Investment Policy Statement

for

College of the Desert Foundation

Adopted 01/25/2017.

Revised 12/20/21and 05/22/2024

I. Introduction

Information about the Foundation and the Purpose of the Funds

College of the Desert Foundation

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About College of the Desert Foundation

The College of the Desert Foundation is a non-profit public benefit corporation.

Purpose of this Investment Policy Statement

This Investment Policy Statement (the "Policy Statement") outlines the goals and investment objectives of College of the Desert Foundation (the "Foundation"). Since this Policy Statement is intended to provide guidance for the Board of Directors of the Foundation (the "Board"), the Finance and Investment Committee (the "Committee") and the Investment Manager(s) (the "Investment Manager") responsible for managing the Foundation's cash and investment assets (the "Portfolio"), it outlines certain specific investment policies which will govern how to seek to achieve those goals and objectives. This Policy Statement, upon the review and approval of the Committee:

- Describes a risk posture for the investment of the Foundation's assets;
- Specifies the target asset allocation policy for those assets;
- Establishes investment guidelines regarding the selection of the Investment Manager, permissible securities and diversification of assets;
- Specifies the criteria for evaluating the performance of the Investment Manager and of the Portfolio as a whole; and
- Defines certain responsibilities of the Committee, Consultant(s) (the "Consultant"), if any, the Investment Manager, the Custodian (the "Custodian") and other specified parties.

The Committee believes that the investment policies described in this Policy Statement should be dynamic. These policies should reflect the Foundation's current financial status, and the Committee's philosophy regarding the investment of assets. These policies should be reviewed by the Committee periodically and revised as necessary to ensure that they continue to reflect the current financial situation of the Foundation and the capital markets.

II. Responsibilities of the Foundation Representatives:

The Finance and Investment Committee

As fiduciaries, the Committee is ultimately responsible to the Foundation.
The primary fiduciary responsibilities of the Committee with respect to the oversight of the Portfolio are:

- Establish and approve a Policy Statement and periodically review it for continued accuracy

and completeness;
- Prudently diversify, or oversee the diversification of, the Portfolio to meet an established upon risk/return profile;
- Prudently select investment options, including the selection of one or more Investment Manager;
- Utilize input from Consultants, as desired. This is not required;
- Monitor the Investment Manager, the overall asset allocation and the performance of the accounts under management;
- Consider information provided by professional advisors and act accordingly;
- Oversee all investment, record keeping, and administrative expenses associated with the accounts; and
- Review and deal prudently with conflicts of interest.

The UPMIFA Act

The UPMIFA (Uniform Prudent Management of Institutional Funds Act, SB 1329, as amended January 1, 2009, requires a non-profit public benefit corporation and those who manage and direct investment of its funds to take the following factors into consideration:

- Give primary consideration to donor intent as expressed in a gift instrument;
- Act in good faith, with the care an ordinary prudent person would exercise;
- Incur only reasonable costs in investing and managing charitable funds;
- Make a reasonable effort to verify relevant facts;
- Make decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- Diversify investments unless due to special circumstances, the purposes of the fund are better served without diversification;
- Dispose of unsuitable assets; and
- In general, develop an investment strategy appropriate for the fund and the charity.

In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- The duration and preservation of the endowment fund;
- The purpose of the institution and the endowment fund;
- General economic conditions;
- Possible effects of inflation or deflation;
- The expected total return from income and appreciation of investments;
- Other resources of the institution;
- The role of each investment in the context of the entire portfolio;
- Total realized and projected current returns and capital appreciation;
- Availability of other resources (such as current income and other noninvestment assets) to meet projected budgetary requirements; and
- The projected need for distributions from investment assets to meet current and projected operational requirements.

Under UPMIFA standards, the Committee and its advisors should look at each of these factors with respect to significant investment decisions and document such considerations in minutes, agreements or letters of instruction.

The Consultant

The Committee may retain a Consultant to:

- Assist the Committee in strategic investment planning for the Foundation by providing assistance in developing an investment policy, an asset allocation strategy, and portfolio structure;
- Provide written performance measurement reports on the Portfolio;
- Assist the Committee in its selection of the Investment Manager and strategies; and
- Meet with the Committee to help it review investment performance and consider whether any changes or other actions are called for with respect to the Portfolio.

The Custodian

The Custodian is responsible for the safekeeping of the Foundation's investment assets. The specific duties and responsibilities of the Custodian include:

- Maintain separate accounts by legal registration;
- Value the holdings;
- Collect all income and dividends owed to the Foundation in its custody;
- Settle all transactions initiated by the investment manager; and
- Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolio since the previous report.

III. Objective and Investment Guidelines

The objective of this Foundation for its Portfolio is to maximize long-term total return consistent with prudent levels of risk.

Risk Tolerance

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e., volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the Policy Statement for the Foundation is the determination of an appropriate risk tolerance. The Committee examined the Foundation's financial ability to take risk based upon relevant factors, including:

Factors that contribute to a higher risk tolerance are:

- The Foundation can take advantage of a long-time horizon;
- The Foundation has defined finite liabilities for its Operating and Restricted Assets;
- The Foundation's has other sources of income to meet its spending needs, such as contributions, gifts and grants;
- Large fluctuations in market value should not affect the Foundation's willingness to maintain the investment strategy. The majority of the Foundation's assets have a long-term time horizon. The fixed income portion of the Portfolio can be used to meet operating cash

requirements and the requests for funding from Restricted and Endowed Assets in a prolonged market downturn.

Based on these factors, the Committee chose a risk profile for the equity assets of the Portfolio to correlate with the S&P 500 Index. Primary emphasis is to strike a balance between Portfolio stability and appreciation, recognizing that there will be volatility month to month and on a year-to-year basis.

For operating and restricted assets expected to be fully expended within a three-to-five-year time horizon, the Committee shall maintain a very secure low- to risk- free mix of fixed income securities, all with active trading markets on public exchanges. In total, the Portfolio should follow the guidelines in Section IV, Asset Allocation.

In selecting the asset allocation of the Portfolio, the Committee reviewed the Summary Asset Allocations for U.S. College and University Endowments and Affiliated Foundations, Fiscal Year 2022, prepared in 2023 by the National Association of College and University Officer and Teachers Insurance and Annuity Association of America (TIAA). Endowments of $51 to $100 million reported 75.15% in Equities and Alternatives, 23.7% in Fixed Income and 1.16% in Other. For "Combined Endowment/Foundation" assets, Fixed Income was reported as 11.11% of total assets.

Investment Objectives

Endowed Assets

The Foundation's Endowed, Quasi-Endowed and Temporarily Restricted Endowed Assets include the endowment corpuses, related income and investment gains (the "Endowed Assets"). These assets should be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve and enhance the real value of the Foundation. In establishing the investment objectives of the Foundation, the Committee has taken into account the time horizon available for investment, the nature of the Foundation's cash flows and liabilities, and other factors that affect the Foundation's risk tolerance. Accordingly, the investment objective for these assets is a total return consisting of growth and income that exceeds the relevant Benchmark. This investment objective is expected to achieve a positive rate of total return over the long-term that will sustain and grow the Portfolio's annual distribution rate as approved by the Board.

Temporarily Restricted Endowed Assets which are expected to have a longer time horizon may be invested in longer term assets and may include both longer duration fixed income and equities. Fixed income assets with maturities exceeding five years should have a yield to maturity at least equal to the sustainable rate of withdrawal established by the Board. Alternatives, which typically do not have liquid public markets, may also be appropriate for these assets.

Operating and Restricted Assets

The Operating and Restricted Assets include the non-endowed restricted assets and the unrestricted assets (the Operating and Restricted Assets"). Since these funds are maintained for current operating expenses as well as near-term funding commitments they should be managed with little or no risk to principal

Such assets should include cash equivalents and short-term fixed income securities which may have an average maturity of up to three years and a maximum maturity of five years, all of which should have active public trading markets. These assets should be purchased with an intent to be held to maturity (this will avoid the need to mark these assets to market), and in accordance with the annual cash requirement projections provided by the Foundation staff, as updated from time to time.

Investment Parameters

The Portfolio's return is expected to exceed the average annual return of the applicable Benchmark index on a risk-adjusted basis over a three- to five-year rolling time period.

Benchmarks (the "Benchmark")

Bloomberg Intermediate Government/Credit Index
S&P 500 Index

Permitted Securities

Equity securities include: common stocks, exchange traded funds (ETFs), real estate (REIT) securities and securities convertible into common stock. Mutual funds may be included.

Convertible securities include: securities that are convertible into the common stock of U.S. or non- U.S.-based corporations. This would include convertible bonds and convertible preferred stock. All convertible securities purchased must be U.S. dollar denominated securities. Individual convertible securities should be rated BBB"" (or its equivalent) or higher at the time of purchase, by a nationally recognized rating agency. For the purpose of asset allocation, convertible securities shall be considered equities. Up to 10% of convertible securities may be invested in "BBB" bonds.

Fixed income securities include: Domestic fixed and variable rate, strip and zero-coupon bonds and notes issued by the U.S. Government and its agencies, U.S.-based corporations, or bond funds containing these assets, Yankee bonds and notes (bonds or notes issued by non-U.S.-based corporations and governments but traded in the U.S.), securitized mortgages (e.g., GNMAs, FNMAs, FHLMCs), collateralized mortgage obligations, asset-backed securities, taxable municipal bonds and preferred stock.

Fixed income securities shall be rated "Al" (or its equivalent) or higher at the time of purchase, by a nationally recognized rating agency. Should a security be downgraded below the minimum permitted credit quality, as defined above by a nationally recognized rating agency, the Investment Manager will retain the option to hold or sell the security. The entire fixed income portfolio should have a minimum average rating of "A" with a weighted average duration that does not exceed ten years.

All rating categories include qualifiers"+" and"-" for S&P and "I,", "2" and "3" for Moody's. In the event of a "split rated" security, i.e., a security with non-equivalent rating classifications from different rating agencies, the lower of the credit quality ratings shall apply.

Cash and Equivalents

Cash reserves shall be held in the Investment Manager's money market fund, short-term maturity Treasury securities, or high-quality money market instruments.

Asset Allocation Strategy

In line with the Foundation' s return objectives and risk parameters, the mix of Portfolio assets (not including operating and restricted assets with a one-year horizon) should be maintained as follows (percentages are of the market value of the Foundation's assets):

Portfolio Asset Allocation			
Asset Class/ Investment Style	Market Value		
	Minimum	Target	Maximum
Domestic and International Equities	65%	*70%*	75%
Investment Grade Fixed Income	25%	25%	30%
Cash and Cash Equivalents	2%	*5%**	20%
Alternatives	0%	0%	5%

***Or less, depending on cash flow projections provided annually by the Foundation staff to the Investment Manager.**

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain relatively stable over most market cycles.

Since capital appreciation (depreciation) and trading activity can result in a deviation from the overall Foundation's asset allocation, the aggregate asset allocation should be monitored; and the Investment Manager should rebalance the Foundation's assets to the target allocation as required, or at least quarterly.

IV. Responsibilities of the Investment Manager

It is the Committee 's responsibility to select a prudent Investment Manager to manage the assets.

The Investment Manager should be nationally recognized and may include regulated banks or insurance companies; mutual funds registered under the Investment Company Act of 1940, or registered investment advisors. With respect to any mutual or other commingled funds that are purchased for the Foundation, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of those assets.

Fiduciary Responsibilities

The Investment Manager is expected to prudently manage the Foundation's Portfolio in a manner consistent with the investment objectives, guidelines, and constraints outlined in this Policy Statement and in accordance with applicable laws.

The Investment Manager shall:

- Be a nationally recognized bank, insurance company or be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable);
- Maintain adequate fiduciary liability insurance and bonding for the management of this account; and
- Acknowledge in writing that it is a fiduciary with respect to the assets under its management; and
- Custody the Portfolio assets at a major money center bank or brokerage firm approved by the Board.

Proxy Voting

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The Investment Manager) shall vote proxies according to their established proxy voting guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Committee upon request.

V. Investment Strategy

Selection Criteria for an Investment Manager

An Investment Manager retained by the Committee should be chosen using the following criteria:

- The investment style and discipline of the Investment Manager,
- How well the Investment Manager's investment style or approach complements other Investment Managers, if any;
- Level of experience, financial resources, and staffing levels of the Investment Manager;
- A current report of assets under management and minimum, mean and maximum account size shall demonstrate experience with the size of the Foundation’s Portfolio;
- Consistency of an Investment Manager to the style for which they were hired;
- Reasonableness of expense ratios/fees;
- Past performance relative to the Benchmarks. Consideration should be given to both consistency of performance and the level of risk taken to achieve results;
- Stability of the organization and its investment professionals; and
- Identification in writing of an individual or limited number of individuals responsible for the Portfolio management and the client service.

Security Selection/Asset Allocation

- Except as noted below, the Investment Manager shall have the full discretion to determine all individual securities selection in accordance with the guidelines herein.

- The Foundation's Portfolio is expected to operate within the overall asset allocation strategy defining the Portfolio's mix of asset classes. This strategy, described in Section IV herein, sets a percentage target for the amount of the Portfolio's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.

Diversification Requirements

The primary available method to reduce risk for the Portfolio is diversification through asset allocation, sector allocation and individual holdings. Allocating to different asset classes, sectors and holdings may mitigate risk in the Portfolio by avoiding concentration and correlation.
The Investment Manager has full discretion with regard to security selection and sector allocation. Unless otherwise noted below, under normal market conditions, the Investment Manager is expected to be fully invested consistent with its investment style as described in its relevant documentation.

To minimize the risk of realizing large losses, the Investment Manager shall maintain adequate diversification subject to the constraints outlined in this Policy Statement and in their investment management agreement with the Foundation and should avoid sudden asset repositioning or changes in strategy due to market volatility.

Derivatives and Structured Products

The Committee understands that derivatives and structured products can be used to efficiently reduce the risk of the Portfolio and to expand the return opportunities. However, when used improperly, they can also increase risk. Before an Investment Manager uses any security other than standard securities (e.g., exchange traded common stock; interest bearing bonds and cash equivalents), the security, derivative or structured product must be explained to and approved by the Committee. Derivatives are allowed to hedge an underlying position and may be used to take a long position in anticipation of a cash inflow. Once the cash is used to open a position in the underlying security, the derivative position should be closed out. No derivative or structured product is allowed that will increase the potential for loss greater than that of a long position in the underlying security.

Alternative Investments

Alternative investments represent investments that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these types of assets carry special risks. Such fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. They may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn. The maximum restricted withdrawal period of the illiquid securities shall not exceed five years. Permitted alternative investments include, but are not limited to, commodities and real estate.
In its reporting to the Committee, the Investment Manager will identify what percentage of such investments are primarily equity in nature and which are primarily fixed income and the realized rates of return over a three-to-five-year period.

Cash and Equivalents

It is generally expected that the Endowed Assets will remain fully invested in securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the custodian's money market fund, short-term maturity Treasury securities, and insured savings instruments of commercial banks and savings and loans.

Actions that may cause a significant deviation from these investment guidelines for a material portion of the Portfolio should be brought to the attention of the Committee Chair by the Investment Manager prior to execution.
Such actions may be authorized by the Committee if it determines they do not constitute an inappropriate departure from the spirit of this Policy Statement. Similarly, unanticipated market action should also be brought to the attention of the Committee Chair by the Investment Manager.

Exclusions

The Foundation's assets should not be invested in the following unless agreed to by the Committee pursuant to an approved strategy or specifically approved in writing by the Committee:

- Purchases of letter stock, private placements, or direct payments;
- Private placement convertible issues, also known as" 144A" convertible securities;
- Commodities transactions unless by managers approved for that strategy;
- Purchases of real estate, oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments by the Investment Manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Committee); and
- Any other security transaction not specifically authorized in this Policy Statement.

VI. Constraints

Time Horizon

The time horizon for the Endowed Assets is longer than 10 years.

Liquidity Requirements and Spending

There is a moderate liquidity need. There should be a minimum of liquid assets of 2% of the Portfolio maintained. Estimated annual cash outflows are set annually by the Committee according to the Foundation's spending policy. Annual distributions from Endowed Assets are currently set at a minimum of 2% and the Board established a total sustainable withdrawal rate is 5%.

Tax, Legal/ Regulatory and Unique Considerations

The Foundation is not subject to federal or state income taxes but may be subject to Unrelated Business Income Tax.

The Foundation is subject to the following regulation(s):

Uniform Prudent Management of Institutional Funds Act and state laws and regulations.

VII. Performance Evaluation

The Investment Manager should provide quarterly performance measurement reports and the Committee should monitor the Foundation's performance on a quarterly basis. The Committee will evaluate the Foundation's success in achieving the investment objectives outlined in this Policy Statement over a three- to five-year time horizon.

The Foundation's Portfolio performance should be reported in terms of a timeweighted rate of return and changes in dollar value. The returns should be compared to the appropriate Benchmarks for the most recent quarter and for annual and cumulative prior time periods. The Portfolio’s asset allocation, top ten holdings, top ten performers, the sector (for equities) or category (for fixed income) weightings relative to the Benchmarks, and the average duration and average yield to maturity for fixed income should also be reported on a quarterly basis.

VIII. Guidelines for Corrective Action

The Committee recognizes the importance of a long-term focus when evaluating the performance of an Investment Manager. The Committee understands the potential for performance over short-term periods to deviate significantly from the performance of representative market indexes. The Committee will not, as a rule, terminate an Investment Manager on the basis of short-term performance. If the Investment Manager is sound and is adhering to its investment style and approach, the Committee will allow a sufficient interval of time over which to evaluate performance. The Committee will determine an appropriate length of time. The Investment Manager's performance will be viewed in light of the firm's particular investment style and the relevant Benchmarks, keeping in mind at all times the Foundation's diversification strategy as well as the overall quality of the relationship.

The Committee, however, may require an extra level of scrutiny, or consider termination, of an Investment Manager based on factors such as:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account;
- Any legal or regulatory action taken against the Investment Manager;
- Any material servicing deficiencies, including a failure to communicate in a timely fashion significant changes as outlined in Section X of this Policy Statement;
- Violation of the terms of the contract or changes to agreed-upon services without prior written approval of the Committee;
- Significant style drift from the intended investment style that the Investment Manager was engaged to implement;
- Lack of diversification.

The Investment Manager may be replaced at any time as part of an overall restructuring of the portfolio or any other reason whatsoever.

IX.Meetings and Communications

- As a matter of course, the Investment Manager should promptly communicate to the Committee any material changes in the Investment Manager's outlook, investment policy, and tactics.
- The Investment Manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of the Investment Manager, any brokerage affiliation of such firm, its key investment personnel, or its management must be reported promptly to the Committee.
- The Committee should obtain and review written performance measurement reports not less than quarterly and more often upon request.

This Policy Statement is intended to be a summary of an investment philosophy that provides guidance for the Committee and other parties responsible for the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

X. Approval

This Policy Statement has been prepared for the review and approval of the Finance and Investment Committee. It is recommended that the Foundation's other professional advisors, such as an attorney, actuary, and/or accountant, review the Policy Statement as needed. These professionals should be called upon by the Finance and Investment Committee to check relevant documentation, particularly in the case of trusts or retirement plans or where there are legal constraints or prohibitions that impact the Foundation's investment portfolio. The review and approval of the Policy Statement is the ultimate responsibility of the Finance and Investment Committee.

It is understood that this Policy Statement is to be reviewed periodically by the Foundation to determine if any revisions are warranted for any reasons including changing circumstances such as, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.

[signature]	12-21-2021
Tom Minder – Treasurer	Date
Catherine Abbott	12-21-2021
Catherine Abbott – Executive Director	Date