makers: The Foundation’s Board of Trustees (“Board”) shall approve the Investment Policy Statement and any future modifications. The Investment Committee will manage the organization assets subject to the provision of the Investment Policy Statement.

Assets to be Considered Under this IPS The investments being managed under this IPS have a current approximate value of \$8,300,000 (as of February 2018)

Advisor: Graystone Consulting, a Morgan Stanley Company
400 Capital Mall
Sacramento, CA 95814

Investor Circumstances The Jewish Community Foundation of the West is a California 501 (c) (3) corporation established in January 2000. The Foundation is registered to do business in California. The Foundation received its tax-exempt community foundation classification from the Internal Revenue Service in May 2000.

The Jewish Community Foundation of the West exists to enhance charitable giving, facilitate philanthropy both locally and worldwide, and build permanent financial resources to safeguard and strengthen organizations and programs that serve the Jewish families of Northern California

Spending Policy The JCFW maintains a spending policy which is monitored by the Board of Directors.

Investment Objectives

The investment objectives addressed in this investment policy statement represent all of the JCFW's investment objectives.

The objective for the assets under this policy is to achieve a return after fees and expenses, in excess of a dynamic benchmark based on each portfolio's asset allocation

Time Horizon

The Foundation has specific time horizons for each portfolio, they range from short term to in excess of 5 years.

Tax Policy

Tax minimization is not a concern for this investment portfolio.

Risk Tolerance

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (e.g. volatility of return).

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of the amount of risk the Foundation can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Investment Committee desires long-term investment performance sufficient to meet the objectives. The Investment Committee understands that to achieve such performance the portfolio may experience periods of decline. The Investment Committee further understands that in a severe market, the potential recovery period could be extensive.

The Investment Committee prefers to limit the portfolio's volatility, they are comfortable with some fluctuations in their portfolio, but seek to minimize the possibility of large declines in value.

Asset Allocation

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the

risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of the JCFW's portfolios. Each portfolio has a specific asset allocation defined in this policy.

U.S. Equities

All publicly traded equities listed on any U.S. exchange, including REITS and convertible securities.

Ex-U.S. Equities

All publicly traded equity securities in developed and emerging markets including REITS and convertible securities.

Fixed Income

All publicly traded global fixed Income instruments including high yield.

Real Assets

Private real estate, commodities, natural resources and inflation-linked assets.

Alternative Investments

This includes illiquid alternative investments including hedge funds and publicly traded alternative mutual funds or exchange traded funds.

Illiquid securities are defined as securities that take longer than ninety days to be converted to cash.

Cash & Equivalent

Cash will be held in a cash account or a money market fund.

Rebalancing Procedures

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the approved allocation. To remain consistent with the asset allocation guidelines established by this Investment Policy Statement, the Advisor will periodically review the portfolio and each asset class in which the Portfolio is invested.

This portfolio will be rebalanced periodically as follows: when the portfolio exceeds the minimum or maximum constraints (reviewed monthly), or any time there is cash flow to a portfolio.

Asset Allocation Ranges

Modifications to the allocation, within the minimum and maximum allocation ranges, may be needed from time to time for a variety of reasons. When such a change needs to occur, it shall only be made with the concurrence of the Investment Committee.

Portfolio Returns and Volatility

The Foundation's willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for this portfolio.

It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will vary. It is also important to note that future returns of the securities with the portfolio and the portfolio itself can be expected to vary from the historical returns. The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly and capital loss is possible. This IPS shall not be construed as offering a guarantee.

Investment Philosophy

The basic tenets under which this Policy will be managed include the following:

1. Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:
 - Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns
 - Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently "beating the market"
 - The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface
 - For a given risk level, an optimal combination of asset classes will seek to maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole
 - Portfolio risk may be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another)
2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

3. Equities have historically offered the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their returns. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).
4. Picking individual securities and timing the purchase or sale of investments in an attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly increase portfolio operating costs. Such practices are, therefore, to be avoided.
5. In choosing investments, minimize investments in countries and companies that are hostile to Israel

Given these tenets, the underlying approach to managing this Policy shall be to optimize the risk-return relationship appropriate to The Jewish Community Foundation of the West’s needs and goals. The Policy will be diversified globally employing a variety of asset classes. Mutual funds, exchange traded funds or managed portfolios will be employed to implement the portfolio and the chosen asset classes will be periodically re-balanced to maintain a more consistent risk/reward profile.

Frequency of IPS Review

The Investment Committee and Foundation recognize that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific managers fail to meet their expected performance expectations. The Investment Committee and Foundation accept the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

The Advisor and Investment Committee will meet at least annually to review and propose updates to this IPS, which will be brought to the Foundation Board for review and approval.

Diversification and Investment Constraints

Liquidity

The JCFW liquidity requirements vary by portfolio and range from 100% liquid to 75% liquid.

Portfolio Limitations and Restrictions

Other investment considerations in the management of these portfolios are:

Traditional Fixed Income Managers or Funds:

- Maximum Average Bond Maturity: 15 years
- Maximum Individual Bond Maturity: 40 years
- Individual corporate bonds may not exceed 10% of total bond portfolio market value at time of purchase.

Traditional Equity Managers or Funds:

- No individual equity issue shall represent more than 10% of the equity manager's portfolio at time of purchase.
- Maximum industry concentration is limited to two times that of the equity manager's benchmark or 10% - whichever is greater.

Non-Traditional / Alternative Investments

Definition

Non-Traditional/Alternative Investments are often structured as private investments and are generally formed as limited partnerships or limited liability companies and, in many cases, organized in low or no tax jurisdictions. The managers of these investments generally are allowed to operate with greater flexibility than most traditional investment managers and their compensation usually includes substantial performance incentives.

Objective

Investment in alternatives may be considered by The JCFW within the context of an overall investment plan. The objective of such investments will be to seek to diversify the portfolio, complementing the portfolio investments and improving the overall performance consistency of the portfolio. It is acknowledged that there is no guarantee that this objective will be realized.

Transparency and Liquidity

It is acknowledged that these investments are less transparent than traditional investments and that liquidity in such investments is usually significantly limited. Liquidity constraints, including lockup provisions and redemption or withdrawal fees, must be taken into consideration when making allocations to such investments.

Allowable Investments

Non Traditional / Alternative Investments may include, but are not limited to, private partnerships, hedge funds, mutual funds and exchange traded funds. These strategies may utilize short-selling and leverage.

Selection / Retention Criteria for Investments

Investment managers (including mutual funds, separate account managers and limited partnership sponsors) shall be chosen using the following criteria:

- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance
- Costs relative to other funds with like objectives and investment styles
- The manager's adherence to investment style and size objectives
- Size of the proposed fund
- Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel
- The historical volatility and downside risk of each proposed investment
- How well each proposed investment complements other assets in the portfolio
- The current economic environment
- The likelihood of future investment success, relative to other opportunities

Investment Monitoring and Control Procedures

Benchmarks

A weighted benchmark based on the specific asset allocation of each of the JCFW's portfolios will be used to evaluate performance. The benchmarks will be agreed to by the Advisor and the Investment Committee.

Reports

The investment custodian shall provide Investment Committee with monthly statements for each account held by the Foundation and subject to this Investment Policy Statement. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.

The Advisor shall provide Investment Committee the following management reports on a periodic basis:

- Performance results comparing the Advisor's portfolio to the Foundation's benchmark
- Review of current asset allocation versus policy guidelines
- Any recommendations for changes of the above

Meetings and Communication between Investment Committee and Advisor

As a matter of course, the Advisor shall keep Investment Committee apprised of any material changes in the Advisor's outlook, recommended investment policy, and tactics.

In addition, Advisor shall meet with Investment Committee as needed to review and explain the Portfolio's investment results and any related issues. Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

Duties and Responsibilities

The Advisor

The Advisor is a Registered Investment Advisor and shall act as the investment advisor on a discretionary basis to the Jewish Community Foundation of the West's Investment Committee until the Jewish Community Foundation of the West's Investment Committee decides otherwise.

Advisor shall be responsible for:

- Assisting in the development and periodic review of investment policy.
- Designing and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Advising the Jewish Community Foundation of the West's Investment Committee about the selection of and the allocation of asset categories.
- Identifying specific assets and investment managers within each asset category.
- Providing "due diligence", or research, on the Investment Manager(s)
- Monitoring the performance of all selected assets to which the advisor consults.
- Recommending changes to this investment policy statement.
- Periodically reviewing the suitability of the investments for the Jewish Community Foundation of the West.
- Being available to meet with the Jewish Community Foundation of the West's Investment Committee at least four times each year.
- Being available at such other times, within reason, at the Jewish Community Foundation of the West's Investment Committee's request.
- Preparing and presenting appropriate reports, including any discretionary changes.

Advisor discretion:

- The Advisor's role is that of a discretionary advisor to the Investment Committee of The Jewish Community Foundation of the West. The investment decisions to manage the Fund assets will be under the discretionary authority of Graystone Consulting, a business of Morgan Stanley. The execution of these decisions must be within the guidelines of this Statement of Investment Policy, Objectives and Guidelines
- The Advisor shall have no authority to withdraw funds from Jewish Community Foundation of West's accounts, except to cover payment of previously agreed to fees or at Investor's specific direction.

- The Advisor may not change Jewish Community Foundation of the West's investment policy, including the targeted asset allocation, without Jewish Community Foundation of the West's Investment Committee's prior approval.
- The Advisor is given discretion to manage the asset class weightings within positive or negative 5% of each target policy.

The Investment Committee

Investment Committee shall be responsible for:

- The oversight of the Portfolio and Advisor
- Reviewing the investment objectives and policies of the Portfolio
- Advising the Board on changes to investment objectives and policies of the Portfolio
- Directing the Advisor to make changes in investment portfolio's and to oversee and to approve or disapprove Advisor's recommendations with regards to policy, guidelines, and objectives on a timely basis.
- Providing the Advisor with all relevant information on the Foundation's financial conditions and risk tolerances and shall notify Advisor promptly of any changes to this information.

The Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Reporting, on a timely basis, periodic investment performance results.
- Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
- Informing the Advisor regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment policy, etc.
- Voting proxies on behalf of the Foundation and communicating such voting records to the Investment Committee on a timely basis.

The Investment () Manager is responsible for and empowered to exercise all rights, including proxy-voting rights.

Adoption

Amendments and History

- August 4, 2013 – Investment Policy Statement adopted
- May 18, 2015 - Amended
- August 2016 - Amended
- June 4 2018 – Amended to remove portfolio E (Israel Bond Fund), define portfolio C as Short Term, Portfolio D as Preservation of Principle Fund, and to revise the document layout and structure.
- June 3, 2019 – Added statement to the Investment Philosophy reflecting that JCFW, in choosing its investments, will make efforts to minimize investments in countries and companies hostile to Israel
- August 5, 2019 – Amended Portfolio F Asset Class of Ex-U.S. Equities minimum from 10% to 0%, to allow the 100% Maximum for US Equities

Approval

Adopted at August 5, 2019 JCFW Board Meeting

Adopted by the below signed:

Date: _____

President, Jewish Community Foundation of The West Board of Directors