

Gift of Adoption

Investment Policy Statement

PURPOSE

This Investment Policy Statement (IPS) sets forth the goals, objectives and criteria to guide the Finance Committee in prudent investment management of GOA assets. GOA will invest assets in a manner reasonably prudent to both preserve principal of assets and also provide income and growth—The Total Return Concept. This IPS will also serve to guide the Finance Committee in effectively supervising, monitoring, and managing GOA investments. The IPS is designed to allow for sufficient flexibility in the management oversight process, as well as providing a framework for selection of investments, a procedure for the ongoing evaluation of investments, as well as guidelines for replacing any investments.

DELEGATION OF RESPONSIBILITIES

The Finance Committee is responsible for developing the Investment Policy. The National Board of Governors approves the Investment Policy and authorizes the Finance Committee to monitor compliance of the investment program within this policy. The Treasurer of the National Board of Governors is the chairperson of the Finance Committee. The CFO/COO is the staff liaison to the Finance Committee. The Finance Committee is responsible for selecting and monitoring the performance of the external Investment Manager.

INVESTMENT OBJECTIVE AND STRATEGY

The primary investment objective of the Foundation is to outperform the Morningstar relevant benchmark for each owned fund, net of fees, expenses, over a complete market cycle—defined as five years. The Endowment's benchmark is comprised of the returns of the designated indices for each asset class in the portfolio, in proportion to the target allocations. The assets are to be managed in a manner that is designed to:

- The long-term objective of the portfolio(s) is preservation of capital. The investment portfolio should not be greater than 5x the annual operating budget.
- Produce long-term prudent growth of the assets with a secondary focus on income
- Preserve long-term purchasing power of the assets
- Balance short-term spending stability with preservation of capital and total return objectives
- Maintain transparency and adhere to restrictions and parameters of all investments in the portfolio
- Achieve an average annual target rate of return of 5.5% over a 5-year market cycle.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in this policy, the Finance Committee and its members must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with similar goals. Fiduciaries must provide full and fair disclosure to the Finance Committee of all material facts regarding any potential conflicts of interest.

FINANCE COMMITTEE

The Finance Committee will adhere to the provisions of the IPS, will review the IPS at least annually, and forward any recommended changes to the Board for approval.

Additional responsibilities of the Finance Committee include:

- Implement the investment strategy adopted by the Board
- Establish asset allocation ranges and other performance targets
- Select, modify and adjust allocations as needed
- Monitor performance of the investment portfolio, its investment managers and asset allocation on a minimum of a semi-annual basis
- Review, at least annually, all costs associated with the management of the Endowment's funds
- Evaluate the portfolio over a market cycle—determined to be a five-year period—but reserve the right to terminate a manager for any reason
- Appoint and/or terminate investment consultants, investment managers, or custodians of GOA assets
- Vote on manager changes, as recommended by the Advisor/Investment Consultant, within 30 days of such recommendation. (A majority vote of the full committee is required.)

INVESTMENT CONSULTANT

Upon approval of the Board, the Investment Committee may retain one or more Investment Consultants or Advisors to assist the Foundation with implementation of the Investment Strategy, investment manager and investment product selection, investment performance monitoring and reporting requirements. The Investment Consultant will provide an independent, unbiased assessment of the Foundation's investment results and the performance of individual investment managers and products in the portfolio.

Duties:

- Advise the Foundation on policies and procedures related to the IPS
- Assist in development of the Investment Strategy—analysis of investment allocation methodologies consistent with the financial needs and objectives of the Foundation

- Provide investment manager and product recommendations
- Provide prompt notice to the Investment Committee of material changes to investment managers' organization, personnel, regulatory compliance and involvement in litigation
- Communicate any material changes in the Consultant's investment outlook, recommended investment manager or products, or investment strategies to the Investment Committee in a timely fashion.
- Evaluate performance relative to predetermined financial market benchmarks
- Meet with the Finance Committee to review performance and investment outlook on a minimum of a semi-annual basis. Consultant will be available to the Finance Committee as needed between semi-annual meetings

IMPLEMENTATION

ASSET ALLOCATION POLICY

The Finance Committee will implement the Board approved asset allocation and review the asset class targets semi-annually. Deviation from the policy will occur through normal market activity. The IPS provides ranges for the asset allocation to account for these fluctuations. Should allocations depart from the approved ranges, the Investment Committee will take action to rebalance the portfolio back to the strategic allocation. During extreme market conditions, there may be opportunities to rebalance outside of the semi-annual review. The Finance Committee may charge the Investment Consultant with the task of rebalancing. Any such assignment must be in writing and acknowledged by both parties. Cash flow in or out of the portfolio may also facilitate rebalancing.

TARGET ASSET ALLOCATION

The Board approved asset allocation targets are as follows:

Asset Class	Minimum	Maximum	Strategic
Equities	60%	70%	65%
Fixed Income	20%	40%	30%
Other	0%	20%	5%

The prudent approach to asset allocation is to provide a globally diversified portfolio, with uncorrelated returns from various assets, reducing the variability of returns over time. The assets of the Foundation may be invested in the following:

- Short-term money market instruments of high quality
- Negotiable certificates of deposit not to exceed the maximum guaranteed amount insured by the FDIC
- U.S. Government and Federal Agency Bonds
- Investment grade Corporate Bonds

- Investment grade Mortgage Backed Securities
- Domestic equity securities that are publicly traded and listed on a U.S. stock exchange or the national NASDAQ
- Mutual Funds or pooled accounts consistent with the above listed items

The following securities and transactions are not permitted for the investment portfolio(s) without prior Finance Committee approval. De minimis amounts of these securities and transactions are permitted as part of a fund if they are not the purpose of the fund.

1. Initial public offerings
2. Restricted securities
3. Private placements
4. Derivatives
5. Options
6. Futures
7. Margined transactions
8. Cryptocurrencies
9. NFTs
10. Short Sales
11. Options—other than covered calls
12. Warrants
13. Commodity contracts
14. Direct real estate or partnerships
15. Eligible non-U.S. Dollar denominated investments include bank deposit, certificates of deposit, fixed income securities, common equities and securities convertible into common equities. These international investments should be consistent with the items listed above.
16. Real Estate Securities (REITs)
17. Master Limited Partnerships (MLPs)
18. Commodities—when used as part of a regulated mutual fund, ETF, hedge fund or multi-asset managed fund

PORTFOLIO LIMITATIONS AND RESTRICTIONS

Guidelines:

Fixed Income

Bond portfolio quality rated BBB- or better

No more than 5% of the total portfolio market value of an Investment Manager portfolio at the time of purchase should be held in any one issuer, unless approved by the committee, exclusive

of U.S. Government securities and Federal Agency securities guaranteed by the U.S. Government

Global/International fixed income shall consist of debt instruments from predominantly developed countries. Emerging market debt is allowed, and in these cases, the Advisor is monitoring the quality and exposure to ensure appropriateness relative to policy and objectives. All fixed income securities including cash equivalents must have a readily ascertainable market value and be readily marketable. Special investments may include closed-end mutual funds, equities, preferred and convertible preferred stocks and convertible bonds. High yield common stocks and utilities may be included as fixed income investments.

Equities

No more than 5% of the total portfolio market value of an Investment Manager portfolio at the time of purchase should be held in the equity securities of any one issuer, unless approved by the Committee

International portfolios will provide adequate diversification by maintaining a wide variety of holdings spread across many different countries and industries, thereby avoiding excessive weightings in any one country or industry as compared to the appropriate international index

The Investment Consultant will be held responsible for making investment decisions regarding assets placed under their control. The guidelines have been established to provide an agreed upon course of action. To assist the Investment Consultant in planning their investment mix, they will be provided annually with the schedule of estimated withdrawals and deposits for the funds under their control. In addition, it is always advisable to communicate as soon as possible all unplanned additions and withdrawals to the Investment

ADDITIONAL GUIDELINES:

A copy of this Investment Policy shall be provided to the Investment Manager.

Gift of Adoption is a tax-exempt organization as described in section 501c(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making investments (i.e. maximize return regardless of tax implications).

Gift of Adoption is expected to operate in perpetuity; therefore, in general, a 10-year horizon shall be employed for the majority of the investments. Interim fluctuations should be viewed with appropriate perspective.

Transactions shall be executed at a reasonable cost, taking into consideration prevailing market conditions and services and research provided by the Investment Manager.

All accounts must be held with a nationally recognized custodian (no internal accounts).

ACTIVE AND PASSIVE STRATEGIES

The Finance Committee may allocate assets to passive investment indexes or products, designed to mimic broad market indices or benchmarks such as the S&P 500 or the Russell 2000. The committee may also allocate assets to active management strategies. Investments in indexed (passive) strategies or active strategies should balance the efficiencies of such investments with liquidity, fees and expenses, long-term risk adjusted returns, and counterparty risk constraints.

REBALANCING

The Finance Committee is responsible for monitoring the portfolio allocation within the asset class minimum and maximum ranges, on a minimum of a semi-annual basis. Cash flow and withdrawal needs for the coming year will be taken into consideration as a part of any necessary rebalance. Should a rebalance be necessary, the Investment Consultant will present recommended actions for rebalancing to the Finance Committee.

LIQUIDITY

Cash shall be productively managed at all times in short-term cash equivalents for safety, liquidity and return.

SPENDING AND DISTRIBUTION POLICY

Grants to be made in the future are as important as grants made today. This is consistent with the philosophy that the Foundation exists in perpetuity, and, therefore, should provide for grant making in perpetuity.

Distributions from the Investment accounts are governed by the Board's Endowment Spending Policy.

Communications:

The Investment Consultant must provide to the Finance Committee (via the CFO/COO) information about changes in their investment philosophy, management, ownership, and key personnel in a timely fashion, which is not to exceed one month from the change.

The Investment Consultant must participate in Finance Committee meetings no less than twice per year to discuss:

1. Investment performance and risk levels in light of the stated policies and objectives.
2. Views on important developments within the economy and securities market, their potential effect on the investment strategy, asset allocation, and portfolio performance.
3. The effects of changed within the Investment Manager's organization on investment philosophy, strategy, and performance.

4. Proposed amendments to the policies and objectives presented in this statement.

Changes to Investment Policy

This Policy Statement has been developed by the Finance Committee and approved by the National Board of Governors based on consideration of a wide range of policies and describes the prudent investment process and the Total Return Concept that the Finance Committee deems most appropriate for the Gift of Adoption investment portfolio. The Finance Committee shall review this Policy Statement at least annually. The Committee may amend this Policy Statement and present the amended policy to the National Board of Governors for approval, as it deems advisable.