

<b>POLICY AND PROCEDURE</b>			
<b>Cloudsplitter Foundation Investment Policy</b>			Revised
Prepared by the Finance Committee. Lee Keet Glen Keet Robert Beier	Approved by the Cloudsplitter Board:  06/27/2024		Adopted by Finance Committee 06/27/2024

**STATEMENT OF PURPOSE:**

This policy is intended to govern the management of the Cloudsplitter Foundation Investment Fund and establish guidelines for the Fund’s investment portfolio (the Portfolio).

The Cloudsplitter Foundation Board (the Board) set forth this Investment Policy Statement in order to:

- Define and assign the responsibilities of all involved parties.
- Establish for all involved parties an understanding of investment goals and objectives for the assets invested.
- Establish a basis for evaluating investment results.
- Establish a relevant investment time horizon for which the Portfolio will be managed.

**POLICY:**

This Investment Policy sets forth the investment objectives, distribution policies and investment guidelines that govern the activities of the Finance Committee. The investment policies have been formulated with the anticipated spending needs of the Foundation and in consideration of the Foundation’s risk tolerance. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring the Fund’s investments are managed consistently with the short-term and long-term financial goals.

**I. Role of the Finance Committee**

*The Board has assigned responsibility for oversight of the investment fund to the Finance Committee in accordance with this Investment Policy. The Committee shall be comprised of no less than three members of the Board. The committee’s Chair shall be the Treasurer or an alternate selected by the Committee if the Treasurer cannot serve. The Finance Committee may engage non-board members who have investment knowledge to assist when necessary. Professional index fund managers (e.g., Schwab, Vanguard, Fidelity) may be retained to perform the management. The fees for this service should not exceed 0.4% of the average fund balance. The Committee will report and make recommendations to the Board quarterly. Other responsibilities of the Committee include:*

A. Reviewing this Investment Policy at least once per year. Recommendation of changes to this Investment Policy can be made only by the affirmative vote of the majority of the Finance Committee and then the Board.

B. Provide strategies and specific investment recommendations.

C. Monitoring investment performance for consistency in investment philosophy and return relative to objectives.

D. Recommending rebalancing assets in accordance with the approved asset allocation ranges to achieve the investment objectives of the fund.

E. Planning for portfolio distributions or spending to ensure that sufficient funds are available for new opportunities and to avoid liquidating investments at an unfavorable time.

## II. Investment Objective and Spending Policy

The Fund is to be invested in money market funds, index funds and exchange traded funds.

The US market funds should have an expense ratio of less than 0.5% and international market funds should have an expense ratio of less than 0.9%.

The annual spending policy for the Fund is up to 5% of the weighted average of the value of the Fund. The Finance Committee will review the spending guidelines annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target asset allocation, or both.

## III. Investment Policy

### A. Asset Allocation Policy

Outlined below are the long-term strategic asset allocation guidelines, determined by the Finance Committee and approved by the Board to be the most appropriate, given the Fund's long-term objectives and short-term constraints. The deviation weights should not exceed ten percentage points from the range.

Asset Class	Target	Range
US Large Cap Equity	50%	40-60%
US Mid/Small Cap Equity	25%	15-30%
International Equity	20%	15-30%
Cash	5%	0-10%

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## B. Rebalancing

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset classes. The Finance committee will rebalance the Portfolio to its target normal asset allocation. The following are the rebalancing procedures:

1. The Finance committee will use incoming cash flow (contributions) or outgoing money movements (distributions) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.
2. The portfolio will be reviewed at least quarterly to confirm the current asset allocation. Rebalancing may be necessary when any asset class is outside of its respective range by +/- 5%. The rebalancing will occur annually or more frequently if the finance committee believes it to be necessary.
3. The Finance Committee shall act within a reasonable period of time to evaluate temporary deviation from these ranges.

## C. Monitoring Portfolio Investments and Performance

The Finance Committee will monitor the Portfolio's investment performance (Gross and net of fees) against the Portfolio's stated investment objectives.

The primary measurement of performance will be benchmark relative returns for each underlying strategy. The following are the benchmarks to be used for performance measurement for individual asset categories:

<b>Asset Class</b>	<b>Benchmark</b>
Domestic Large Cap Equity	S&P 500 Index
Domestic Mid Cap Equity	Russell Midcap Index
Domestic Small Cap Equity	Russell 2000 index
Developed Markets International Equity	MSCI EAFE Index
Emerging Markets International Equity	MSCI Emerging Markets Free Index

## D. Investment Liquidity

The assets in the Fund accounts will be primarily invested in vehicles that offer timely liquidity without restrictions and lock-up periods. Exceptions to this can be made with the approval of the Finance Committee.

#### E. Conflict of Interest

If any member of the Finance Committee, or staff has, or appears to have, a conflict of interest in a matter they shall disclose the conflict. If the conflict impairs or appears to impair their ability to exercise independent judgement, they may be required to be recused from discussing and deciding on the matter.