

Cloudsplitter Foundation By-laws Investment Policy Statement and Guidelines

I. INVESTMENT AUTHORITY

A. PURPOSE

The Investment Policy Statement was adopted by the Board of Directors of the Cloudsplitter Foundation (the "Board") to direct the prudent management of its investment portfolio (the "Portfolio") in a manner consistent with the investment objectives. The Board has delegated financial oversight of the Portfolio to the Investment Committee (the "Committee"), which initially shall be made up of the entire Board. The Investment Policy Statement is subject to all federal and state laws and regulations governing the management of institutional funds.

The Investment Policy Statement shall be used by the Committee in its duties to review, monitor, and report on the investment portfolio. Also, it shall be the basis of any other investment programs offered by the Foundation.

B. SCOPE

This Policy applies to all assets that are included in the Foundation's investment portfolio for which the Committee has been given investment authority.

C. GENERAL STANDARDS

In seeking to attain the investment objectives set forth in the Policy, the members of the Committee must act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner reasonably believed to be in the best interest of the Foundation. Members of the Committee must provide full and fair disclosure to the Committee of all material facts regarding any potential conflicts of interests.

D. DEFINITIONS OF DUTIES

Board of Directors

The Board has the final responsibility for overseeing the investment of the Portfolio. The Board must ensure that appropriate policies governing the management of the Portfolio are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board enforces the Investment Policy Statement and delegates responsibility to the Investment Committee for implementation and ongoing monitoring.

Investment Committee

The authorities and duties of the Committee regarding the Foundation's investments include the following:

1. Reviewing, no less frequently than semi-annually, the Foundation's investment accounts.
2. Reviewing and revising, as necessary, the funds that meet the Foundation's investment guidelines.
3. Performing the administration and accounting for all the investments held by the Foundation.

II. OBJECTIVES AND STRATEGIES FOR ENDOWED FUNDS

A. Objectives

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Our primary objectives are to achieve a reasonable total return on endowed funds that will optimize annual distributions of the Foundation while allowing for the long-term growth of the endowment net of management fees. Total return is defined as the aggregate investment return, which includes a combination of current income plus the net impact of price changes. Income return is defined as the actual dividends and interest earned. The objective is to generate a return, after inflation, that will at least equal the Foundation's granting requirements plus the costs of administering these funds.

B. Strategies

1. A majority of the assets will be invested in equity or equity-like securities. Included are index funds and Exchange Traded Securities (ETFs).
2. Cash is a residual of the investment process and used to meet short-term liquidity needs.
3. Other than the starting portfolio, defined to be those investments held in the Foundation's accounts as of 1/1/2014, new investments will be limited to index funds and ETFs. No investments may be made in individual stocks, fixed instruments, or alternative investments of any kind.
4. At each rebalancing the portfolio will maintain a balance as follows:
 - a. Equity Index Funds, 80% or more of total portfolio value
 - b. Bond Index, Money Market Funds, and cash, 20% or less of total portfolio value
 - c. International allocation, 33% or less of total portfolio value
 - d. Cash or money market funds, no less than 5% and no more than 10% of the total portfolio value
 - e. All-in fees including fund expenses may not exceed 0.4% of average fund balance
5. The Committee retains full discretion to manage all or any portion of the Foundation's portfolio within the foregoing guidelines.

C. Asset Allocation

1. At least 2/3 of the non-cash or cash-equivalent portfolio shall be invested in one or more domestic equity index fund that mimics the broad U.S. market, e.g., Vanguard's Total Stock Market fund, VTSAX, Fidelity's Spartan Total Market Index Fund, FSTMX, or Schwab's Total Stock Market Index SWTSX.
2. Up to 1/3 of the non-cash or cash-equivalent portfolio shall be invested in one or more international equity index fund that mimics the broad non-U.S. developed world stock indices, e.g., Vanguard International Explorer Inv Fund (VINEX), European Stock Index Admiral Shares (VEUSX), FTSE All-World ex-US Index Admiral (VFWAX).
3. 5% to 10% of the total portfolio shall be maintained in one or more money market funds or in cash

D. Rebalancing

The Committee will monitor the asset allocation of the investment pool at the end of each year and will rebalance as necessary to stay within the ranges for each category of investment.