

CFMCO Investment Committee  
Amendment to Investment Policy Statement Approved April 24, 2012  
Medium Term Fund  
August 25, 2015

The Investment Policy Statement (IPS) approved by the Board of Directors (the Board) of the Community Foundation for Monterey County (the Foundation) on April 24, 2012 states in Section IV, Investment Objectives: “The achievement of investment objectives will be viewed in a long-term context, recognizing that rates of return may be volatile on a year-by-year basis and that achievement of the investment objectives will not progress uniformly over time.”

The Investment Committee has recognized that some donors want to significantly increase their grant making as a percentage of their account, and consequently wishes to accommodate those donors by establishing a portfolio separate from the Endowment Fund. The Medium Term Fund seeks to reduce the volatility on a year-by-year basis when compared to portfolios with an “in perpetuity” time horizon.

This Amendment to the IPS establishes the Medium Term Fund and amends the IPS only as set forth herein. The Medium Term Fund shall be managed in a manner consistent with the IPS and in conformance with the Uniform Prudent Investor Act (UPIA).

Relative to the Endowment, the Medium Term Fund will have more of an emphasis on capital preservation while maintaining some potential for capital appreciation. The fund is appropriate for donors expecting to grant a significant percentage of their funds in the intermediate term (3-7 years) and willing to tolerate moderate levels of risk in order to get an enhanced rate of return (versus cash) over a full market cycle. It is also appropriate for Stewardship Funds whose assets are not endowed.

**Medium Term Fund Performance Objectives** – The objective of the total fund is to earn a return that exceeds the return of the indexes, as specified in the IPS, weighted in accordance with the current target asset allocation reflected on page 2. A secondary objective is to exhibit lower volatility than a portfolio with an “in perpetuity” time horizon. Prudent risk management is designed to moderate volatility but it will not, and cannot, eliminate it.

**Medium Term Fund Asset Allocation** – The Medium Term Fund’s assets shall be invested in diversified asset segments, the performance of which shall be measured against the indices specified in the IPS.

The Medium Term Fund’s assets will be invested in equities, fixed income and alternative investments as set forth in the Target Asset Allocation section on page 2. The blended allocation has historic performance characteristics that are less volatile than portfolios with longer term objectives. This pool will have a risk of loss.

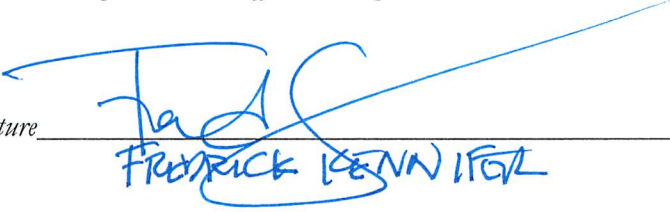
The asset allocation of the Foundation shall be reviewed at least quarterly to insure that the target allocation is in compliance with the following guidelines.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum</u>	<u>Maximum</u>
<b><u>Equity</u></b>	<b>35%</b>	<b>20%</b>	<b>50%</b>
Large Cap Domestic Equity		10%	25%
Small/MidCap Equity		0%	5%
International Equity – Dev.		5%	20%
Emerging Markets		0%	5%
<b><u>Fixed Income</u></b>	<b>65%</b>	<b>40%</b>	<b>75%</b>
Core/ Core Plus Fixed Income		35%	75%
TIPS		0%	10%
High Yield Fixed Income		0%	10%
Short Term Fixed Income		10%	25%
Global Fixed Income		0%	10%
Emerging Market Debt		0%	0%
<b><u>Alternative Asset Classes</u></b>	<b>0%</b>	<b>0%</b>	<b>10%</b>
REITS		0%	5%
Liquid Alternatives		0%	10%
<b><u>Cash Equivalents</u></b>	<b>0%</b>	<b>0%</b>	<b>10%</b>
	<b>100%</b>		

Rapid and significant market movements may cause the Short Term Fund's actual asset mix to fall outside the policy range.

***ADOPTION OF AMENDMENT TO INVESTMENT POLICY STATEMENT***

*The Community Foundation for Monterey County has reviewed, approved and adopted this Amendment to the Investment Policy Statement, effective August 25, 2015.*

Signature  Date 3/4/16

**FREDRICK KENNIFOL**