PRIMARY & INDEPENDENT INVESTMENT MANAGER POLICY

I. SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Central Kansas Community Foundation. Such policy shall govern the investment of all assets under Foundation ownership or control, whether such control is direct or indirect, or as Director or agent unless such policy is specifically waived by an appropriately executed Investment Management Agency Agreement.

This policy is for both the Primary Investment Manager as well as Independent Investment Managers. Any changes made to this Investment Policy Statement will be made in writing, as recommended by the Finance and Investment Committee (hereinafter referred to as the Committee) and approved by the Central Kansas Community Foundation Board of Directors (hereinafter referred to as the Board).

II. PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Board in order to:

1. Define and assign the responsibilities of all involved parties of the investment goals and objectives.
2. Establish a clear understanding for all involved parties of the investment goals and objectives.
3. Offer guidance and limitations to all Investment Managers regarding the investment of assets.
4. Establish a basis for evaluating investment results.
5. Manage assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which assets will be managed.
7. Comply with current Uniform Prudent Management of Institutional Funds Act (UPMIFA)

In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practicable.

III. INVESTMENT OBJECTIVE

The primary long-term investment objective of the Investment Portfolio is to seek competitive market returns so as to preserve and grow the capital of funds, provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs of the Foundation now and in the future. The investment program should be designed to participate in up markets in addition to preserving assets in declining markets.

It is recognized that returns may be uncertain within short time frames (0-3 years), they become more predictable over the long term (4+ years), While we will be diligent and mindful of short term results, we must remain focused on our long-term goals.

IV. TIME HORIZON

Charitable needs are ongoing and therefore the investment program should have a lengthy time horizon to match the duration of those needs. While particular charitable needs can increase and decrease over time, it is the Committee's belief that this community's commitment to strengthening core values, providing assistance to those in need and making the community better for those who live here is a need that will be perpetual in nature. Therefore, the general time horizon for investment shall be considered "long term" and considered in a manner consistent with other continuing entities such as retirement plans. In addition, through investment recommendations individual charitable organizations and donors shall be free to recommend programs that meet the shorter time horizons of their charitable needs.

V. INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital—Consistent with their respective investment types and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion—Understanding that risk is present in all types of securities and investment styles, the Finance Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline—Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

VI. GOAL OF FUND

Annual growth goals will be determined by the board. A prudent measure for existing and new funds is to attain realistic goals given the economic climate, while having the objective to maintain purchasing power. The objective is to consistently grow the aggregate portfolio.

VII. SPENDING POLICY

The fundamental investment objective is to achieve a rate of return that facilitates a spending policy aligned with state and national trends. Achieving this objective over the long run requires investment in diverse asset classes, including some that are inherently risky. The basic underlying approach is to optimize risk-return utilizing a globally diverse portfolio with a variety of asset classes.

The maximum distribution rate allowed is 5%, yet it is strongly recommended that consideration be given to balance of the fund, the recent market performance and long-term goals of the fund as decisions are made annually to ensure preservation of the corpus for fund sustainability, thus encouraging distributions between 3% and 4.5% as a more common rate of distribution.

VIII. COMMITTEE PROCEDURES

The Committee shall meet at least quarterly and at such other times as directed by the Committee Chair and/or Foundation Chair.

The Committee shall strive to comply with all applicable laws and regulations and invest in accordance with the prudent investor standard.

The Committee (which may utilize active assistance and recommendations from an investment management consultant) shall have responsibility for the following with respect to the investment portfolio:

- Establishing overall financial objectives and setting investment policy;
- Setting parameters for asset allocation;
- Establishing a process and criteria for the selection and termination of investment managers, custodians; and investment management consultants;
- Selecting a qualified investment management consultant;
- Selecting qualified custodian(s);
- Monitoring investment results at least quarterly to assure that objectives are being met and that policy and guidelines are being followed; and
- Communicating on a structured and ongoing basis with those persons responsible for investment results.

The Committee expects an Investment Management Consultant to be proactive in advising and making recommendations to the Committee regarding:

- Investment Policy
- Asset Allocation
- Manager Selection
- Performance Evaluation
- Other Investment Matters

The selected Investment Manager(s) will be responsible for the following:

- Implementing security selection within their respective mandate as a subset of the overall allocation.

IX. DELEGATION OF AUTHORITY

Investment Managers

Due to the nature of donor established funds, CKCF holds a philosophy that offer donors the option for their new funds contributions to be maintained with an Independent Investment Manager if the initial gift is greater than $200,000 and they wish to maintain the funds management with a manager they have a demonstrated history with. For all funds of lessor value or with no special request for segregation, new funds are established in the pooled investment portfolio with the Primary Investment Manager.

Whether an Independent Investment Manager or the Primary Investment Manager, CKCF expects all Investment Managers to adhere to the Investment Guidelines in Section X.

Investment Management Consultant

The Investment Consultant will be a discretionary advisor to the Investment Committee. Investment advice concerning the investment management of the Portfolio will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Investment Policy Statement.

The Investment Advisor may assist the Investment Committee in establishing investment policies, objectives and guidelines as is set forth in this Investment Policy Statement and as is amended from time to time. In addition, the Investment Advisor will be responsible to review Investment Managers, measure and evaluate investment performance, and other tasks as deemed appropriate. Ongoing investment decisions will be made on a discretionary basis by the Investment Advisor, within the investment and governance parameters delineated in this Investment Policy Statement.

The Investment Consultant represents that with respect to the performance of its duties under this Investment Policy Statement, it is a "fiduciary" and is registered as an investment advisor under the Federal Investment Advisers Act of 1940 (the "Advisors Act") and will perform the duties set forth hereunder consistently with the fiduciary obligations imposed under the Advisors act, and regulations promulgated thereunder and any interpretations thereof by the U.S. Securities and Exchange Commission, notwithstanding the potential conflicts of interest described below.

Specific responsibilities of the Investment Consultant include, but are not limited to:

- assisting in the development and periodic review of the Investment Policy Statement, and asset allocation guidelines;
- execution of the investment portfolio management, asset allocation, rebalancing and other day-to-day responsibilities on a discretionary basis within the guidelines of this Investment Policy Statement;
- be responsible for the ongoing due diligence required to monitor the individual Investment Managers and to provide a periodic review of Investment Manager's performance considering among other factors, historical composite investment performance, investment risk, investment process and investment personnel.

1. **Investment Manager(s).** The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the investment objectives. Investment Managers selected by Trustors and Grantors shall adhere to guidance provided by respective Trustor and Grantor.

2. **Custodian(s**). The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of Foundation accounts.
3. **Additional specialists** such as attorneys, auditors and others may be employed by the Finance Committee to assist in meeting its responsibilities and obligations to administer assets prudently.

The Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated and reviewed by the Investment Consultant.

X. INVESTMENT GUIDELINES

a. Acceptable Assets

i. Cash Equivalents (most common examples include Treasury Bills, Money Market Funds, Short Term Investment Funds, Commercial Paper and Certificates of Deposit, Investment Certificates)
ii. Fixed Income Securities (most common examples include U.S. Government and Agency Securities, Corporate Notes and Bonds, Mortgage-backed Securities, Preferred Stock, International Bonds, Collateralized Mortgage Obligations)
iii. Equity Securities (most common examples include Common Stock, Convertible Notes and Bonds, Convertible Preferred Stocks, ADRs-which can be utilized in international funds, and International Stocks)
iv. Mutual Funds and Exchange Traded Funds (ETFs) consisting of the above securities.

b. Prohibited Assets for Traditional Portfolios

Prohibited investments include, but are not limited to the following:

i. Private Placements
ii. Options
iii. Venture-Capital Investments
iv. Guaranteed Investment Contracts
v. Repurchase Agreements
vi. Hedge Funds
vii. Futures Contracts

c. Prohibited Transactions for Traditional Portfolios

Prohibited transactions include, but are not limited to the following:

i. Short Selling
ii. Margin Transactions
iii. Any other transaction prohibited by law or regulation.

d. Stock Exchanges

To ensure marketability and liquidity, investment managers will execute equity transactions through major stock exchanges: New York Stock Exchange, American Stock Exchange and NASDAQ. In the event that an investment manager determines that there is a benefit or a need to execute transaction in exchanges other than those listed above, written approval is required from the Committee.

e. Restrictions

Investment managers are prohibited from engaging in the following transactions on behalf of the Foundation.

Any transaction in which the investment manager or its employees have a conflict of interest.

Any transaction that could cause a problem with the Foundation's tax-exempt status.

Unless such transactions are consistent with the manager's style and disclosed in writing to the Foundation prior to the employment of the manager, any transaction investing in private placements, lettered stock, commodity futures contracts, options, short sales, margin transactions or other specialized investment activities.

f. Exceptions

Any variance from the restrictions described above can only be made upon the recommendation of the Committee and the approval of the board of Directors of Central Kansas Community Foundation.

g. Excess Business Holdings

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business. Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy is to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not "business enterprises," the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity's income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

XI. REVIEW AND EVALUATION OF INVESTMENT MANAGERS

The Committee intends to review the performance of the Foundation and of the outside Investment Managers on an on-going basis relative to the objectives and guidelines described herein. The investment performance review will include comparisons with the goals and objectives contained in this policy. In addition, the Committee will also consider:

- The Foundation's asset allocation relative to its Policy and the capital market outlook;
- The extent to which each Outside Investment Manager has managed its portfolio consistent with that manager's stated investment philosophy and style;
- Each Outside Investment Manager's adherence to the guidelines and investment policies contained in this Policy; and
- The Investment Pool return and each Investment Manager's returns to determine whether the Foundation's objectives are being met.
- The Committee retains the right to change or replace Outside Investment Managers or other service providers at any time it is deemed appropriate.

MONITORING STANDARDS AND GUIDELINES:

The performance of all investments shall be reviewed by the committee on an on-going basis. The committee shall meet with the Investment Consultant at least quarterly to receive reports and other materials necessary to evaluate the performance of the manager against Foundation investment standards. The following are guidelines suggested for periodic information request of each outside investment manager.

PERFORMANCE REPORTING

Each outside investment manager shall provide reports within thirty days from the end of each quarter, including, for both the quarter and the year-to-date, at least the following information:

- Beginning market value, of assets
- Ending market value, of assets and within asset class
- Total Balance with Fees and Net of Fees
- Net Performance for period
- Any changes in the organizational structure of their organization, key personnel or personnel handling the Foundation account, or any other significant operational or organizational change of which the committee should be aware
- Any additional information requested by the Foundation and/or Committee

ANNUALLY:

When reporting at each periodic appearance before the Committee, in addition to the monthly statement information to be provided, each outside investment manager shall also provide the following:

- Brief description of their fundamental investment policy.
- Their market outlook.

NOTIFICATION OF SIGNIFICANT EVENTS

Each outside Investment Manager shall advise the Consultant promptly of any event that is likely to adversely impact, to a significant degree, the management, professionalism, integrity or financial position of the firm, including events such as:

- A loss of one or more key people;
- A decline in assets under management due to client terminations that exceeds 20 percent of total firm assets;
- Regulatory action against the firm, its principles or employees;
- A significant change in investment philosophy;
- The appointment of a new investment manager(s) to the Foundation's account; or
- A change in ownership or control (whether through acquisition, disposition, spin off, merger, consolidation, or otherwise) of the Investment Managers.
- Reportable Events for Investment Managers working directly with CKCF shall additionally include:
  - Arrest, charge, indictment, pleas, conviction
  - Bankruptcy (Personal or Business)
  - Judgement, lien, warrant
  - Arbitration or civil litigation as a defendant

XII. ASSET ALLOCATION AND GUIDELINES

The committee has determined and set forth the asset allocation targets for the balanced model portfolio that comprise the Foundation's Investment Portfolio, specifically

1) the Balanced Portfolio, 65 % Equity / 35% Fixed Income;

The approved asset allocation for the model portfolios indicate both an initial target allocation and a risk proxy. From time to time, based on changing economic circumstances and the various relative investment opportunities as perceived by the Committee and its advisors, it may be desirable to make changes to the target allocations. The Committee and its advisors may determine such changes. Subsequent target allocation changes will be approved by the Committee and this Investment Policy Statement will be updated accordingly.

Alternative Investments

The Committee foresees the possibility of using mutual funds as alternatives to the Equity and Fixed Income portfolio and understands that the Committee would not have any control over the management of such funds with regard to guidelines and restrictions. The Committee shall review the permitted investment strategies of such vehicles prior to investing in such vehicles.

Asset Allocation Target Guidelines
Investment management of the assets of the Fund shall be in accordance with the strategic asset allocation parameters set forth below. The Foundation will review this allocation policy with respect to market conditions on a quarterly basis.

Asset Category	Strategic Allocation Target	Acceptable Range
Cash	0 %	0 – 10%
Fixed Income	35 %	20 – 50 %
Equities	65 %	50 – 80 %
Alternative Investments	0%	0 – 25%
Total	100%	

Diversification for Investment Managers
The assets of the Foundation are not required to represent a cross section of the economy and should not include large concentrations within individual sectors of the economy. In order to provide prudent levels of diversification, the securities of any one company should not exceed 10% of the Foundations assets and no more than 20% should be invested in any one industry.

Guidelines for Fixed Income Investments and Cash Equivalents
1. Fund assets may be invested in investment grade bonds rated A or better.
2. Fund assets may be invested in commercial paper rated A1/P1 or better'.
3. Fixed income portfolio duration shall not exceed 10 years.
4. Fund assets may be invested in High Yield investments.
5. Money Market Funds selected may contain securities whose credit rating would be rated investment grade by Standard and Poors and/or Moody's.

SOCIALLY RESPONSIBLE INVESTING (SRI)

The Foundation accepts donor requests for screening investments with respect to SRI. Unless specified by the donor, investments will be allocated in accordance with criteria on page 4. Donor requests that fall outside standard recognized SRI screens will be evaluated on a case-by-case basis.

XIII. Terms referenced in the CKCF Investment Policy statement:

DEFINITIONS

1. **"Foundation"** shall mean the Central Kansas Community Foundation.

2. **"Fiduciary"** shall mean any individual or group of individuals that exercise discretionary authority or control over fund management, disposition or administration of the Fund assets.

3. **"Investment Manager"** shall mean any individual, or group of individuals, who are contractually engaged to manage the investments of the Foundation. The Primary Investment Manager not only manages the bulk of assets for the Foundation, they also act in the capacity of Investment Management Consultant.

Independent Investment Managers are individuals or groups of individuals who are contractually engaged to manage funds outside of the CKCF Primary Investment Manager.

4. **"Investment Management Consultant"** 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.

5. **"Securities"** shall refer to the marketable investment securities which are defined as acceptable in this statement.

6. **"Investment Horizon"** is long term and represents the time period over which the investment objectives are expected to be met.

7. **"Grants"** shall refer to distributions for the Fund to provide funding for programs or projects.

8. **Investment Management Agency Agreement** as used herein shall be a written agreement which provides written instruction from a donor of funds to the Foundation, or from another person or entity possessing some control of assets to be managed by the Foundation, whereby the Foundation is specifically released from all or part of the application of this Investment Policy.

9. **Commodities and Futures Contracts**
   i. A commodity is food, metal, or another physical substance that investors buy or sell, usually via futures contracts.
   ii. Agreement to buy or sell a set number of shares of a specific stock in a designated future month at a price agreed upon by the buyer and seller. The contracts themselves are often traded on the futures market. A futures contract differs from an option because an option is the right to buy or sell, whereas a futures contract is the promise to actually make a transaction. A future is part of a class of securities called derivatives, so named because such securities derive their value from the worth of an underlying investment.

10. **Options.** A contract that, in exchange for the option price, gives the option buyer the right, but not the obligation, to buy (or sell) a financial asset at the exercise price from (or to) the option seller within a specified time period, or on a specified date (expiration date).

11. **Private Placements.** The sale of a bond or other security directly to a limited number of investors.

12. **Limited Partnerships.** A partnership that includes one or more partners who have a limitation of possible loss to what has already been invested.

13. **Venture-Capital Investments.** An investment in a start-up business that is perceived to have excellent growth prospects but does not have access to capital markets. Type of financing sought by early-stage companies seeking to grow rapidly.

14. **Guaranteed Investment Contracts.** A pure investment product in which a life company agrees, for a single premium, to pay the principal amount of a predetermined annual crediting (interest) rate over the life of the investment, all of which is paid at the maturity date.

15. **Repurchase Agreements**. An agreement with a commitment by the seller (dealer) to buy a security back from the purchaser (customer) at a specified price at a designated future date. Also called a repo, it represents a collateralized short-term loan, where the collateral may be a Treasury security, money market instrument, federal agency security, or mortgage-backed security. From the purchaser (customer) perspective, the deal is reported as a reverse Repo.

16. **Short selling**. Establishing a market position by selling a security one does not own in anticipation of the price of that security falling.

17. **Margin Transactions.** This allows investors to buy securities by borrowing money from a broker. The margin is the difference between the market value of a stock and the loan a broker makes.

Central Kansas
Community Foundation

FEE SCHEDULE

Administrative Fee

Annually the board will approve the Administrative Fee Schedule. It is available for review upon request.

Administrative fees support the Central Kansas Community Foundation's mission-based operations. The Community Foundation is a 501(c) (3) organization. This administrative fee schedule applies to funds at the Central Kansas Community Foundation. The fees, used exclusively to support the Community Foundation's mission, are your investment in a public charity dedicated to increasing charitable giving and connecting donors to community.

Exceptions to Fee Schedule

It is customary that the Administrative Fee Schedule reviewed and authorized by the CKCF Board for application be the primary method of fee assessment. There could be situations that alternative fees would be considered. The Board has the authority to make such decisions. Considerations to guide them shall include an initial gift or an existing fund with a balance larger than $200,000; a substantial planned gift; and/or the significance of impact to the mission of the Foundation.