

Investment Policy

Adopted by the Board of Directors on September 18, 2011. Last amended March 18, 2018.

I. Background & Purpose

PEAK Grantmaking advances grantmaking so that grantmakers and grantseekers can best achieve their missions.

The PEAK Grantmaking Investment Fund (hereafter referred to as the “Fund”) was created to provide financial support to PEAK Grantmaking (the “Institution”). The purpose of this Investment Policy Statement is to establish guidelines for the Fund’s investment portfolio (the “Portfolio”). The Fund refers to the assets available for long term investment. This document articulates a specific set of investment policies and provides a set of guidelines that will permit PEAK Grantmaking’s Finance Committee to oversee the investment of PEAK Grantmaking’s assets. It details the authority and responsibility for the safekeeping and effective management of PEAK Grantmaking’s funds.

II. Role of the Finance Committee

The Finance Committee (the “Committee”) is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to the Board of PEAK Grantmaking, for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

- A. This Investment Policy Statement sets forth the investment objectives, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
- B. The investment policies for the Fund contained herein have been formulated consistent with the Institution’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
- C. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Fund.

- D. The Committee will review this Investment Policy Statement at least once per year and will recommend, when necessary, changes for PEAK Grantmaking Board approval.

III. Responsibilities of Management

Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Finance Committee concerning the management of institutional funds. Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds. Specifically, management shall:

- Oversee the day-to-day operational investment activities of all institutional funds subject to policies established by the Finance Committee
- Contract with any necessary outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals.
- Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of PEAK Grantmaking Inc.; and, have performance monitoring systems sufficient to provide the Finance Committee with timely, accurate and useful information.
- Monitor asset allocation and rebalance assets, as directed by the Finance Committee and in accordance with approved policies; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds.
- Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments, especially alternative investments. Prepare and issue status reports to the Board and the Finance Committee at each board and committee meeting.

IV. Investment Objective

The overall investment objective of the Fund is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

V. Portfolio Investment Policies

A. Asset allocation policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
2. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time.
3. Fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.
4. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Asset Class Allocation	Lower	Target	Upper
Equity	40%	50%	60%
Fixed Income	60%	50%	40%
Cash & Cash Equivalents	0%	0%	0%

Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary by the Committee.

B. Diversification policy

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an

asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the Committee will look to low cost investment vehicles seeking to match a broadly defined market, or invest in a “fund of funds” that invest in other investment funds strategically designed to correlate to the Portfolio’s target asset allocation.

C. Reinvestment

Any income generated from PEAK Grantmaking’s investment vehicles will be automatically reinvested in that vehicle.

D. Other investment policies

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

1. Purchasing securities on margin or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
3. Purchasing or selling derivative securities for speculation or leverage.
4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their Portfolio.

VI. Monitoring Portfolio Investments and Performance

The Committee will monitor the Portfolio’s investment performance against the Portfolio’s stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the asset allocation that make up its underlying investments.

An annual report of the investment accounts will be presented to the Board.