SANTA FE COMMUNITY FOUNDATION INVESTMENT POLICY STATEMENT

(Main Portfolio)

Revised June 8, 2020

PURPOSE

The purpose of this policy is to guide the Santa Fe Community Foundation, its Board of Directors, its Investment Committee, and its investment managers in effectively and prudently managing, monitoring, and evaluating the Foundation's investment portfolio.

The Board of Directors, through its Investment Committee, has decided to participate in a Custom Investment Outsourcing program ("OCIO"), in which the Investment Advisor has dedicated investment professionals to make discretionary investment decisions on behalf of the Client. Additionally, the Investment Managers under the jurisdiction granted by the Investment Advisor have discretion to make all investment decisions for assets placed under its jurisdiction by the Investment Advisor.

DIVISION OF RESPONSIBILITIES

The Board of Directors is ultimately accountable for the investment portfolio but has determined that the portfolio is more likely to achieve return objectives if oversight is delegated to the Investment Committee. The Board of Directors has delegated to the Investment Committee full power and authority to make decisions related to investments of the Foundation consistent with the investment policy approved and adopted by the Board of Directors, with regular reports to the Board of Directors.

Members of the Investment Committee, selected through consultation with the Chair of the Board, the Treasurer of the Board, the Chair of the Investment Committee, the President and CEO, and the Vice President for Finance and Operations, shall be confirmed by the Board and serve at the pleasure of the Board. The Chair of the Board and the President and CEO of the Foundation shall be ex-officio members of the Committee.

Members of the Committee who are not directors shall not be eligible for re-confirmation after serving six consecutive full one-year terms without an interruption of a least one year.

The Chair of the Investment Committee shall be a member of the Board of Directors and the position shall be confirmed by Board of Directors. The Treasurer of the Board of Directors may serve as chair, but will be a member of the committee, regardless.

INVESTMENT COMMITTEE

The Investment Committee shall consist of not less than four nor more than nine persons, at least two of whom shall be Directors. The Treasurer shall be one of at least two Directors. Members of the committee shall be persons knowledgeable about investments and investment practices.

Subject to approval by the Board, the Investment Committee Is charged by the Board of Directors with the following responsibilities:

- formulating the Foundation's overall investment policies
- establishing investment guidelines in furtherance of those policies
- overseeing the investment assets of the Foundation
- monitoring the management of the Foundation's assets for compliance with the investment policy and guidelines

The Committee will review the implementation of the Investment Policy at least annually, making recommendations for approval by the Board as needed, and will monitor the achievement of the Policy's objectives.

The Committee is responsible for selecting and managing the relationship with the Investment Advisor.

The Committee will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances in selecting, continuing or terminating investment professionals, establishing the scope and terms of any delegation, and monitoring performance and compliance within the scope and terms of the delegation and with this policy.

The Committee will provide relevant information to the Investment Advisor concerning the Foundation's resources and any special considerations pertaining to any particular assets of the Foundation.

The Committee will meet at least quarterly. The Chair of the Investment Committee may also call special meetings of the Investment Committee as needed.

A majority of the Committee shall constitute a quorum for the transaction of business. The act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

The Investment Advisor

The Investment Advisor will be a discretionary advisor to the Investment Committee. Investment advice concerning the investment management of the Portfolio will be offered by the Investment Advisor, 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 Advisor 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 Advisor include, but are not limited to:

- assisting in the development and periodic review of the Investment Policy Statement, including asset allocation guidelines in **Appendix A;**

- executing investment portfolio management, asset allocation, rebalancing and other day-to-day responsibilities on a discretionary basis within the guidelines of this Investment Policy Statement;

- providing 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.

The Investment Managers

The Investment Managers have discretion to make all investment decisions for the assets placed under its jurisdiction by the Investment Advisor.

The Investment Advisor shall choose Investment Managers and investment vehicles from among the investment types specific in Appendix B, "Permitted Investments."

STANDARD OF CARE

In exercising its responsibilities, the Committee will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

A person with special skills or expertise or selected in reliance upon his or her representation that he or she has special skills or expertise, will use those skills or that expertise in managing and investing institutional funds.

STANDARDS FOR PRUDENT INVESTING

In investing and managing the portfolio, the Committee will consider both the purposes of the Foundation and the purpose of any specific institutional fund, including compliance with all state and federal laws.

Management and investment decisions about an individual investment will be made not in isolation, but rather in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.

In managing the portfolio, the Committee will incur only those costs that are appropriate and reasonable in relation to the portfolio of the specific Institutional fund, the purposes of the Foundation, and the skills available to it and will use reasonable efforts to verify facts relevant to the management and investment of the portfolio or any specific institutional fund.

Except as a donor's gift instrument otherwise requires, and consistent with NMSA 1978 46-9A Uniform Prudent Management of Institutional Funds Act, the following factors must be considered, if relevant, in managing and investing the investment portfolio, including the requirements for any specific institutional funds:

- general economic conditions;
- the possible effect of inflation or deflation;
- the expected tax consequences, if any, of investment decisions or strategies;
- the role that each Investment or course of action plays within the Foundation's overall investment portfolio;

- the expected total return from income and the appreciation of investments;
- other resources of the Foundation;
- the needs of the Foundation and a given institutional fund to make distributions and to preserve capital; and
- an asset's special relationship or special value, if any, to the purpose of the Foundation.

RETURN OBJECTIVES

The Foundation's long-term investment objective is to achieve a reasonable total return on funds that will optimize annual distributions from the Santa Fe Community Foundation while allowing for the long-term growth of funds net of management fees. Total return is defined as the aggregate investment return that includes a combination of current income plus the net impact of price changes. Income return is defined as the actual dividends and interest earned. Although safety of principal is important, it is understood that some market risk must be assumed in order to fulfill these objectives over the long run. The Foundation will normally measure whether it has achieved that objective over multiple time horizons using multiple metrics.

The Foundation's primary objective is to achieve a reasonable total return on endowed funds that will optimize annual distributions at the rate of 5% calculated over a 12-quarter rolling average while allowing for the long-term growth of the endowed funds plus adjustments for inflation and management fees.

The long-term horizon of the Foundation's investment portfolio allows for a large allocation to equity-oriented strategies where the potential for long-term capital appreciation exists. Other assets, including but not limited, to hedging, derivative, or diversification strategies may also be used to reduce risk and overall portfolio volatility.

The investment portfolio will be diversified across asset classes and managers, recognizing the risk framework of the Foundation and it needs for liquidity.

The overall Portfolio's performance will be reviewed with long term emphasis placed on results achieved over a 7- to-10-year period. Performance objectives will be reviewed and adjusted, if necessary, after consultation with the Investment Advisor and any changes will be reflected in writing in a revision of this policy. The performance of the Portfolio will be compared to the performance of a similarly structured balanced index in line with the target allocation in each strategy.

Based on the asset allocation ranges outlined in Appendix A, the Investment Policy Benchmark that should be used in evaluating the performance of the Client's assets is:

Policy Benchmark

Broad Asset Class	Index	Target Weight %
Global Equities	MSCI All Country World (Net)	55%
US Fixed Income	Barclays Cap US Aggregate Bond Idx TR	15%
Global Alternatives	HFRX Global Hedge (USD)	30%

Additionally, the Investment Committee believes that in light of the social and environmental challenges of our time, fiduciary responsibility needs to dictate the integration of prudent management practices with principles of environmental and social stewardship, concern for community, and corporate accountability to stakeholders alike. Therefore, the Foundation actively seeks investments, which support and recognize the central position of global and holistic sustainability. These investments may be focused on specific themes or offer a broader recognition of the long-term global macroeconomic and environmental drivers within sustainable business ventures.

STANDARDS FOR RISK TOLERANCE

The Investment Committee has determined that the Investment Advisor should avoid unnecessary risk in investing the Foundation's assets. To achieve that goal, investment managers will observe the following limits:

- Maintain the overall portfolio to be diversified;
- Hold no more than 10% of market value in the securities of single issuer and do not allow exposure to any one industry group to exceed 25% of the market value of the portfolio;
- Not lend any Foundation securities;
- Not purposely use derivative securities as a stand-alone strategy, that are not part of a diversified portfolio within an Investment Manager mandate. This term includes items commonly regarded as such by securities industry standards and includes, but is not limited to, structured notes (other than conservative structured notes that are principal guaranteed, unlevered, and of short-to-immediate maturity); lower class (as defined by FFIEC) tranches of collateralized mortgage obligations and collateralized debt obligations, principal only or interest only strips; inverse floating rate securities; futures options; short sales; and margin trading;
- May use derivative instruments such as futures, options, swaps, and forwards to implement investment strategies in a low-cost, efficient manner or construct portfolios with risk and return characteristics that cannot be created with cash market securities;
- Not invest in any securities that are prohibited by law;
- Investments should be consistent with the parameters associated with the asset class.

The Investment Committee understands that the Investment Advisor does not have control over the day-to-day management or precise portfolio construction of any Investment Manager or investment vehicle chosen for the Foundation's portfolio. Therefore, periodic deviations from this Policy may occur in areas where the Investment Advisor lacks said control. However, the Investment Advisor shall, with best effort, choose from among Investment Managers and investment vehicles that, in the Investment Advisors judgement, have investment policies and portfolio construction policies that are as consistent as possible with this Policy, seeking to minimize and make infrequent potential deviations.

STANDARDS FOR INVESTMENT ADVISOR

The Foundation will enter into a written investment agreement with the Investment Advisor. The agreement must provide that:

- The Foundation is the sole owner of the funds provided to the Investment Advisor;
- The Investment Advisor's actions and performance will be overseen by the Investment Committee;
- The Investment Advisor will adhere to the Foundation's assets allocations, risk tolerance, and rebalancing

requirements;

- The Investment Advisor will adhere to any recommended donor directives approved by the Investment Committee;
- The Investment Advisor will not purchase securities on margin or sell securities short without the advance approval of the Investment Committee;
- The Investment Advisor will rebalance as necessary to fall within the described target ranges for the investment pool or fund under management. The Investment Advisor will review the need for rebalancing at least quarterly.
- The Investment Advisor agrees to fees that are reasonable and consistent with what the Foundation pays other money managers for similar services;
- The agreement may be terminated at any time, with or without cause, and assets will be transferred to the Foundation or to a designated entity immediately upon termination.

Funds will be invested in accordance with state law and generally accepted standards regarding prudent investing.

The Investment Advisor will provide monthly statements to the Investment Committee or its designee. The statements will include the current market value of the assets, the cost basis and date of acquisition; income received; distributions made; fees paid; securities transactions; and periodic statements of performance. The statement shall also include gains and losses, both realized and unrealized. The Investment Committee or its designee may request additional information from time to time as it deems necessary to measure performance.

The Investment Advisor must agree to distribute to the Foundation such sums as the Foundation may request from time to time, including the Foundation's administrative fee for any fund under separate management and distributable income.

The Foundation will not pay any investment professional or any other party for referring a donor to the Foundation and no existing funds of the Foundation will be transferred to such a person as compensation for a referral.

The Investment Advisor will advise the Foundation promptly to any event that is likely to adversely affect the management, professionalism, integrity, or financial position of the manager's firm or its progress toward the goals and objectives of this policy.

The Investment Advisor shall not invest any part of the Foundation's assets through transactions that involve self-dealing or an actual or perceived conflict of interest.

REBALANCING

The Investment Committee recognizes that the investment portfolio's actual asset allocation will fluctuate with market conditions, and at any point in time will deviate from the long-term strategic allocation. The Investment Advisor will seek to keep the actual allocation within the specified bands around the long-term strategic allocation and as close as practical to the long-term strategic allocation through rebalancing, while managing the risks of deviations with the costs of rebalancing.

PERFORMANCE EVALUATION

The Investment Committee will review the Investment Advisor activity on an ongoing basis and evaluate the advisor based on the both quantitative and qualitative measures, including, but not limited to:

- The Investment Advisor has avoided regulatory actions against the firm, its principals or employees;
- The Investment Advisor has adhered to the guidelines and objectives of this Investment Policy Statement;

- The Investment Advisor has avoided a significant deviation from the style and capitalization characteristics defined as "normal" for the Investment Advisor;
- The Investment Advisor is expected to exceed the Policy Benchmark in periods of time five years and longer;
- The Investment Advisor is generally expected to keep portfolio performance within+/- 200 basis points of the Policy Benchmark in shorter timeframes (one year to less than five years). Deviations outside of 200 basis points (whether below or above) shall require increased attribution analysis and discussions with the Investment Committee regarding causes of the deviation and the potential risks of maintaining the attributed exposure(s).
- Investment returns are measured net of fees;
- Performance is reviewed quarterly and prepared by the Foundation's Investment Advisor or the designated Foundation staff member.

The Investment Advisor failing to meet the criteria over a full market cycle will undergo extensive qualitative and quantitative analysis.

The Investment Advisor may be terminated for other documented reasons.

LIQUIDITY

The Foundation will maintain adequate cash reserves to accommodate operational needs and distributions to the community. The liquidity requirements of the Foundation will be monitored by the Investment Committee and the liquidity of the pools will be adjusted to meet the Foundation's needs.

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 LLCsincluding family partnerships, hedge funds, REITs, and so forth-are excluded from the definition of business enterprise as Jong 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 (if it is not inventory); and remainder interests in personal residences and farms.

SPENDING POLICY

The Foundation sets its spending policy by applying a percentage, determined by the Board of Directors based on the recommendation of the Investment Committee, to a fund's average net balance. Average net balance is based on a rolling 12 quarter market value as determined by the Investment Committee

REPORTING

In order to ensure that the Board of Directors and the Investment Committee are able to fulfill their duties with respect to prudent management of the portfolio, the Foundation's Investment Advisor, or the designated Foundation staff member will provide detailed reports at least quarterly to the Committee. Such reports shall include, though not be limited to, performance of the Foundation's investment portfolio, actions taken with respect to the investment portfolio, and expected changes in investments.

The Chair of the Investment Committee will report on the status of the investment portfolio and any actions taken to the Board of Directors at each Board meeting.

CONFLICTS OF INTEREST

Any actual or potential conflicts of interest possessed by a member of the Investment Committee must be disclosed and resolved pursuant to the Foundation's Conflict of Interest Policy.

APPENDIX A - INVESTMENT POOLS

After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset allocation strategy is incorporated to achieve the objectives of the SFCF General Pool Portfolio:

Asset Allocation Ranges

Broad Asset Class	Min Weight %	Strategic Allocation	Max Weight %
Global Equity	40%	55%	75%
Global Fixed Income	5%	15%	50%
Global Alternatives	0%	30%	35%
Cash	0%	0%	20%

Over time, it may be desirable to amend the long-term strategic asset allocation. When such changes are made, updates will be made to this Investment Policy Statement.

The Investment Advisor may populate any of the asset classes described below with separately managed accounts, mutual funds, exchange traded funds or collective trust funds (collectively "Funds"). The Investment Committee understands and acknowledges that the Investment Advisor has no control over the management or portfolio composition of any Fund. While the Investment Advisor will use its best efforts to utilize funds with investment objectives and policies that are generally consistent with the IPS guidelines, the Investment Committee understands that individual fund's portfolio holdings may not at all times be consistent with the IPS guidelines.

The following is a brief description of the asset classes:

- Global Equity includes global equity investments and includes liquid investments.
- Global Fixed Income includes, but is not limited to, core and global investment grade fixed income, currency, debt obligations, collateralized obligations.
- Global Alternatives include, but are not limited to, absolute return, credit, event-driven investments, real estate, private equity, high-yield, real assets, and may include both liquid and illiquid investments.
- Cash includes cash and cash equivalents.

The Foundation also expresses its preference for local managers whenever possible.

APPENDIX B -- PERMITTED INVESTMENTS

The Committee desires to permit Investment Managers the flexibility to maximize investment opportunities. However, it is cognizant of its responsibility to practice prudent management in order to conserve and protect the assets and be appropriately diversified as to minimize the risk of large losses. The Committee foresees the possibility of using separately managed accounts/ mutual funds/ collective trust funds and understands that they would not have any control over the management of such funds with regard to guidelines and restrictions. However, they intend for the Investment Advisor to utilize funds and other pooled investment vehicles that generally comply with the investment guidelines stated in this Investment Policy Statement.

A. Equity Holdings:

Security Types:

Equity securities shall consist of common stocks and equivalents {issues convertible into common stock, etc.), ADRs and equity securities of non-U.S. companies (Ordinary Shares}.

Quality:

There are no qualitative guidelines with regard to equity ratings, etc., except that prudent standards should be developed and maintained by the Investment Manager(s).

B. Fixed Income Holdings:

Security Types:

Investments shall include obligations of the U.S. Government, including Treasury inflation-protected securities, U.S. corporate entities, U.S. Agencies Mortgage Backed Securities (MBS), preferred stock, Collateralized Mortgage Obligations, Asset Backed Securities, Commercial Mortgage Backed Securities (CMBS), non-dollar denominated fixed income securities of foreign governments and corporate bonds are permitted. Futures, options and swaps may be used to efficiently manage the duration of the portfolio and income.

Maturity:

The maturity schedule shall be set by the Investment Managers.

Quality:

Each debt instrument selected for investment shall be subjected to credit analysis by the Investment Manager prior to inclusion in the portfolio.

C. Cash Equivalents:

Security Types:

Investments shall include short term, high quality money market securities such as obligations of the U.S. Government and Government Agencies, obligations of U.S. corporations and U.S. Dollar denominated obligations of multi-national corporations, Short Term Investment Company (STIC) or other institutional money market fund shares, Repurchase Agreements secured by U.S. Treasury or Federal Agency obligations, commercial paper, certificates of deposit and time deposits, Eurodollar commercial paper, etc.

D. Alternative Investments:

Strategies utilized by Alternative Investments vehicles may include, but are not limited to: private equity, long/short equity, equity market neutral, merger arbitrage, convertible arbitrage, credit opportunities, commodities, Master Limited Partnerships (MLPS), REITs, currencies, volatility based strategies, absolute return oriented, tactical asset allocation, alternative beta, and managed futures. Diversified Fund of Funds Hedge Funds will be held in the forms of professionally managed pooled limited partnership investments offered by professional investment managers. Investment types or vehicles that would have investment characteristics meaningfully different than those previously listed shall be brought to the committee for approval.

This Investment Policy Statement is adopted on June 8, 2020 by the Board of Directors.

Accepted by:

__________________________ __________________________

Vice President Finance & Operations Date

Accepted by:

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Morgan Stanley- Custom Solutions Date