

Community Foundation of Greater Des Moines

STATEMENT OF INVESTMENT POLICY

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Statement of Investment Policy for Community Foundation of Greater Des Moines

EXECUTIVE SUMMARY

- The Board of Directors (*the “Board”*) is ultimately responsible for the stewardship of the Community Foundation. The Board acts upon the recommendations of the Investment Committee (*the “Committee”*).
- The Committee is responsible for developing and recommending to the Board: policy asset allocation, permissible asset classes, and the acceptable level of risk for the Community Foundation.
- The Committee is further charged with selecting and superintending the specific managers of the Community Foundation’s assets.
- The long-term objective of each of the Community Foundation’s portfolios is to achieve a total return equal to or in excess of the Community Foundation’s spending policy, anticipated inflation, investment management fees, and administrative costs, and any growth factor, which the Committee may, from time to time, recommend to the Board.
- The Committee may engage an external investment consultant to assist in the determination of investment strategy, selection of investment managers, and the monitoring of the investment performance.
- Investment managers are required to demonstrate acceptable performance and volatility of returns. Managers are required to follow guidelines or restrictions that are established between the managers and the Community Foundation.

INTRODUCTION AND PURPOSE

The intent of this Statement is to articulate an investment strategy with specific parameters that reflect the philosophy of the Board, thereby providing the Committee with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are intended to be sufficiently flexible in order to be practical.

SCOPE OF POLICY

This Statement of Investment Policy applies to all investable assets of the Community Foundation. All assets available for active investment management will be invested through one of the Community Foundation’s Investment Portfolios approved by the Investment Committee. Addendums will be created to govern specific investment portfolios including custodians, investment consultants, and investment managers. Assets which are, or may be, included are stocks, bonds, mutual funds, and other securities; receivables and non-custodial trusts and gift annuities; real estate including farm land and mineral rights; life insurance; works of art, jewelry and collectibles; and cash. Some of these assets by their nature are not available for “active” investment management.

Distributions from all endowed funds will be made in accordance with the Community Foundation’s spending policy, as amended from time to time, unless otherwise specified in the fund agreement. The Board has ultimate control over investment decisions for all Community Foundation funds.

DELEGATION OF RESPONSIBILITIES

Relationship between the Board and the Investment Committee

The Board is responsible for the overall stewardship of the Community Foundation. The Board has delegated to the Committee the responsibility to oversee the Community Foundation's investment activities on the Board's behalf.

The Committee has the responsibility to ensure that the portfolios of the Community Foundation are managed in a manner that is consistent with the policies and objectives of the Community Foundation. In so doing, the Committee will comply with all applicable laws. The Committee members are required to discharge their duties solely in the interest of the Community Foundation and for the exclusive purpose of meeting the financial needs of the Community Foundation. The Committee is authorized to engage the services of investment managers who possess the necessary specialized research capabilities and investment management skill to meet the investment objectives and guidelines of the Community Foundation. The Committee will require the investment managers, where practical, to adhere to any policies adopted by the Board. The Committee shall meet, as required, but not less than twice a year. The actions of the Committee shall be recorded in formal minutes.

The Committee's responsibilities include:

1. Developing and recommending to the Board investment objectives that are consistent with the financial needs of the Community Foundation, and the appropriate asset allocations consistent with meeting those objectives;
2. Selecting and terminating custodians, investment consultants, and investment managers;
3. Reviewing and evaluating investment results in the context of predetermined performance standards, and implementing corrective action as needed; and
4. Recommending spending policy guidelines to the Board.

Consultant

The Committee may elect to engage one or more investment consulting firm to assist the Committee's activities. The consultant(s) is(are) expected to be proactive in recommending changes in investment strategy, asset allocation, and investment managers if the situation warrants change.

The consultant's responsibilities for their appropriate portfolio(s) are as follows:

1. Assisting in the development of investment policies, objectives, and guidelines;
2. Preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Community Foundation's objectives;
3. Recommending investment managers (including search and selection);
4. Preparing and presenting performance evaluation reports in accordance with the CFA Institute performance reporting standards;
5. Attending Committee meetings to present evaluation reports no less than annually and at other meetings as requested;

6. Reviewing contracts and fees for both current and proposed investment managers and custodians; advising on custodial selection.
7. Providing research on specific issues and opportunities, and assisting the Committee in special tasks;
8. Assisting in the rebalancing of the portfolio;
9. Communicating investment policies and objectives to the investment managers, and monitoring their adherence to such policies and reporting all violations;
10. Notifying the Committee of any significant changes in personnel or ownership of the consulting firm;
11. Notifying the Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm hired by the Community Foundation;
12. Notifying the Committee of any litigation or violation of securities regulations in which any investment manager is involved; and
13. Overall, being proactive with the Community Foundation's staff and Committee in the management of the Community Foundation's investments.

Annually, the Committee will perform an evaluation of the consulting firm and consultant. The Committee will compile the evaluation results and provide feedback to the consulting firm and consultant. Every five to seven years, the Committee will consider a change in the consulting firm and/or a change of consultants. In addition, the Committee may initiate this process as needed.

Investment Managers

Investment managers are expected to pursue their own investment strategies within the guidelines created for the manager in accordance with the Community Foundation's asset allocation strategy and manager selection criteria. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Community Foundation.

The investment manager's responsibilities for their appropriate portfolio(s) are as follows:

1. Investing assets under their management in accordance with agreed upon guidelines and restrictions;
2. Exercising discretionary authority over the assets entrusted to them, subject to these guidelines and restrictions;
3. Providing written documentation of portfolio activity, portfolio valuations, performance data, and portfolio characteristics on a monthly basis in addition to other information as requested by the Committee or consultant;
4. Voting proxies for the assets under management (companies held within the portfolio) in the best interest of the Community Foundation; and
5. Annually providing to the Community Foundation either a copy of the investment advisor's form ADV Part II (SEC required disclosure document), a copy of the

investment company's annual report, and/or a copy of the fund's updated prospectus (SEC requirement at the end of the fiscal year).

Custodians

The custodian's responsibilities for their appropriate portfolio(s) are as follows:

1. Providing timely reports detailing investment holdings and transactions monthly to the Community Foundation and consultant.
2. Providing an annual summary report to the Community Foundation and the consultant within 30 days following each fiscal year end. The report will include the following:
 - a. Statement of all property on hand;
 - b. Statement of all sales, redemptions, and principal payments;
 - c. Statement of all distributions from the Community Foundation's accounts;
 - d. Statement of all expenses paid;
 - e. Statement of all purchases; and
 - f. Statement of all income.
3. Providing all normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, daily investment of cash, etc.
4. Preparing additional Community Foundation reports as requested by the Board, Committee, or consultant.

General Requirements

1. All custodians, investment consultants, and investment managers will have a contract governing the relationship between the Community Foundation and the entity.
2. All fees for services will be fully disclosed in the governing contract.
3. All entities will be available to attend meetings as requested by the Foundation.

INVESTMENT POLICIES AND OBJECTIVES

General Investment Philosophy and Guidelines

Objective: The primary investment objective of the Community Foundation is to provide a real rate of return over inflation sufficient to support in perpetuity the mission of the Community Foundation. It is particularly important to preserve the value of the assets in real terms to enable the Community Foundation to maintain the purchasing power of the spending without eroding the principal corpus of the Community Foundation.

To achieve the Community Foundation objective, the Community Foundation's assets will be invested to generate total return, i.e., appreciation and dividend and interest income.

While there cannot be complete assurance that the defined objectives will be realized, it is believed that likelihood of realization is enhanced by diversifying the Community Foundation's assets among several asset classes while maintaining acceptable risk levels.

The following objectives are designed to support achievement of the Community Foundation objective and are net of (after) investment expense(s).

1. Total Community Foundation assets should achieve an annualized nominal rate of return equal to or greater than that of the objective over a reasonable market cycle.
2. Total Community Foundation assets should return, over trailing twelve month periods, a nominal rate of return greater than or equal to a composite index created by combining various indices in the same proportion as each portfolio's target allocation (as described in the asset allocation section of each addendum).
3. In general, active managers will be expected to provide returns greater than their appropriate benchmark, net after fees, while utilizing acceptable risk levels, over moving thirty-six-month periods. In contrast, index, or passive managers will be expected to provide returns nearly identical to the appropriate benchmark, before reasonable fees, with no more volatility than the benchmark.

Volatility and Risk

The Community Foundation's goal is to achieve its investment objective while assuming acceptable risk levels commensurate with "market" volatility. "Market" volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the benchmark indices.

Therefore, to minimize the probability of failure, and thereby minimize risk, the following variables will be considered by the Committee in all aspects of the decision-making process with regard to the Community Foundation's investable assets:

- Probability of missing the objective
- Impact of inflation on the Community Foundation
- Asset/style allocation as the primary determinant of long-term performance

General Investment Considerations and Constraints:

- **Risk:** The Committee will seek to limit the overall level of risk commensurate with the chosen portfolio asset allocation.
- **Liquidity:** It is assumed that the Community Foundation should have sufficient liquid assets from new funds contributed to the Community Foundation or a short term loan facility to meet foreseeable requirements.
- **Time Horizon:** The Community Foundation has an infinite life. An investment time horizon of twenty years is appropriate.

- **Taxes:** The Community Foundation is income tax-exempt, but investments are subject to Unrelated Business Income Tax dependent upon their corporate structure.

Spending Rate Policy

Sources of Spending

The Committee recognizes both the short-term need of the Community Foundation for annual support for the Community Foundation's agencies and other grant recipients and the Community Foundation's operating expenses, and the long-term need for maintenance and growth of the Community Foundation's purchasing power. As a result and unless prohibited by donor restrictions or law, dividend and interest income, capital gains and principal may be used for spending purposes to the extent such payments do not exceed the annual spending amount determined by the spending rates. The ability to spend will be based on the portfolio selection.

Spending Rate

The spending rate for the Community Foundation will be reviewed at least annually in light of evolving trends with respect to investment performance and the needs of the Community Foundation, and will be adjusted as appropriate.

Community Foundation Better Together and Discretionary Field of Interest Funds:

Unless otherwise directed by the governing fund agreement, the annual spending rate of a fund shall not exceed 5% of the average of the fund's trailing 3 years' market value as determined each December 31.

Community Foundation Endowed Donor Funds:

Unless otherwise directed by the governing fund agreement, it is recommended that the annual spending rate of a fund shall not exceed 5% of the fund's market value as determined each December 31.

Total Return Policy

The Board has adopted a "total return" approach to calculating investment returns.

In recognition of these facts, the Committee will consider the Community Foundation's total return from both income and net realized and unrealized capital gains when recommending the spending rate policy. When distributions are made, they will be withdrawn from the Community Foundation regardless of the portion of the total return that is from capital gains or from income. Distributions in amounts up to that determined by the spending formula may be made from principal of a specific fund unless invasion of principal is prohibited by law or the agreement.

Asset Allocation

Each addendum will include asset allocation information for that specific investment portfolio. The Committee will review the reasonableness of the applicable asset allocation.

With respect to all approved portfolios, the Committee will identify the asset allocation that offers the highest probability of achieving the Community Foundation's investment objectives commensurate with the appropriate risk considerations. The Committee, with guidance and recommendations from their consultant, shall review the asset mix on an ongoing basis and recommend revisions as necessary.

Each portfolio's asset allocation shall be determined based on a comprehensive asset allocation study completed by the consultant and reviewed from time to time by the Committee. The asset allocation is designed to give balance to the overall structure of the Community Foundation's investment programs over the time horizon. However, many factors over time may necessitate an asset allocation review and possible rebalancing. These factors include an ongoing assessment by the consultant and the Committee of the comparative intermediate or long-term outlook for all available types of asset classes and styles.

Permissible Investments

The asset allocations of the Community Foundation may include a wide range of asset classes from time to time. These asset classes and their relative comparative indices are displayed below:

COMPARATIVE INDICES FOR INVESTMENT MANAGERS

ASSET CLASS	COMPARATIVE INDEX
Equity	
<i>Domestic Equity</i>	
U.S. Large Stocks	S&P 500
U.S. Large Value Stocks	Russell 1000 Value
U.S. Large Growth Stocks	Russell 1000 Growth
U.S. Mid Stocks	Russell MidCap Index
U.S. Mid Value Stocks	Russell MidCap Value
U.S. Mid Growth Stocks	Russell Barra Mid Growth
U.S. Small Stocks	Russell 2000
U.S. Small Value Stocks	Russell 2000 Value
U.S. Small Growth Stocks	Russell 2000 Growth
<i>International Equity</i>	
Int'l Large/Mid Stocks	MSCI EAFE (\$US)
Int'l Small Stocks	MSCI EAFE Small Cap
Emerging Mkt Stocks	MSCI Emg. Markets Free Index
Fixed Income	
U.S. Fixed Income	Barclays Aggregate
U.S. Inflation Protected Fixed	Barclays Inflation Linked Bond
U.S. High Yield	Merrill Lynch High Yield
International Fixed Income	Citigroup World Bond (ex U.S.)
Emerging Mkt Bonds	JPM Diversified Emerging Mkt Bond
Cash Equivalents	U.S. Treasury Bills
Alternatives	
Real Estate Investment Trusts	NAREIT Index
Global Real Estate Investment Trusts	NAREIT Developed Markets
Absolute Return (Hedge Funds)	HFR Fund of Funds; T Bills + 4%
Private Equity	MSCI ACWI; Venture Economics Benchmarks
Other Real Assets	Various

Portfolio Rebalancing

To minimize deviations from the appropriate asset allocation mix, periodic rebalancing of the investment portfolios will be necessary. The Committee may rebalance the investments to achieve the appropriate asset allocation at any time.

With respect to approved investment portfolios, the governing addendum will define the approved rebalancing policy.

The consultant will inform the Community Foundation staff at the close of any calendar quarter in which rebalancing the portfolio is necessary. The consultant, together with the staff, will complete the rebalancing process. The consultant will assist the staff as needed in implementing such rebalancing.

Investment Policies for Investment Managers

The following are performance goals and constraint guidelines placed on individual managers within specific asset classes:

All Traditional Managers

1. Index managers may be terminated if performance or volatility significantly differs from that of the benchmark.
2. Active managers may be terminated due to philosophical changes, management turnover, poor long-term investment performance, or other material changes.

Alternative Investments

1. Alternative investment managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such managers. Instead, the Committee may choose to terminate a manager, subject to the manager's liquidation policy, if they are dissatisfied with the manager and/or his strategy.

Other

1. *Securities Lending:* Investment managers (via contract with the Community Foundation), may engage in securities lending, or the "loan" of the Community Foundation's securities in return for interest, to broker dealers as a means of enhancing income for the Community Foundation.
2. *Related Party Transaction:* The Community Foundation will not loan funds to related parties, defined as an officer, Committee member, employee, or donor, either current or prospective.

Procedure for Revising the Statement of Investment Policy

This Statement of Investment Policy will be reviewed at least annually by the Committee. The Board must approve material changes to the Statement. Any deviation from the appropriate policy asset allocation by the individual asset class outside of the stated range would represent a material change and shall be approved by the Board. All addendums must be approved by the Investment Committee.

Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the Community Foundation or who are consulting to, or providing any advice whatsoever to the

Committee, shall disclose in writing at the beginning of any discussion or consideration by the committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any members of the Committee responsible for investment decisions or who are involved in the management of the Community Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Community Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the committee. This provision shall not preclude the payment of ordinary fees and expenses to the Community Foundation's custodian(s), investment manager(s), or consultant(s) in the course of their services on behalf of the Community Foundation.

Foundation Authority

Notwithstanding any other provision of these policies, the Committee or Board shall have the right to change the investment approach, custodian, investment consultant, and/or investment manager of any investment relationship of the Community Foundation at any time and for any reason, in the Committee or Board's sole discretion.

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ADDENDUM A
COMMUNITY FOUNDATION OF GREATER DES MOINES
LONG-TERM GROWTH PORTFOLIO

I. PORTFOLIO PURPOSE AND OBJECTIVE

The purpose of the Long-Term Growth Portfolio is to combine various component funds to permit greater diversification of investments that would not be possible for individual component funds. This, in turn, provides for greater opportunities without increasing risk. A system of unitization, much like a mutual fund, allocates total return to each component fund.

The Community Foundation's investment objective is to earn a return that allows component funds to make a significant number and significant size of grants while maintaining the component fund's future purchasing power, taking into account inflation and expenses. Accordingly, the current target for total return (i.e. income plus increase in market value less investment expenses) for the Long-Term Growth Portfolio is 7.5% per year over the long-term.

II. RETURN NEED

The long-term net compound return need shall be established as the return goal for the Portfolio over the time horizon. The return goal shall consist of a spending rate, an assumed rate of inflation and any desired real portfolio growth.

<i>Components of Return Need</i>	
<i>Spending Rate</i>	5.00%
<i>Inflation Rate</i>	2.50%
<i>Real Portfolio Growth</i>	0.00 – 1.00%
<i>Long-Term Return Need (Net of Fees)</i>	7.50 – 8.50%

III. INVESTMENT CUSTODIAN

The Community Foundation's Long-Term Growth Portfolio will be under the custody agreement with Wells Fargo. Wells Fargo will be responsible for providing all custodial requirements as directed in the Community Foundation of Greater Des Moines' Statement of Investment Policy. Some alternative asset investments require specific custodial relationship with third party financial institutions other than Wells Fargo. Separate custodians will be responsible for providing all custodial requirements as directed in the Community Foundation's Statement of Investment Policy for those specific investments.

IV. INVESTMENT CONSULTANT

The Community Foundation's Long-Term Growth Portfolio will be under the consulting agreement with Mercer Investment Consulting. Mercer Investment Consulting will be responsible for providing all investment consulting requirements as directed in the Community Foundation's Statement of Investment Policy.

V. INVESTMENT MANAGEMENT

The Community Foundation's Long-Term Growth Portfolio will be under investment management agreements with various investment managers as approved by the Investment Committee. These investment managers will be responsible for providing all investment management requirements as directed in the Community Foundation's Statement of Investment Policy.

VI. ASSET ALLOCATION

PART I

POLICY ASSET ALLOCATION			
	Lower Limit	Target	Upper Limit
<i>Total Equity</i>	40%	50%	75%
<i>Total Fixed Income</i>	10%	20%	40%
<i>Total Other Alternatives</i>	0%	30%	40%
Total		100%	

PART II

Within the above policy asset allocation, the Committee currently anticipates the following sub-allocations as stated below. However these are guidelines and the Committee may, from time to time, revise these sub-allocations. Assets will be categorized based on the chart on page 9 of the policy.

SUB-ALLOCATIONS GUIDELINES	
<i>Equities / Fixed Income/Alternatives</i>	50/20/30
Equity Assets	
Domestic Equities	23.5%
International Equities	23.5%
<i>Total Equity Assets</i>	47.0%
Fixed Income Assets	
US Broad Fixed Income	10.0%
Global Fixed Income	10.0%
<i>Total Fixed Income Assets</i>	20.0%
Alternative Assets	
Hedge Funds	15.0%
Private Equity	10.0%
Real Assets	8.0%
<i>Total Alternative Assets</i>	33.0%
Total	100.0%

VII. REBALANCING

The Portfolio will be reviewed at least quarterly and shall be rebalanced in the event that any asset class differs from policy ranges as defined above.

ADDENDUM B
COMMUNITY FOUNDATION OF GREATER DES MOINES
INDEXED GROWTH PORTFOLIO

I. PORTFOLIO PURPOSE AND OBJECTIVE

The purpose of the Indexed Growth Portfolio is to provide a diversified portfolio of global stock and bonds with low investment fees through mainly passive investments. All investments included in the portfolio are publicly traded with readily available market values. A system of unitization, much like a mutual fund, allocates total return to each component fund.

The Community Foundation's investment objective is to earn a return that allows component funds to make a significant number and significant size of grants while maintaining the component fund's future purchasing power, taking into account inflation and expenses. Accordingly, the current target for total return (i.e., income plus increase in market value less investment expenses) for the Indexed Growth Portfolio is 7.5% per year over the long-term.

II. RETURN NEED

The long-term net compound return need shall be established as the return goal for the Portfolio over the time horizon. The return goal shall consist of a spending rate, an assumed rate of inflation and any desired real portfolio growth.

<i>Components of Return Need</i>	
<i>Spending Rate</i>	5.00%
<i>Inflation Rate</i>	2.50%
<i>Real Portfolio Growth</i>	0.00 – 0.50%
<i>Long-Term Return Need (Net of Fees)</i>	7.50 – 8.00%

III. INVESTMENT CUSTODIAN

The Community Foundation's Indexed Growth Portfolio will be under the custody agreement with Wells Fargo. Wells Fargo will be responsible for providing all custodial requirements as directed in the Community Foundation of Greater Des Moines' Statement of Investment Policy.

IV. INVESTMENT CONSULTANT

The Community Foundation's Indexed Growth Portfolio will be under the consulting agreement with Mercer Investment Consulting. Mercer Investment Consulting will be responsible for providing all investment consulting requirements as directed in the Community Foundation's Statement of Investment Policy.

V. INVESTMENT MANAGEMENT

The Community Foundation's Indexed Growth Portfolio will be under management agreements with various investment managers as approved by the Investment Committee. These investment managers will be responsible for providing all investment management requirements as directed in the Community Foundation's Statement of Investment Policy.

VI. ASSET ALLOCATION**PART I**

POLICY ASSET ALLOCATION			
	Lower Limit	Target	Upper Limit
<i>Total Equity</i>	40%	65%	75%
<i>Total Fixed Income</i>	10%	35%	45%
Total		100%	

PART II

Within the above policy asset allocation, the Committee currently anticipates the following sub-allocations as stated below. However these are guidelines and the Committee may, from time to time, revise these sub-allocations. Assets will be categorized based on the chart on page 9 of the policy.

SUB-ALLOCATIONS GUIDELINES	
<i>Equities / Fixed Income</i>	65/35
Equity Assets	
Domestic Equities	32.5%
International Equities	32.5%
<i>Total Equity Assets</i>	65.0%
Fixed Income Assets	
US Broad Fixed Income	23.0%
Global Fixed Income	12.0%
<i>Total Fixed Income Assets</i>	35.0%
Total	100.0%

VII. REBALANCING

The Portfolio will be reviewed at least quarterly and shall be rebalanced in the event that any asset class differs from policy ranges as defined above.

**ADDENDUM C
COMMUNITY FOUNDATION OF GREATER DES MOINES
DEFENSIVE GROWTH PORTFOLIO**

I. PORTFOLIO PURPOSE AND OBJECTIVE

The purpose of the Defensive Growth Portfolio is to provide for growth at a more moderate level of risk. All investments included in the portfolio are publicly traded with readily available market values. A system of unitization, much like a mutual fund, allocates total return to each component fund.

The Community Foundation's investment objective is to earn a return that allows component funds to make a significant number and significant size of grants while maintaining the component fund's future purchasing power, taking into account inflation and expenses. Accordingly, the current target for total return (i.e., income plus increase in market value less investment expenses) for the Defensive Growth Portfolio is 5.5% per year over the long-term.

II. RETURN NEED

The long-term net compound return need shall be established as the return goal for the Portfolio over the time horizon. The return goal shall consist of a spending rate, an assumed rate of inflation and any desired real portfolio growth.

<i>Components of Return Need</i>	
<i>Spending Rate</i>	3.00%
<i>Inflation Rate</i>	2.50%
<i>Real Portfolio Growth</i>	0.00 – 0.50%
<i>Long-Term Return Need (Net of Fees)</i>	5.00 – 6.00%

III. INVESTMENT CUSTODIAN

The Community Foundation's Defensive Growth Portfolio will be under the custody agreement with Wells Fargo. Wells Fargo will be responsible for providing all custodial requirements as directed in the Community Foundation of Greater Des Moines' Statement of Investment Policy.

IV. INVESTMENT CONSULTANT

The Community Foundation's Defensive Growth Portfolio will be under the consulting agreement with Mercer Investment Consulting. Mercer Investment Consulting will be responsible for providing all investment consulting requirements as directed in the Community Foundation's Statement of Investment Policy.

V. INVESTMENT MANAGEMENT

The Community Foundation's Defensive Growth Portfolio will be under management agreements with various investment managers as approved by the Investment Committee. These investment managers will be responsible for providing all investment management requirements as directed in the Community Foundation's Statement of Investment Policy.

VI. ASSET ALLOCATION**PART I**

POLICY ASSET ALLOCATION			
	Lower Limit	Target	Upper Limit
<i>Total Equity</i>	20%	30%	40%
<i>Total Fixed Income</i>	60%	70%	80%
Total		100%	

PART II

Within the above policy asset allocation, the Committee currently anticipates the following sub-allocations as stated below. However these are guidelines and the Committee may, from time to time, revise these sub-allocations. Assets will be categorized based on the chart on page 9 of the policy.

SUB-ALLOCATIONS GUIDELINES	
<i>Equities / Fixed Income</i>	30/70
Equity Assets	
Domestic Equities	15.0%
International Equities	15.0%
<i>Total Equity Assets</i>	30.0%
Fixed Income Assets	
US Broad Fixed Income	38.0%
Global Fixed Income	17.0%
Absolute Return	15.0%
<i>Total Fixed Income Assets</i>	70.0%
Total	100.0%

VII. REBALANCING

The Portfolio will be reviewed at least quarterly and shall be rebalanced in the event that any asset class differs from policy ranges as defined above.