Austin Community Foundation

Investment Policy Statement

Adopted: February 15, 2017

Prepared by:

FIDUCIENT Advisors

The following Investment Policy Statement has been adopted by the Austin Community Foundation Board of Governors and its Investment Committee.

I. Introduction

The Board of Governors ("Board") of the Austin Community Foundation ("Foundation") hereby adopts the following Investment Policy Statement ("Policy") to facilitate a clear understanding of the investment policy, guidelines, and objectives between the Foundation, the Board, the Investment Committee ("Committee"), the Investment Consultant ("Consultant"), the Investment Managers ("Managers"), the Donors, and any other interested parties to this Policy. This Policy provides a basis against which the performance of the investment portfolio and service providers can be monitored and measured on an ongoing basis. It also sets forth guidelines and restrictions to be followed by the Foundation, Consultant, Managers, and other service providers to the Foundation. It is the intention of this Policy to be sufficiently specific to be meaningful, yet flexible enough to be practical. This Policy is designed to comply with all fiduciary, prudence, and due diligence requirements, including the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, and federal political entities that may impact the Foundation.

II. Scope

This Policy addresses the investment of endowed and non-endowed funds of the Foundation and applies to all assets that are included in the Foundation's investment portfolio for which the Committee, Consultant or Managers have discretionary investment authority.

The Foundation will construct and maintain investment pools to meet the varying needs of donors and the investment of endowed and non-endowed funds. The pools will provide variety in terms of asset allocation, liquidity, and investment management so that the needs of various donors may be met by choosing among the pools. The number and structure of the pools should be sufficient to meet varied needs, yet not overly burdensome to the Foundation staff.

When the Foundation receives non-cash assets from donors, circumstances may arise in which the Foundation chooses to hold the assets given to it by a donor rather than selling and placing the asset in one of the pre-approved pools. In these cases, the Foundation staff shall make the decision to hold the asset by considering a) the purpose of the fund, b) the nature of the asset, and c) the preferences of the donor. In all cases, the Foundation staff and the Board reserve the right to evaluate and make changes as needed without taking into consideration the preferences of the donors if, in its assessment of risk and return, holding assets for a specific fund is not in the best interests of the Foundation as a whole.

At the Foundation's discretion, and with its advance approval, the assets of a particular component fund of the Foundation may be managed by an investment manager recommended by the fund's donor or advisor provided the value of the fund meets minimum criteria established by the Foundation and the investment manager satisfies the Foundation's criteria. Any such manager must acknowledge and agree to comply with the Foundation's criteria in writing. See Appendix E for a listing of these criteria..

III. Investment Objectives

The objective of this Policy is to select asset classes for Foundation investment and an asset allocation formula for the selected asset classes that can reasonably be expected over long-term investment time horizons to achieve:

- The funding of requested disbursements for the donors in accordance with their requests.
- The maintenance of the portfolios' purchasing power with respect to inflation;
- The generation of positive, long-term, real returns;
- The limitation of short-term investment losses;
- Investment returns consistent with or exceeding a customized policy benchmark, a broad asset allocation benchmark, or a goal-focused CPI benchmark over a full market cycle, net of all costs.

The desired rates of return and the associated levels of risk will be evaluated at the individual investment pool level. While all investment strategies and managers will be evaluated in isolation, it is their contribution to the respective portfolios that is critical to the achievement of the Foundation's collective investment objectives.

IV. Time Horizon

The Foundation has a long-term investment time horizon extending well beyond normal capital market cycles. However, individual donor time horizons can vary from very short to very long, or even indefinite, time horizons. The individual investment pools provide donors with the option for investments with shorter time horizons.

V. Spending Policy for Endowment Funds

The spending policy for endowment funds should be considered in setting investment strategies for endowment fund assets. The Foundation's endowment funds seek to earn a rate of return that is at least equivalent to the rate of inflation plus the spending rate including administrative fees.

The Foundation sets its annual spending policy for permanent funds by applying a percentage, determined annually by the Board based on the recommendation of the Committee, to a fund's average market value over a trailing 20 quarters. In determining the applicable percentage, the Committee considers the Foundation's history, spending policies in place at other community foundations, and the Foundation's responsibility to preserve the purchasing power of its permanent funds over time.

VI. Investment Policy

A. Investment Guidelines & Restrictions:

The Foundation portfolios will be diversified, as specified in Appendix A, in an effort to achieve superior, risk-adjusted and risk-appropriate investment performance, to provide reasonable assurance that no single asset class or security will have a disproportionate impact on the performance of the portfolios, and to ensure that the risk levels of the various portfolios will be maintained at a level consistent with the investment objectives agreed to for each of the Foundation's investment pools. The Foundation's investment pools may be invested in diversified portfolios consisting primarily of the following:

- Liquid common stocks trading on major U.S. and established foreign stock exchanges
- Domestic and foreign real estate investment trusts (REITs)
- Diversified Commodities
- Energy Infrastructure Master Limited Partnerships (MLPs)
- Fixed Income Obligations of the U.S. Government and its Related Agencies
- Domestic Investment Grade and Speculative Grade (High Yield) Corporate Bonds
- Foreign Bonds, including Sovereign and Corporate Debt of both Developed and Emerging Market Countries
- Money Markets, Certificates of Deposit, and other Cash Equivalent.
- Private Investments and Hedge Funds

Separately managed accounts, mutual funds, exchange-traded funds and notes, pooled investment vehicles, and limited partnerships may be used as investment vehicles for any of the above-mentioned asset classes as long as they provide sufficient diversification within the asset class or investment strategy. With the exception of alternative investments like Hedge Fund and Private Equity strategies, which may be included in the investment portfolios at the discretion of the Board, all investments in the Foundation portfolios should maintain daily liquidity and full transparency.

Equities shall be allocated globally, across value and growth styles, and across large-, mid-, and small-capitalization issues. The purpose of equity investments is to provide long-term growth through capital appreciation and dividend reinvestment. It is recognized that with this long-term growth, equity investments have the potential for greater market volatility and increased risk of temporary declines or loss.

The domestic bond allocation (excluding any dedicated high yield bond allocation) and the foreign bond allocation (excluding any dedicated emerging market bond allocation) shall each maintain a minimum investment grade rating on a weighted-average basis, by Moody's, Standard & Poor's, or another established rating agency. The purpose of fixed income investments is to provide a fixed income stream and to mitigate the volatility of the equities market. It is recognized that these investments generally do not have the potential for the larger returns of equities, but they have less potential for market volatility, greater liquidity, and a lower risk of loss.

In general, there are no restrictions as to asset classes that can be held in the portfolio as long as they are invested within a sufficiently diversified portfolio or fund and are approved by the Board or Committee in communication with the Consultant. Specifically prohibited investments include the following:

- Investments purchased on margin
- Direct Investment in Private Placements
- Unregistered or Restricted Securities. Restricted Securities include any securities that have not been registered under the Securities Act of 1993 and as a result are subject to restrictions on resale.
- Investment in companies for the purpose of exercising control or management
- Direct Investment in Individual Commodities
- Direct Investment in Options, Futures, or Warrants
- Direct Investment in Individual Real Estate Properties
- Speculative Investment in any Individual Securities not held within a Diversified Portfolio

Note that the above investments may be acceptable, at the discretion of the Board, within the framework of a diversified portfolio, specifically as it relates to a hedge fund, private equity, or private real estate structure.

B. Strategic Asset Allocation Pools:

The strategic target asset allocations and the target ranges for the Foundation investment pools are determined by the Board and Committee to facilitate the achievement of the Foundation's investment objectives within the established risk parameters. The current investment pools are described in Appendix A. Due to the fact that the allocation of funds across asset classes is the single most important determinant of the investment performance for each pool over the long-term, the Foundation's assets shall be divided into several asset classes mentioned above and detailed further in Appendix B for each investment pool. It is understood that market fluctuations will force the actual allocations to each asset class away from their stated targets. Periodic portfolio rebalancing will be implemented as detailed in

Section VII below. In addition, the Committee will review the long-term strategic asset allocation with the Consultant at least annually to:

1) Address any material changes to the overall investment objectives for the Foundation, its investment pools, or its donors; and
2) Identify potential allocation adjustments to improve the expected long-term risk and return profile of the Foundation investment pools based on updated capital market and economic conditions.

C. Performance Benchmarks:

Net-of-all-cost performance for the composite portfolios shall be evaluated relative to various benchmarks consisting of, but not limited to, the indexes detailed in Appendix C.

VII. Cash Flows & Rebalancing

As a general rule, any new cash added to the portfolios will first be used to rebalance the portfolios in accordance with their strategic asset allocation policies. In addition, the portfolios will be evaluated at least quarterly for rebalancing using the Consultant's rebalancing methodology. In the event that the risk and return profile of any of the various portfolios becomes materially different from their stated policy objectives, that portfolio will be rebalanced to its long-term asset allocation targets at the discretion of the Committee. The purpose of rebalancing is to maintain the risk and return relationship implied by the stated long-term asset allocation targets. This process may result in withdrawing assets from asset classes that have performed well in the most recent periods or adding assets to asset classes that have lagged in the most recent periods. This policy will necessitate purchases and sales of securities which will create transaction costs to the Foundation investment pools.

VIII. Responsibilities of the Board and Investment Committee

The Board and Committee each recognize their fiduciary responsibility to ensure that the assets of the Foundation are invested and managed effectively and prudently, in full compliance with laws and principles that govern Foundation investing, and for the exclusive interest of the Foundation and its donors. The Board and Committee may engage a professional Consultant to advise them, share in the fiduciary responsibilities listed below, and assist in the oversight of the Foundation investments and the selection and evaluation of investment managers and other service providers.

Specific responsibilities of the Board and Committee, as it relates to the Foundation's investments include, but are not limited to:

- Complying with all applicable rulings and regulations of relevant regulatory agencies,
- Complying with all applicable rulings and regulations concerning prudent Foundation investing, and specifically with the Uniform Prudent Management of Institutional Funds Act (UPMIFA),
- Developing and communicating the Foundation's spending policy and any changes that may occur,
- Expressing the Foundation's investment return needs and risk tolerance through the appropriate asset allocation, in cooperation with the Consultant,
- Notifying the Consultant of any changes in the Foundation's investment objectives or of any significant events that may affect these objectives,
- Notifying the Consultant of any change in liquidity needs,
- Ensuring compliance with this Policy,
- Selecting qualified service providers to the Foundation and taking appropriate actions as necessary to replace these service providers for failure to perform as expected,
- Reviewing the Policy periodically to ensure that it continues to accurately reflect the attitudes, expectations, and objectives of the Board, Committee, and Donors.

A unanimous vote of the Board shall be required to approve any changes to this Policy and to approve any investment decisions in consultation with the Consultant.

IX. Responsibilities of the Investment Consultant / Performance Monitoring

The Consultant will be selected by and serve at the pleasure of the Board and Committee, and will be responsible for advising the Board and Committee on investment portfolio design, implementing the directions of the Board and Committee, and evaluating the performance of the composite portfolios and the individual investment pools of the Foundation. The primary responsibilities of the Consultant include, but are not limited to:

- Obtaining relevant information in order to quantify the Foundation's investment objectives,
- Preparing this Policy and updating it as requested by the Board and Committee,
- Recommending and facilitating the ongoing asset allocation process and ensuring its consistency with stated Policy investment objectives,
- Monitoring and reporting composite-level investment pool performance and individual Manager performance as detailed below,

- Monitoring and reporting all investment-related expenses,
- Informing the Board and Committee of any major changes in the Consultant's investment outlook, investment strategies, asset allocation, and other matters affecting the Board's and Committee's fiduciary responsibilities to the Foundation and its donors.

The Consultant will provide quarterly performance measurement and evaluation reporting for each Manager as well as for the composite portfolios. Performance will be evaluated relative to stated policy objectives, appropriate benchmarks, and a universe of investment returns appropriate to the Manager evaluated. Performance will be evaluated over different time periods including the latest quarter, as well as the latest one-, three- , five-, and ten-year periods where applicable. In addition to performance, the Consultant will provide reporting and evaluation regarding the level of risk associated with each Manager's performance as well as the Manager's consistency and adherence to the specific style which they were hired to implement. The Consultant will also report to the Committee with data available on the compliance of each Manager to the guidelines of these policies. The Board and Committee will review this Policy periodically to ensure it is meeting the Foundation's objectives, and all guidelines and objectives shall remain in force until modified in writing. A profile of the current investment consultant is detailed in Appendix D.

X. Responsibilities of Investment Managers

As distinguished from the Consultant, Managers are responsible for managing the direct investment process and making ongoing security selection and price decisions on a discretionary basis. The specific responsibilities of the Managers include, but are not limited to:

- Managing the assets under its supervision in accordance with the guidelines and objectives outlined in its Prospectus, Management Agreement, Policy Statement, Investment Guidelines, or Contract in force,
- Exercising full investment discretion with regards to buying, managing, and selling assets held in the portfolio, subject to any listed restrictions,
- Voting promptly any proxies and related actions in a manner consistent with the Foundation's best interests,
- Communicating to the Consultant all significant changes pertaining to the portfolio or the firm itself, including but not limited to: changes in ownership, organizational structure, financial condition, or professional staff,

- Using the same care, skill, and prudence under prevailing circumstances that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in similar activities for a like client with like aims in accordance and compliance with all applicable laws, rules, and regulations.

Responsibilities of the managers of separately managed donor accounts (i.e. donors with investments held outside the Foundation's investment pools) are outlined in Appendix E.

XI. Hiring & Terminating of Investment Managers

The Consultant should promptly inform the Committee of any significant matters or changes affecting the investment of the Foundation's investments. The Committee, on behalf of the Board, maintains ultimate responsibility for hiring and terminating investment managers with assistance from the Consultant. Managers may be retained or terminated at any time at the discretion of the Board or Committee. Events which may trigger termination include, but are not limited to:

- Performance issues: Investment Managers will be reviewed by the Consultant for possible termination if they fail to outperform selected benchmarks over a full market cycle.
- Change in ownership of investment management firms.
- Illegal or unethical behavior on the part of the Manager or firm.
- Failure to follow the guidelines and strategy established in this Policy.
- Change of key management personnel.
- Style drift.
- Insufficiency of manager's infrastructure to keep pace with asset growth.
- Any other event which might prevent the manager from effectively carrying out their investment duties.

XII. Excess Business Holdings

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;

- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not "business enterprises," the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity's income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

XIII. Signature Page

This Investment Policy Statement is hereby adopted for the Foundation on this 15th day of February, 2017.

Austin Community Foundation

Mike Nellis, CEO

APPENDIX A

I. LONG-TERM ENDOWMENT POOL – ACTIVE MANAGEMENT

This investment pool is a well-diversified portfolio which may invest in global equities, global fixed income, and alternative investments, including private equity, private real estate, real assets, and hedged strategies. The pool is also invested in a select mix of both active and passive investment managers designed to maximize long-term, after-all-cost performance for each asset class. Because of the likely illiquidity of some underlying investments, this pool is best suited for those funds which are permanently endowed or similarly restricted in their liquidity requirements, have an investment time horizon of 10 years or greater, and seek higher long-term returns as compared to a more moderately-balanced, passive investment portfolio.

Goal-Focused Benchmark: CPI + 5%

II. LONG-TERM ENDOWMENT POOL – PASSIVE MANAGEMENT

Similar to the actively managed Long-Term Endowment Pool, this investment pool is a well-diversified portfolio which may invest in global equities and global fixed income. In contrast to the actively managed pool, this pool will not invest in alternative investments (private equity, private real estate, real assets, or hedged strategies) and therefore will maintain a higher degree of liquidity. Further, this pool will invest exclusively in lower cost, passive and passive-like investment managers across the various equity and fixed income asset classes. This pool is best suited for those funds which are permanently endowed, have an investment time horizon in excess of 10 years, and seek simplicity along with higher long-term returns compared to a more moderately balanced investment portfolio.

Goal-Focused Benchmark: CPI + 5%

III. MEDIUM-TERM POOL – ACTIVE MANAGEMENT

This investment pool is a well-diversified portfolio balanced between global equities and global fixed income investments, including real estate and commodities. This pool does not invest in hedge funds or private equity and therefore will maintain a higher degree of liquidity for donors. The pool uses a combination of both active and passive investment managers designed to maximize long-term, after-all-cost risk adjusted performance. This pool is best suited for donors and funds that desire more moderate long-term returns who would like to avoid illiquidity of some underlying investments and are less comfortable with short-term market volatility.

Goal-Focused Benchmark: CPI + 4%

IV. MEDIUM-TERM POOL – PASSIVE MANAGEMENT

This investment pool is a well-diversified portfolio which will invest similarly to the Long-Term Endowment Passive Pool, but with a more moderate allocation to global equities relative to global fixed income. This pool will not invest in alternative investments (private equity, private real estate, real assets, or hedged strategies) and therefore will maintain a higher degree of liquidity for donors. This pool will also invest exclusively in lower cost, passive and passive-like investment managers across the various equity and fixed income asset classes. This pool is best suited for donors and funds that desire a more moderate balance between global equities and fixed income, seek simplicity along with more moderate long-term returns, and are less comfortable with short-term equity market volatility.

Goal-Focused Benchmark: CPI + 4%

APPENDIX B

Long Term Endowment Pool (Active)

Asset Class	Lower Limit (%)	Upper Limit (%)
Domestic Equities	25	50
Developed International Equities	15	35
Emerging Market Equities	5	15
Policy Subtotal Range: Global Equity	***50%***	***80%***
Policy Subtotal Range: Real Assets	***0%***	***15%***
Policy Subtotal Range: Alternative Investments	***0%***	***30%***
High Yield Fixed Income	0	10
Broad Foreign Fixed Income	0	10
Broad U.S. Investment Grade Fixed Income	5	35
Cash Equivalents	0	10
Policy Subtotal Range: Fixed Income & Cash	***10%***	***40%***

Long Term Endowment Pool (Passive)

Asset Class	**Lower Limit (%)**	**Upper Limit (%)**
Domestic Equities	25	55
Developed International Equities	15	35
Emerging Market Equities	5	20
Policy Subtotal Range: Global Equity	***60%***	***90%***
Policy Subtotal Range: Real Assets	***0%***	***0%***
Policy Subtotal Range: Alternative Investments	***0%***	***0%***
High Yield Fixed Income	0	10
Broad Foreign Fixed Income	0	10
Broad U.S. Investment Grade Fixed Income	5	30
Cash Equivalents	0	10
Policy Subtotal Range: Fixed Income & Cash	***10%***	***40%***

Medium Term Active Pool

Asset Class	Lower Limit (%)	Upper Limit (%)
Domestic Equities	14	65
Developed International Equities	0	15
Emerging Market Equities	0	12
Policy Subtotal Range: Global Equity	***35%***	***65%***
Policy Subtotal Range: Real Assets	***0%***	***7%***
Policy Subtotal Range: Alternative Investments	***0%***	***0%***
High Yield Fixed Income	0	7
Broad Foreign Fixed Income	0	7
Broad U.S. Investment Grade Fixed Income	30	60
Cash Equivalents	0	20
Policy Subtotal Range: Fixed Income & Cash	***30%***	***60%***

Medium Term Passive Pool

Asset Class	Lower Limit (%)	Upper Limit (%)
Domestic Equities	20	45
Developed International Equities	10	30
Emerging Market Equities	5	15
Policy Subtotal Range: Global Equity	***40%***	***70%***
Policy Subtotal Range: Real Assets	***0%***	***0%***
Policy Subtotal Range: Alternative Investments	***0%***	***0%***
High Yield Fixed Income	0	10
Broad Foreign Fixed Income	0	10
Broad U.S. Investment Grade Fixed Income	20	50
Cash Equivalents	0	10
Policy Subtotal Range: Fixed Income & Cash	***30%***	***60%***

APPENDIX C

REPRESENTATIVE ASSET CLASS BENCHMARKS

Asset Class	Benchmark
Large-Cap US Equities	S&P 500 or Russell 1000 Index
Mid-Cap US Equities	Russell 2500 Index
Small-Cap US Equities	Russell 2000 Index
International Equities	MSCI ACWI Ex USA or MSCI EAFE Index
Emerging Market Equities	MSCI Emerging Markets Index
US Real Estate Investment Trusts (REITS)	FTSE NAREIT Equity REIT Index
Commodities	Bloomberg Commodity Index
Master Limited Partnerships (MLPs)	Alerian MLP Index
Direct Hedge Funds & Fund of Funds	HFRI Fund of Funds Index
Private Equity Fund of Funds	Cambridge Private Equity Index
High Yield Fixed Income	Barclays U.S. Corporate: High Yield
Emerging Market Fixed Income	JPM GBI-EM Global Diversified
International Fixed Income (Unhedged)	Barclays Global Aggregate x USD
International Fixed Income (Currency Hedged)	Barclays Global Aggregate x USD (Hedged)
Broad Domestic Fixed Income	Barclays U.S. Aggregate Bond Index
Inflation Protected Fixed Income (TIPS)	Barclays U.S. Treasury: U.S. TIPS
Cash Equivalents	Citigroup 3-Month Treasury Bill

APPENDIX D

PROFILE OF INVESTMENT CONSULTANT

Fiducient Advisors is recognized as one of the leading investment advisory firms by such publications as ***Plan Sponsor News, Pension & Investment, and Forbes***. Members of the firm have authored numerous white papers, and published articles as well as four text books on investment management:

Designing a 401(k) Plan – Probus Publishing, 1995
Asset Management for Endowments & Foundations – McGraw Hill, 1997
The Practical Guide to Managing Nonprofit Assets – John Wiley & Sons, 2005
Nonprofit Asset Management – Wiley Nonprofit Authority, 2012

Fiducient Advisors, L.L.C. opened its doors May 1st, 1995. Prior to that, the founding Principals spearheaded Kidder Peabody's institutional consulting effort in the Midwest. The firm currently advises over 250 institutional clients and 250 wealthy families. Assets under advisement exceed $280 billion.

Our strategy statement is to help our clients prosper by placing their interests first and providing straightforward advice built on practical intellectual capital. Further, our mission is to exceed expectations and help them satisfy their fiduciary responsibilities while also helping them:

- Design a framework for prudent oversight of their funds,
- Improve performance
- Reduce expenses

Hallmarks of the Firm

Impartiality

Our clients expect and receive objective, conflict-free advice. We do not sell investments or receive commissions. Nor do we charge money managers or mutual funds to be included in our database.

Research

We focus the firm's intellectual capital on pragmatic research. We believe that the bottom line is the bottom line. The goal should be to improve return, reduce risk, or both. We are proud that we have been early in researching and recommending innovative asset classes and strategies to our clients (REITs 1995, Inflation Indexed Bonds 1997, Structured Equity 2001, Small Cap International and Style Specific International 2002, Timberland 2003, Indexed Commodities 2004, Energy Infrastructure MLPs 2009). We believe that our proprietary technology like the Frontier Engineer™ and the Portfolio Engineer™, adds directly to the clients' bottom line.

Culture

The firm is fanatical about adding value. Consultants, Analysts, and other Associates are compensated in large part based on the service they provide. Consultants are expected to not only saturate clients with service but to bring them the pragmatic research that is our hallmark. We are unusual in offering an unconditional satisfaction guarantee on all services. Our annual client retention is over 95%.

People

We seek to attract exceptional people and provide them with opportunities for personal and professional growth that they can find nowhere else. We rarely lose a consultant. Six of the seven founding members from 1995 are still with the firm today.

APPENDIX E

SEPARATELY MANAGED FINANCIAL ADVISOR RESPONSIBILITIES

Austin Community Foundation takes seriously its stewardship responsibility as a manager of many different kinds of donor funds. It recognizes that donors have an implicit trust in the ability to invest resources wisely and use the income produced, and in some cases the fund's principal, in accordance with a donor's charitable wishes. Likewise, we require all financial advisors to manage funds in a prudent manner consistent with the purpose and goals of the particular fund they are managing.

In addition, the undersigned financial advisor acknowledges that it is serving as an Investment Manager as defined in the Foundation's Investment Policy Statement, a copy of which has been provided to the financial advisor. In addition to the following, financial advisors agree to comply with the responsibilities of Investment Managers listed in Section X of the Policy Statement and acknowledge the rights of the Foundation Board and Investment Committee listed in Section XI of the Policy Statement:

1. Financial advisors, and all employees of such advisors, shall at all times operate in compliance with all applicable laws and regulations.
2. Financial advisors shall notify us when there occurs any material change in investment style, or any change in either the individual or firm advising the account.
3. Financial advisors shall seek the best price and execution for security trades they execute and shall comply with all regulations concerning "soft dollars."
4. Financial advisors shall not, at any time, charge higher fees or commissions to the donor's fund then charged to the donor's personal accounts.
5. Financial advisors shall disclose all perceived or actual conflicts of interest, and all economic ties, commitments or familial relationships between and amongst the donor and the financial advisor. Family members are prohibited from serving as investment advisors.
6. In addition to monthly statements, financial advisors should also provide quarterly net-of-fees performance reports.
7. Financial advisors are prohibited from engaging in the following transactions on behalf of the Austin Community Foundation unless such transaction is disclosed in writing to us prior to the transaction:
    a. Investments that generate Unrelated Business Income Tax payable by Austin Community Foundation
    b. Any transactions that result in leveraging our assets
    c. Excluding mutual funds, any transactions investing in private placements, letter stock, futures contracts, swaps, synthetic securities, derivatives, options, short sales, margin transactions or other specialized investment activities.
8. Financial advisors are encouraged to develop an Investment Policy Statement outlining the objectives, time horizon and expected distribution rates of the fund as the basis for their asset allocation decision.

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Signature   Date