Fast Facts

THE COMMUNITY FOUNDATION

Our Mission

We empower donors and community partners to strengthen our region through philanthropy.

Our Vision

We lead boldly to realize a more equitable, inclusive, and vital region by:

- *Encouraging generosity and civic unity;*
- *Addressing urgent and persistent challenges;*
- *Engaging donors, nonprofits, and other advocates;*
- *Escalating strategic responses and resources;*
- *Elevating broad community voice; and*
- *Inspiring positive, enduring community change.*

For Information:

Simeon Banister
President and CEO
585.341.4369
sbanister@racf.org

Please call or visit:
500 East Avenue
Rochester NY 14607-1912
Phone: 585.271.4100
Fax: 585.271.4292

www.racf.org

Rochester Area Community Foundation

Rochester Area Community Foundation, in partnership with generous philanthropists and community partners, works to improve the quality of life for people who live and work in the eight-county region through its leadership and strategic grantmaking.

Known as the steward of charitable funds and endowments, the Community Foundation connects donors with the region's current and evolving needs in an effort to lead and inspire positive, enduring community change. As a leading grantmaker, the Community Foundation is now focused on two broad goals:

Creating an Equitable Community: Working to close academic achievement and opportunity gaps; fostering racial and ethnic understanding and equity; and partnering against poverty to help neighbors in need.

Strengthening Our Region's Vitality: Supporting vibrant and diverse arts and cultural offerings; preserving our region's rich historical assets; and promoting successful aging.

The Community Foundation and many donors make continuing investments in our region's quality of life by building and caring for permanent endowments that will help future citizens meet needs we can't even imagine today.

Please call 585.271.4100 or visit *www.racf.org* today.

Founded:	**1972**
Number of Funds:	**1,540**
Charitable Assets:	**$756 million**
Endowed Assets:	**$549 million**
Annualized Endowment Return Since Inception:	**9.0% net of fees**
Grants Since 1972:	**$813 million**
Awarded Last Year:	**$50 million**
President and CEO:	**Simeon Banister**
Board Chair:	**Mollene B. Benison, CPA**

Updated through quarter ending 09/30/26

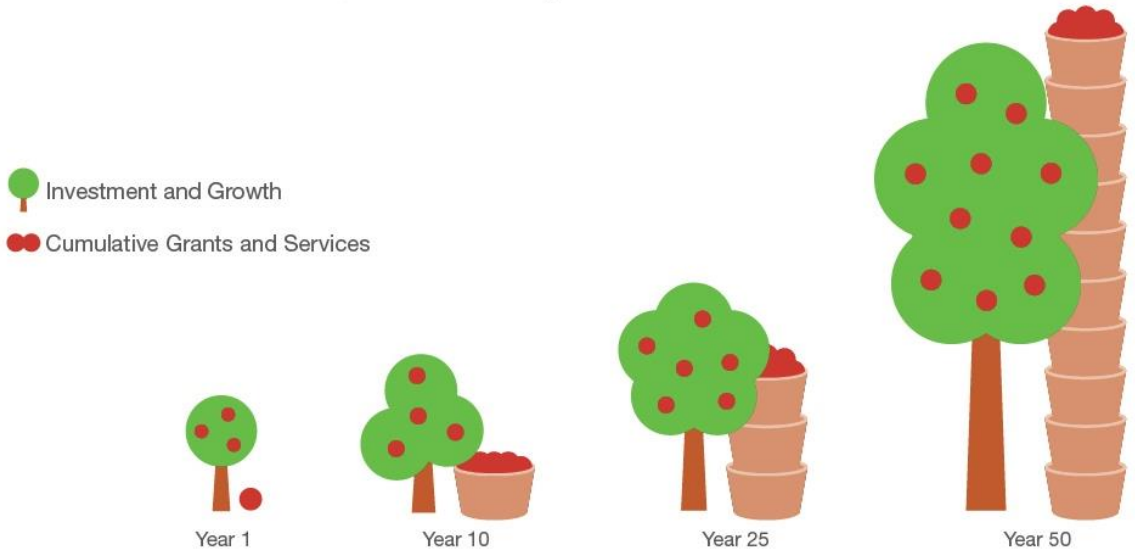
THE COMMUNITY FOUNDATION

The Power of Endowment

A Gift, its Growth, and the Subsequent Grants From It

	10 Years		25 Years		50 Years	
Endowed Gift Amount	**Grants Issued***	**Fund Value****	**Grants Issued***	**Fund Value****	**Grants Issued***	**Fund Value****
$25,000	$12,720	$33,598	$36,459	$50,820	$112,797	$106,405
$100,000	$50,943	$134,292	$145,837	$203,279	$451,187	$425,622
$500,000	$254,715	$671,958	$729,185	$1,016,397	$2,255,937	$2,128,110
$1,000,000	$509,431	$1,343,916	$1,458,371	$2,032,794	$4,511,875	$4,256,219

*Estimate of cumulative grants based on 5% annual payout.
**Estimated market value based on 3% ROI net of fees and grants.



How is my grantmaking amount calculated?

Spending Policy

To ensure that your endowment fund lasts forever, the principal remains intact. It is invested prudently for growth, and you recommend grants from the income. The combination of the interest, dividends and appreciation you receive is the "total return" for your fund. We have an approved spending policy that determines how much of the fund can be granted out each year. Our spending policy allows 5% to be spent, but rather than just a straight 5%, it is actually 5% of a 20-quarter rolling average of the fund's assets.

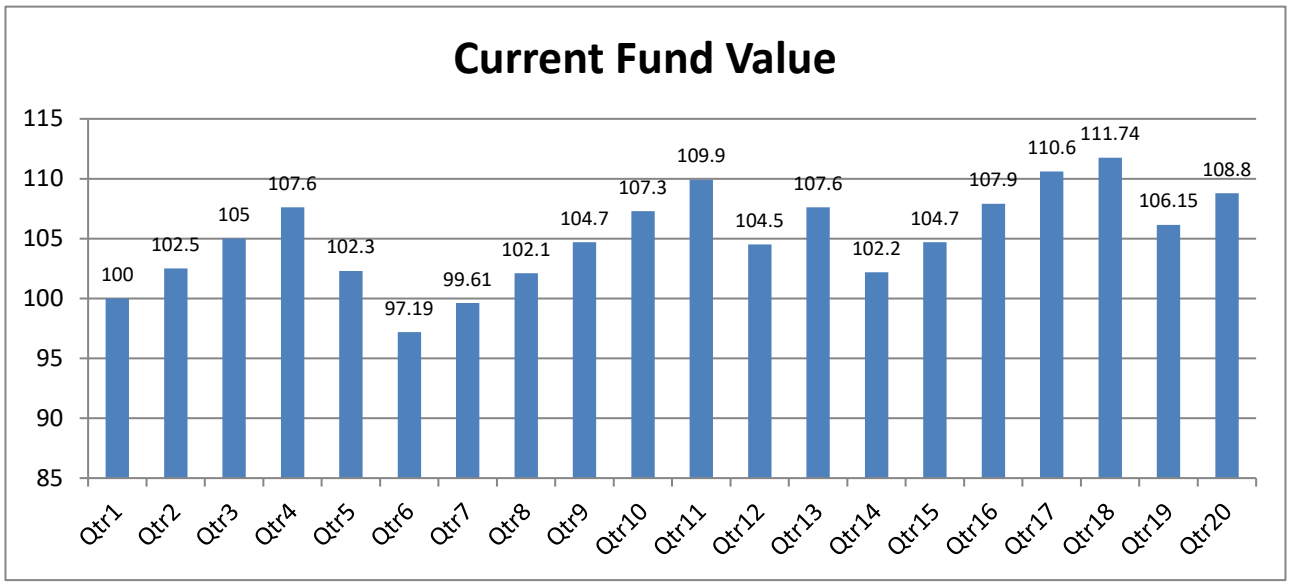
20-Quarter Rolling Average

Since your fund is invested, the fund balance will rise and fall daily as the investment values change. At the end of each quarter, we look back for 20 quarters (5 years) and calculate the average value of our funds to smooth out the ups and downs of the investment markets. This provides you with a relatively equal amount each year for your grantmaking.

Why This is Important

Having an equivalent amount to grant out each year helps you plan your charitable giving. Without the 20-quarter rolling average, you could have large amounts to grant in years with good investment performance, and much less in years with poor performance.

Example: An Endowment Fund started five years ago with a $100,000 contribution is shown below.



The Current Fund Value rises and falls with the performance of the investments. In this example, the fund has been as low as $97,000 and as high as $111,000. The Average Fund Value over the 20-quarter period is $105,000. Each quarter, a calculation takes place to determine how the Current Fund Value compares to the Average Fund Value.

- When Current Fund Value is **higher** than the average, **you will receive less** than 5% annually.
- When Current Fund Value is **lower** than the average, **you will receive more** than 5% annually.
- When Current Fund Value is lower than the initial $100,000 contribution, you will receive interest and dividends only. In Quarters 6 and 7, the Current Fund Value was less than the initial contribution so the full calculated amount (spending policy) would not be received. The interest and dividends paid out may be as little as 10% of the normal amount for grant making.

Example: Annual Payout In the example above, the calculated grantmaking amount would vary much more

without the use of the 20-quarter rolling average. There is only $15 difference between the low point and high point with the rolling average approach. That difference would be 30 times higher, or $451, if we just calculated 5% each quarter.

Year	With 20-quarter rolling average	Without 20-quarter rolling average
1	$5251	$5189
2	$5241	$5015
3	$5254	$5330
4	$5256	$5280
5	$5248	$5466
Range	$15	$451

History of our Spending Policy

Over the past 33 years, the actual annual spending policy payout has ranged from 3.82% to 6.00%. This allows us to accommodate significant highs and lows in investment performance while keeping grant dollars steady.

	Community Foundation Fiscal Year End	Spending Policy Payout for Year	Avg Spending Policy Payout for 5 years	Dow Jones Industrial Average Balance
1	3/31/2025	5.00%	5.01%	42002
2	3/31/2024	5.10%		39807
3	3/31/2023	5.49%		33274
4	3/31/2022	4.58%		34678
5	3/31/2021	4.92%		32981
6	3/31/2020	5.19%	4.97%	21917
7	3/31/2019	5.00%		25929
8	3/31/2018	4.71%		24103
9	3/31/2017	4.97%		20663
10	3/31/2016	4.98%		17685
11	3/31/2015	4.56%	4.95%	17776
12	3/31/2014	4.48%		16458
13	3/31/2013	4.79%		14579
14	3/31/2012	5.28%		13212
15	3/31/2011	5.65%		12320
16	3/31/2010	5.84%	5.53%	10325
17	3/31/2009	6.00%		7609
18	3/31/2008	5.67%		12262
19	3/31/2007	5.50%		12354
20	3/31/2006	4.66%		11109
21	3/31/2005	4.92%	5.11%	10504
22	3/31/2004	5.27%		10357
23	3/31/2003	5.91%		7992
24	3/31/2002	5.01%		10362
25	3/31/2001	4.47%		9878
26	3/31/2000	4.18%	4.13%	10922
27	3/31/1999	4.16%		9786
28	3/31/1998	3.82%		8799
29	3/31/1997	4.24%		6583
30	3/31/1996	4.25%		5638
31	3/31/1995	4.56%	4.46%	4158
32	3/31/1994	4.37%		3636
33	3/31/1993	4.35%		3435
34	3/31/1992	4.30%		3235
35	3/31/1991	4.74%		2881
	Average over 35 years		**4.88%**	

THE COMMUNITY FOUNDATION

Investment Report as of September 30, 2026

Annualized Performance Comparisons	***1 Year***	***3 Years***	***5 Years***	***10 Years***
RACF Domestic Equity Managers	*18.2%*	*18.1%*	*9.4%*	*12.0%*
RACF International Equity Managers	*13.9%*	*15.3%*	*7.6%*	*7.8%*
RACF Total Equity Portfolio[1]	***17.6%***	***17.1%***	***8.9%***	***10.3%***
Equity Blended Index[2]	*17.0%*	*20.9%*	*10.7%*	*11.9%*
RACF Fixed Income Portfolio[1,5]	***-0.1%***	***5.1%***	***0.7%***	***1.9%***
Fixed Income Blended Index[3]	*-0.7%*	*4.8%*	*0.0%*	*1.7%*
RACF Alternatives Portfolio[1,5]	***13.1%***	***17.0%***	***11.2%***	***8.1%***
HFRI Fund of Funds[4]	*10.4%*	*10.0%*	*5.4%*	*5.6%*
RACF Blended Endowment Portfolio[1,5]	***13.5%***	***14.7%***	***7.5%***	***8.6%***
70% RACF Total Equity Portfolio				
20% RACF Fixed Income Portfolio				
10% RACF Alternatives Portfolio				
Endowment Blended Index[6]	*12.7%*	*16.5%*	*8.1%*	*9.3%*
Comparative Indexes				
90-day Treasury Bill Index	*3.6%*	*4.5%*	*3.7%*	*2.4%*
Bloomberg Aggregate Bond Index	*-1.8%*	*4.1%*	*-0.6%*	*1.1%*
S & P 500 Composite Index	*15.7%*	*22.9%*	*13.8%*	*15.3%*
MSCI EAFE Index	*15.7%*	*18.4%*	*9.3%*	*9.1%*
HFRI Fund of Funds Index	*10.4%*	*10.0%*	*5.4%*	*5.6%*
Consumer Price Index	*3.8%*	*3.1%*	*4.3%*	*3.4%*

1. *Performance is net of all consulting, custody and investment manager fees, currently averaging 0.93% of market value.*
2. *Equity Blended Index weights as of 5/1/2018 are 45% Wilshire 5000, 10% Russell 2000, 35% MSCI EAFE and 10% MSCI Emerging Markets; as of 09/1/2011 were 52.5% Wilshire 5000, 12.5% Russell 2000, 26.25% MSCI EAFE and 8.75% MSCI Emerging Markets; as of 12/31/09 they were 55% Wilshire 5000 Index, 15% Russell 2000 and 30% MSCI EAFE Index; as of 11/1/07 they were 75% Wilshire 5000 Index and 25% MSCI EAFE Index; as of 7/1/05 they were 80% Wilshire 5000 Index and 20% MSCI EAFE Index; prior to that the weights were 85% Wilshire 5000 Index and 15% MSCI Stanley EAFE Index.*
3. *Fixed Income Blended Index weights as of 12/31/13 are 35% Barclays Capital Aggregate, 15% Merrill High Yield, 20% Citigroup World Govt. Bond, 15% J.P. Morgan GBI-EM Global Diversified Index and 15% Barclays US TIPS; as of 12/31/08 the Fixed Income benchmark was the Barclays Capital Aggregate; as of 7/1/06 it was the Lehman Aggregate Bond Index; prior to that it was the Lehman Govt./Corp Intermediate Bond Index.*
4. *Alternative Investment benchmark as of 10/1/2013 is the HFRI Fund of Funds.*

5. *As of 1/1/2014, RACF Blended Endowment Portfolio consists of 70% Total Equity, 20% Total Fixed Income and 10% Total Alternative Investments. As of 10/1/2013, we were invested 70% Total Equity, 25% Total Fixed Income and 5% Total Alternative Investment returns.*

6. *Endowment Blended Index weights as of 1/1/2014 are 36.75% Wilshire 5000, 18.375% MSCI EAFE, 6.125% MSCI Emerging Markets, 8.75% Russell 2000, 7% Barclays Aggregate, 3% Merrill High Yield, 4% Citigroup World Govt. Bond, 3% J.P. Morgan GBI-EM Global Diversified Index, 3% Barclays US TIPS and 10% HFRI Fund of Funds; as of 10/1/2013 they were 36.7% Wilshire 5000, 18.375% MSCI EAFE, 6.125% MSCI Emerging Markets, 8.8% Russell 2000, 8% Barclays Aggregate, 4% Merrill High Yield, 5% Citigroup World Govt. Bond, 4% J.P. Morgan GBI-EM Global Diversified Index, 4% Barclays US TIPS and 5% HFRI Fund of Funds; as of 9/1/2011 they were 36.7% Wilshire 5000, 18.375% MSCI EAFE, 6.125% MSCI Emerging Markets, 8.8% Russell 2000 and 30% Barclays Aggregate; as of 12/31/09 they were 47.5% Wilshire 5000 Index, 22.5% MSCI EAFE Index and 30% Barclays Aggregate Bond Index; as of 11/1/07 they were 52.5% Wilshire 5000 Index, 17.5% MSCI EAFE Index and 30% Lehman Aggregate Bond Index; as of 7/1/06 they were 56% Wilshire 5000 Index, 14% MSCI EAFE Index and 30% Lehman Aggregate Bond Index; as of 7/1/05 the weights were 56% Wilshire 5000 Index, 14% MSCI EAFE Index and 30% Lehman Govt/Corp Intermediate Bond Index; prior to 7/1/05 the weights were 60% Wilshire 5000 Index, 10% MSCI EAFE Index and 30% Lehman Govt/Corp Intermediate Bond Index.*

THE COMMUNITY FOUNDATION

INDEPENDENT INVESTMENT CONSULTANT
MICHAEL A. MILLER, CFA

CREWCIAL PARTNERS

Michael Miller is a founder and the Chief Investment Officer of Crewcial Partners (formerly Colonial Consulting, LLC). Mike provides the Community Foundation with advice on asset allocation, manager selection and performance evaluation/attribution. Mike has over 39 years of experience in the consulting business, all with Crewcial Partners.

Mike holds a BS degree in Computer Science and an MA degree in Statistics, both from Columbia University. He was also awarded the Chartered Financial Analyst or CFA designation.

Crewcial Partners is a New York-based firm which focuses on providing consulting services to not-for-profit institutions. We partner with Crewcial Partners' mission to invest in the greater good by uniting inspired capital with great investors to accelerate philanthropic impact. Approximately 90% of their client assets are held by endowments or foundations. The firm was founded in 1980 and is owned by its employees. At present, Crewcial has over 100 client relationships representing approximately $29 billion in capital. Mike has been our investment consultant since 2003.

Crewcial Partners Values: We believe in building a better world for generations to come. We want our lives and our vocations to have purpose and lasting impact as we **strive** to invest in the greater good. ***Strive,*** *a mnemonic for Service, Trust, Resilience, Inclusion, Voice, and Empathy, encapsulates our core values and steels our daily resolve to invest in the greater good by contributing to our clients' missions.*

Crewcial Partners Mission: Invest in the greater good by uniting inspired capital with great investors.

Crewcial Partners Vision: To accelerate philanthropic impact.

THE COMMUNITY FOUNDATION

Investment Committee Members

Patrick Cunningham, Chair
Chief Executive Officer, Manning & Napier, Inc. (retired)

Committee Members

Mark Eidlin
Senior Vice President, Merrill Lynch

Edward Bloom, Esq.
Partner, Harris Beach PLLC (retired)

Richard Gray
Managing Partner, Gray Locey CPA, P.C. (retired)

Thomas Mucha
Former Managing Director and Chief Investment Officer Pension Investments Worldwide at Eastman Kodak

Alan H. Resnick
President, Janal Capital Management LLC
Treasurer, Bausch and Lomb (retired)

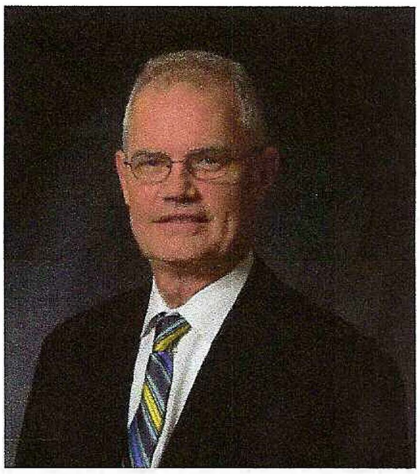
David Still
Managing Director, Fishers Asset Management (retired)

Elizabeth Thorley
CEO and President, Thorley Wealth Management

Lori Van Dusen
Founder, LVW Advisors LLC

Thomas Richards
Nixon Peabody and Rochester Mayor (retired)

David Ferris
Partner, Harter Secrest (retired)



Patrick Cunningham

Patrick Cunningham was the Chief Executive Officer of Manning & Napier, Inc. until his retirement in July 2016, a position he held since his appointment in 2010.

Patrick was instrumental in growing the company and bringing it public in 2011. He spent a total of 24 years at the investment advisory firm and served on its Executive Group beginning in 2000, co-chairing it from 2003 to 2010.

Prior to Manning & Napier, Patrick spent most of his early career in the engineering field, first as a field engineer in the process industries and progressing to become the co-owner of an engineering firm.

Patrick earned his BS from the Massachusetts Institute of Technology and his interests include capital markets, start-up businesses, cycling, hiking, travel, reading and philanthropic work. Recent affiliations have included the boards of Rochester Museum & Science Center, Wilmot Cancer Center, and Cancer Wellness Connections.

THE COMMUNITY FOUNDATION

Rochester Area Community Foundation
Investment Managers – September 30, 2026

645 Ventures

American Funds

Amplify Partners

Blue Wolf

Brown Capital

Bybrook Capital

Canandaigua National Bank

Camber Partners

Colchester Global Investors, Inc.

Consonance

Define Ventures

Dimensional Fund Advisors

Dodge & Cox

Expect Equity

Fairmount

Four Rivers Group

Genoa Ventures

Hengistbury

Himalaya Capital

Income + Research Management

JPMorgan Chase

Khrom Capital

Manning & Napier Advisors, Inc.

Naya

Pertento Fund

Post Advisory Group

Precursor

Raymond James

Shine Capital

Shelter Growth

Silchester

Spark Capital

State Street Global Advisors

Teleios

Tompkins Financial Advisors

The Vanguard Group

Wellington Archipelago

Wellington Management

Westwood Global Investments

THE COMMUNITY FOUNDATION

ESG and Diversity at Crewcial Partners

Crewcial Partners created a new position in 2021 and hired Tuokpe Ajuyah as their Head of Environmental, Social, and Governance (ESG) and Mission Related Investments.

Crewcial has been working to bring ESG factors to the forefront of their discussions with all of their managers, whether they're an ESG-focused manger or not. This will be entering every facet of their analysis and is not an ad hoc effort.

Crewcial is gathering raw ESG data at the company level for all of their managers and will be presenting this data to the Investment Committee to serve as a baseline for our ESG investing and to aid in future decision making.

Investment Policy Update

RACF Investment Policy was updated in 2021 to reflect increased attention and efforts to increase diversity of Investment Managers.

Investment Manager Diversity

The Community Foundation has a fiduciary duty to maximize risk-adjusted returns. To that end, the Investment Committee will appoint the best possible managers while ensuring that we actively consider qualified women and people of color.

We believe that hiring a diverse pool of quality investment managers is essential for achieving the goal of maximizing returns: it demonstrates a focus on finding the best investment management talent and aligns with the mission of community philanthropy by helping to build wealth in communities of color and among women.

Allocations to Diverse Managers	US Domiciled	Non-US Domiciled	**Total**
Global Equities	**7.8%**	**0.0%**	**7.8%**
Fixed Income	**0.0%**	**0.0%**	**0.0%**
Alternatives	**0.6%**	**4.4%**	**5.0%**
Total	**8.4%**	**4.4%**	**12.8%**

Currently 12.8% of the Community Foundation's pooled portfolio is managed by diverse managers (compared to 9% in 2021; 10.7% in 2022; 11.6% in 2023; 13.3% in 2024). While the percentage of diverse managers decreased slightly from 13.3% in 2024 to 12.8% in 2025, the number of diverse managers remained stable. The decline is due to the 6% growth in the overall portfolio, which increased the total pool and therefore lowered the percentage.

We define diverse managers as those that are more than 50% owned by women and/or ethnically diverse individuals. Industry Reports suggest less than 2% of assets are managed by diverse firms industry-wide.

THE COMMUNITY FOUNDATION

Rochester Area Community Foundation
Investment Performance Since Inception

Inception-to-Date Net Returns as of September 30, 2026

	Return Since Inception	Inception Date	Number of Years
RACF Domestic Equity Managers	10.8%	10/31/1990	35.9
RACF International Equity Managers	8.5%	7/31/1993	33.2
RACF Total Equity Portfolio	**10.1%**	**10/31/1990**	**35.9**
Equity Blended Benchmark	10.0%		
RACF Fixed Income Portfolio	**4.7%**	**10/31/1990**	**35.9**
Blmbg. U.S. Aggregate	4.8%		
RACF Alternatives Portfolio	**7.0%**	**9/30/2013**	**13.0**
HFRI Fund of Funds	4.8%		
RACF Blended Endowment Portfolio	**9.0%**	**10/31/1990**	**35.9**
70% RACF Total Equity Portfolio			
20% RACF Fixed Income Portfolio			
10% RACF Alternatives Portfolio			
Endowment Blended Benchmark	8.6%		



THE COMMUNITY FOUNDATION

Rochester **A**rea **C**ommunity **F**oundation

Investment Policy

cf NATIONAL STANDARDS™ *Confirmed in compliance with National Standards for U.S. Community Foundations*

Investment Policy Statement

The purpose of this investment policy (the Policy) is to establish a formal framework in which to manage endowment, quasi-endowment and similar investment assets of Rochester Area Community Foundation – (collectively, the Portfolio).

The Board of Directors of Rochester Area Community Foundation (the Community Foundation) has the fiduciary responsibility to establish the parameters under which the assets of the Community Foundation are managed. These parameters include risk levels, asset allocation, diversification guidelines, credit quality, and the selection of investment managers and/or consultants who will most effectively implement the investment plan. The Board of Directors has delegated its oversight to the Investment Committee of the Community Foundation. It is the role of the Investment Committee to provide oversight and stewardship of the assets entrusted to the Community Foundation by its benefactors. The Board of Directors and Investment Committee recognize that sound investment practices and procedural prudence are the keys to fulfillment of their fiduciary responsibility.

The Investment Committee shall review this Policy at least once a year and provide any recommended changes to the Board of Directors for its review and approval in order to assure consistency in attaining the goals and viability of the program.

This Policy outlines the following:

- Investment Philosophy and Mission
- NYPMIFA
- Asset Allocation
- Diversification Requirements
- Credit Quality
- Manager Selection and Review
- Statement of Spending Policy

1. Investment Philosophy and Mission

The Board of Directors and staff of the Community Foundation strive to exercise good stewardship of the assets entrusted to the Community Foundation. The investment of the Portfolio is made in accord with the following principles:

A. **Mission of the Community Foundation** – Investments are made in accordance with the mission of the Community Foundation, to support its grantmaking, and insure the long-term viability of the organization.
B. **Prudence** – In accordance with the concept of the prudent investor, this Policy is based on a flexible, balanced fund approach to

accomplish the goals of the Community Foundation and yield an appropriate return given the level of risk undertaken. The Community Foundation will use a total rate of return to establish its spending policy, as defined by this Policy. (Refer to *Funds Subject to Investment Policy: 1. Charitable Endowment Funds.*)

2. Fundamental Concepts

The Board of Directors stresses an investment approach which seeks to grow the assets of the Community Foundation over time, preserve the purchasing power of the assets, control risk, and provide for the spending needs as specified by the spending policy of the Community Foundation or recommended by its donors. The Board of Directors and the Investment Committee recognize that:

A. Inflation erodes the purchasing power of assets of the Community Foundation;
B. Global economic growth is likely to continue;
C. Any investment requires the assumption of risk.

The Investment Committee believes that the goals of capital appreciation, protection against inflation, and generation of sufficient income and returns for funding the spending policy of the portfolio can best be achieved by structuring a flexible, balanced fund approach.

The Policy shall cover the following investments:

- Charitable Endowment Funds
- Charitable Investor Funds[SM]

In managing and investing the Portfolio, the Community Foundation may incur only costs that are appropriate and reasonable in relation to the Portfolio assets, the purposes of the Community Foundation, and the skills available to the Community Foundation. The Investment Committee shall make a reasonable effort to verify facts relevant to the management and investment in the Portfolio. Under certain circumstances, the Investment Committee may deem it necessary to delegate this to the Community Foundation's investment consultant.

3. New York Prudent Management of Institutional Funds Act

As required by the New York Prudent Management of Institutional Funds Act (NYPMIFA), the Community Foundation considers the following factors when investing its assets:

A. General economic conditions;
B. The possible effect of inflation or deflation;

C. The expected tax consequences, if any, of investment decisions or strategies;
D. The role that each investment or course of action plays within the overall investment portfolio of the fund;
E. The expected total return from income and the appreciation of investments;
F. Other resources of the Community Foundation;
G. The needs of the Community Foundation and the fund to make distributions and to preserve capital; and
H. An asset's special relationship or special value, if any, to the purpose of the Community Foundation.

The Portfolio shall be invested with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Investment of the Portfolio shall be so diversified as to minimize the risk of large losses, unless the Investment Committee prudently determines that, because of special circumstances, the purposes of the Portfolio are to be better served without diversification. The Investment Committee shall review a decision not to diversify as frequently as circumstances require, but at least annually.

The Investment Committee may employ one or more investment managers of varying styles and philosophies to attain this Policy's objectives. Any person who has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing the Portfolio.

Investment Policy

1. Asset Allocation

Given the above stated goals, the Portfolio shall be managed as follows:

A. Nominally, the equity pool of the Portfolio should be invested in common equities including domestic as well as international or non-domestic equities. No more than 5% of the total equity portion of the Portfolio shall be invested in the equity securities of any one issue. For purposes of determining this for mutual funds and limited partnerships used within the Portfolio, these investments shall not be considered the issuer of securities but rather the underlying investments within these funds will be used to calculate the overall equity position. Equities should be diversified by economic sector and in multiple industries to assure diversified exposure to various sectors of the economy.

   Within the equity portion of the Portfolio the Investment Committee will consider diversification by style and market capitalization.

B. Nominally, the fixed income pool of the Portfolio should be invested in fixed income securities as described below:

   1. Investment Grade (as measured by a nationally recognized rating service such as Moody's or Standard & Poors), marketable corporate notes or bonds including convertible bonds.
   2. Non-investment grade securities.
   3. U.S. Government treasury or agency bills, notes or bonds including Treasury Inflation Protected Securities (TIPS).
   4. High quality, short-term money market instruments, certificates of deposit, commercial paper generally with an A1/P1 rating.
   5. High quality mortgage-backed securities.
   6. International bonds including developed and emerging market debt.

C. In order to enhance investment results, the Community Foundation may elect to invest in alternative investment strategies including, but not limited to multi-strategy hedge funds, long/short equity hedge funds, private equity, real estate and REITS. These investments are made with the intention of raising the Community Foundation returns and/or lowering total volatility.

D. Tax-exempt issues are not appropriate for the Portfolio by virtue of the Community Foundation's tax-exempt status.

E. Individual manager or fund liquidity should be limited to residual cash and income received. In general money market positions should be 5% or less.

F. Except as set forth in C above, managers may not employ leverage, margin, short sales or buy/sell uncovered options without the express prior written permission of the Investment Committee.

G. Assets will be re-balanced by the staff to meet the asset allocation requirements as directed by the Investment Committee as defined in the *Current Investment Operating Guidelines*.

2. Implementation

Generally, portions of the Portfolio will be managed by independent investment managers with full discretion subject to the objectives and constraints imposed in this Policy. The fixed income portion of the Portfolio may be managed by investment advisors and/or laddered by maturity in a buy/hold strategy directed by the Investment Committee. Alternative investments may be managed by individual managers or fund of fund managers.

The investment managers shall be reviewed at least annually by the Investment Committee or its delegated consultant as requested by the Investment Committee to review their Portfolio holdings, transactions and investment performance. Securities will, whenever possible, be held in a custodial arrangement with an independent custodian unless there is prior approval of the Investment Committee. Monthly custodial statements shall be sent to the financial officer of the Community Foundation and will constitute the official valuation statement of the Portfolio. Each investment manager is required to submit periodic reports as determined by the Investment Committee and the staff.

Certain Community Foundation investments may be part of a co-mingled fund or limited partnership. In such cases, securities may not be held by an independent custodian. The Investment Committee should favor investment managers who operate in a manner which would allow the Community Foundation's securities to be held by an independent custodian.

3. Due Diligence for Selecting Investment Managers

In order to accomplish the goals and objectives of the Community Foundation, it is important that the Investment Committee engage qualified and competent investment professionals to manage the Portfolio. The Investment Committee will consider the following factors when selecting investment managers:

- **Performance Adherence to Stated Investment Style** - The investment manager has a clearly articulated investment strategy and demonstrated discipline.
- **Performance Against Peers** - Time-weighted actual quarterly results, over the long-term, outperform peer group median.
- **Performance relative to assumed risk** - Evaluated using statistical measures such as Sharpe Ratio, Alpha, and Standard Deviation of returns.
- **Performance of Key Decision Makers** - Same portfolio manager (or portfolio management team) for 2-3 years, at least $75 million under management.
- **Performance of Organization on Expense Control** - Expense ratio, fees, execution, and reasonable soft-dollar arrangements.
- **Performance of Overall Organization** - Stability, absence of regulatory problems, ability to handle growth.

The Investment Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in: selecting, continuing or terminating an investment manager, including assessing the investment manager's independence, including any conflicts of interest such investment manager has or may have; establishing the scope and terms of the delegation, including the payment of compensation, consistent with the purposes of the Community Foundation and the Portfolio; and monitoring the investment manager's performance and compliance with the scope and terms of the delegation. In performing a delegated function, an agent owes a duty to the Community Foundation to exercise reasonable care, skill and caution to comply with the scope and terms of the delegation.

It shall be the Investment Committee's responsibility to interview investment managers that have at least three years experience and track record and who have demonstrated skill in their defined area of expertise. Such responsibility may be delegated to an independent consultant. Recognizing that many good firms do not subscribe to AIMR (Association for Investment Management and Research) standards, the Investment Committee should strive to select managers that are AIMR compliant and composite returns should be audited.

Each investment manager is to be given a copy of this Policy and must agree to its terms unless there is a separate written agreement approved by the Investment Committee. Each manager shall compare its returns to an index that

is appropriate to its investment style, as agreed to by the Investment Committee and the respective investment manager. The Investment Committee will use the most appropriate active and passive indices.

4. Evaluation and Termination of Investment Managers

Investment managers will be evaluated on rolling 3- and 5-year periods based on their performance against their benchmark, client service and communications, adherence to the terms of the investment policy, continuity of key professionals and ownership structure, style discipline, and spending policy requirements.

The Investment Committee should use reports and data that enable comparison of performance to the appropriate benchmarks and peer managers by style. These reports should be provided to the Investment Committee on a quarterly basis, and should be regularly reported to the Board. Should the Investment Committee so determine, it may engage the services of a consultant to provide comparative data for the Investment Committee's consideration.

Investment managers that do not meet the expectations of the Investment Committee shall be given fair notice. It is important to recognize that there may be periods of underperformance by good managers. The Investment Committee must endeavor to monitor performance issues over the rolling 3- and 5-year periods to determine if an investment manager should be terminated.

In the case of hiring a new investment manager to replace a terminated manager, or the need to add an additional investment manager, the Investment Committee, acting as a whole or members thereof acting as an *ad hoc* committee, will interview and evaluate potential new investment managers. The Investment Committee may utilize and delegate the services of an outside consultant in the search process including the interview process. Hiring a new manager will require the approval of the Investment Committee. These actions should then be communicated to the Board of Directors.

5. Implementing a Diversity Lens in our Investment Manager Selection

This initiative is targeted toward our fiduciary duty to maximize risk-adjusted returns. To that end, the Investment Committee will appoint the best possible managers while ensuring that we actively consider qualified women and people of color. In keeping with the principles described by the Association of Black Foundation Executives (ABFE), a Philanthropic Partnership for Black Communities, our measure of success is not a target number of managers or assets. We believe that hiring a diverse pool of quality investment managers is essential for achieving the goal of maximizing returns: it demonstrates a focus on finding the best investment management talent and aligns with the mission of community philanthropy by helping to build wealth in communities of color and among women.

For tracking we will adopt the following definition of minority- and/or woman-owned investment management firms as one in which ownership is greater than 50% Asian, Black, Latinx, Pacific Islander, or Alaskan Native, or female.

The Investment Committee will engage in this effort in three ways:

A. Asking the consultant to report, at least annually, on its efforts to expand its universe of managers to include firms with diversity in ownership. Further, the consultant will regularly report upon the diversity of its own staff and diversity initiatives.

B. When proposing managers, the consultant will provide information on the firm's diversity in both leadership (i.e. race and gender representation in senior staff) and ownership (i.e. race and gender representation in ownership) as well as its Diversity Initiatives.

C. Each year the Investment Committee will receive a report from the consultant on the percentage of the portfolio allocated to managers that are minority and/or woman owned (as defined above).

Funds Subject to the Investment Policy:

1. Charitable Endowment Funds

The Community Foundation's endowment and quasi-endowment funds are managed with a long-term horizon using the total rate of return approach. The assets are invested in the equity, fixed income and alternative investment pools of the Community Foundation using an asset allocation of 70% equities as defined by the equity pool's strategic sector allocation, 20% fixed income as defined by the fixed income pool and 10% alternative investments as defined by the alternative investment pool.

The Board of Directors and the Investment Committee believe that this asset allocation will maintain the purchasing power and future grantmaking capability of the endowment funds over the long term.

Funds expended for grantmaking and administration are included in the Community Foundation's spending under this Policy. The level of income available for grantmaking is set at five percent (5%) of the rolling twenty-quarter average market value of the Charitable Endowment Funds. This spending policy adjusts for unusual short-term market fluctuations, thereby giving predictability to future distributions. The amount of spending policy includes interest, dividends and appreciation. If a fund does not have enough appreciation to make spending policy, only interest and dividends are available for spending.

The Community Foundation has a separate administrative fee structure for endowment funds.

The Investment Committee shall act in good faith, with the care that an ordinarily 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 Charitable Endowment Funds; the purposes of the Community Foundation and the Charitable Endowment Funds; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Community Foundation; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the Charitable Endowment Funds, giving due consideration to the effect that such alternatives may have on the Community Foundation, and the investment policy of the Community Foundation. For each determination to appropriate for expenditure, the Community Foundation shall keep a contemporaneous record describing the consideration that was given by the Investment Committee to each of the factors enumerated above.

2. Charitable Investor Fund[SM]

The Charitable Investor Fund[SM] (the CIF) allows the Community Foundation to consider the asset allocation request of the donor, such that the investment allocation will complement the charitable purposes and expected duration of the CIF. Both income and principal may be distributed for charitable purposes. Investments are pooled with the Community Foundation's endowment portfolio. They are divided among the equity pool, the fixed income pool and the alternative investment pool in varying asset allocation tracks selected for aggressive, long-term, balanced, moderate or conservative growth.

Each allocation track includes a five percent (5%) cash position for grantmaking liquidity.

Guidelines for Other Funds:

1. Expenditure Funds

The Community Foundation will hold funds awaiting distribution or disbursement in an expenditure fund (the Expenditure Fund). Since these monies will be spent within a short period of time, the investment objective shall be to produce current income and have low expected variability of principal. The Expenditure Fund is expected to earn competitive yields or returns available in the money market or short-term fixed income market. We recognize that since the Community Foundation uses a total rate of return approach, changes in Net Asset Value (NAV) can have an adverse short-term effect on the operating budget of the Community Foundation.

This Expenditure Fund shall use institutional money market fund(s), short-term fixed income funds, and short-term U.S. Government treasury or agency securities. For the purposes of this policy, “short-term” will be defined as having a final maturity of three years or less.

The fund or funds used shall be of high average credit quality. Returns should be compared to an appropriate universe of similar funds such as the Donahue Domestic Money Market index. The staff will seek to earn competitive money market returns without exposing the Expenditure Fund to unnecessary or inappropriate risks.

No mutual fund shall hold more than 10% of its assets in any one issuer or single obligor, except obligations of the U.S. Government or any agency thereof. In addition, for any given fund, the Community Foundation's holdings shall not exceed 10% of the total assets of that fund.

2. Charitable Checking Account℠

The Community Foundation holds certain contributions in the Charitable Checking Account℠ (the CCA) until the donor directs distribution. Since these monies are expected to be spent within a short period of time, the investment objective calls for low risk or low expected variability of principal.

This CCA shall use institutional money market fund(s), short-term fixed income funds, and short-term U.S. Government treasury or agency securities. For the purposes of this Policy, “short-term” will be defined as having a final maturity of three years or less.

The fund or funds used shall be of high average credit quality. Returns should be compared to an appropriate universe of similar funds such as the Donahue Domestic Money Market index. The staff will seek to earn competitive money market returns without exposing the CCA to unnecessary or inappropriate risks.

No mutual fund shall hold more than 10% of its assets in any one issuer or single obligor, except obligations of the U.S. Government or any agency thereof. In addition, for any given fund, the Community Foundation's holdings shall not exceed 10% of the total assets of that fund.

3. Pooled Life Income Funds

Contributions in the Community Foundation’s Pooled Life Income Fund, a separate charitable trust, are pooled with other donations and invested for maximum current income and preservation of principal. Quarterly payments of income earned are made to the beneficiaries. After the lifetime of the beneficiaries, the remainder is paid to the Community Foundation for charitable purposes. The administration of this trust is not subject to NYPMIFA.

The Community Foundation pays all administrative and investment management expenses so that the entire yield is paid to the beneficiaries until the fund matures. The trustee, Bank of America, invests the Pooled Life Income Fund as follows: 70% in fixed income securities and 30% in a diversified portfolio of equities, with re-balancing to that asset allocation every quarter. A variety of common trust funds and mutual funds are utilized in the investment program.

The Investment Committee shall have oversight of the Trustee Bank's investment program and shall consider Bank of America’s management in the context of the Community Foundation's policies on investment manager selection and monitoring (Sections 3 and 4 in the Investment Policy Section).

4. Charitable Gift Annuity Funds

Contributions of cash or publicly traded securities are exchanged for a lifetime stream of income guaranteed by the Community Foundation. The New York State Department of Insurance regulates charitable gift annuities including certain mandated reserve calculations and investment requirements. The Investment Committee has concluded that the annuities represent a long-term liability that should be matched with a long-term asset allocation. The asset allocation is 70% in a diversified portfolio of equities and 30% in fixed income securities. The portfolio will limit any one investment manager to 10% of the assets in the equity and fixed portfolio. The charitable gift annuity fund will take into account the present and future distribution needs to or for the beneficiaries, looking at risk, return and time horizon objectives. The Community Foundation has contracted with Bank of America Planned Giving Services for administration and investment management within the New York State regulations.

THE COMMUNITY FOUNDATION

Sample Statement for Doe Family Fund

Fund Activity Statement
October 1, 2024 through December 31, 2024

Depicts activity in the most recent quarter

Summarizes activity for the fiscal year beginning 4/1

Gifts to the fund – details of most recent quarter on Page 2

Difference between gift value and proceeds

	Previous Quarter **Oct – Dec 24**	Year To Date **Apr – Dec 24**
Beginning Balance	$403,610.71	$386,276.53
Revenue		
Contributions	39,945.60	39,945.60
Gain(Loss) on Gift Transactions - Revenue	61.68	61.68
Investment Return Revenue	(9,555.05)	9,764.07
Expenses		
Administration Fee	(790.81)	(2,269.09)
Grants	(11,750.00)	(11,750.00)
Investment Return Expense	(546.87)	(1,053.53)
Ending Balance	**$420,975.26**	**$420,975.26**
Spendable Balance	**$63,984.70**	**$63,984.70**

Current amount available to spend included in the ending balance

Fees from Investment Managers, Investment Consultant and Custody Manager

Interest, dividends, realized & unrealized gains/losses

Grants made from the fund – details of the most recent quarter on Page 2

Fee charged by the Community Foundation to administer the fund



THE COMMUNITY FOUNDATION

Contributions	Date	Amount
John and Jane Doe Family Fund	Dec 10, 2024	$39,945.60
Total		**$39,945.60**

Grants	Date	Amount
Rochester Philharmonic Orchestra - for the annual fund	Oct 9, 2024	$750.00
Rochester Museum & Science Center	Oct 9, 2024	$2,500.00
Genesee Land Trust Stewardship Fund - for annual giving	Oct 9, 2024	$2,500.00
Palm Springs Air Museum, Inc. - for volunteer appreciation	Oct 9, 2024	$500.00
Hyde Hall - for annual giving	Oct 9, 2024	$1,000.00
WXXI Public Broadcasting Council - for annual support	Oct 9, 2024	$2,500.00
University of Rochester William E. Simon School of Business	Oct 9, 2024	$1,000.00
Wheaton College MA	Oct 9, 2024	$1,000.00
Total		**$11,750.00**