



INVESTMENT POLICY STATEMENT

I. Statement of Purpose

The Investment Funds were created to provide long-term financial security to Utah's Promise and United Way of Salt Lake (the "Organizations"). The purpose of this Investment Policy Statement (the "Policy") is to establish guidelines for the investment ("Portfolios"). Each organization will have the following portfolios: Endowment Fund, Long-Term Fund, Operating Reserve Fund, and Cash Reserve Fund.

The Policy also incorporates accountability standards that will be used for monitoring the progress of the investment program.

II. Roles and Responsibilities

Role of the Finance Committee (the "Committee"):

The Committee is acting in a fiduciary capacity with respect to the Portfolios and is accountable to the Board of Directors for overseeing the investment of all assets owned by, or held in trust for, the Portfolios. The Committee's primary responsibilities are as follows:

- Ensure the management and disbursement of the Portfolios' assets are consistent with the mission of the Institution. All invested assets will be compliant with the Gift Acceptance Policy & Guidelines.
- Review performance and fees on a periodic basis but at least annually.
- Review this Investment Policy Statement at least once per year to ensure its relevance and alignment with institutional goals.

Role of the Investment Advisor:

The Investment Advisor is responsible for investing the Portfolios' assets according to this Investment Policy Statement. The Investment Advisor's primary responsibilities are as follows:

- Act in a co-fiduciary capacity in managing the assets.
- Adhere to the Asset Allocation in the Investment Policy Statement.
- Present quarterly reports including portfolio activity, valuations, market and strategy updates, and investment performance versus appropriate benchmarks.

III. Investment Objective and Spending Policy

Endowment Fund

The Endowment Fund is designated for the investment of restricted gifts with the aim of preserving purchasing power indefinitely, prioritizing total return. The Committee may disburse up to 5% of the funds per year to sustain the Institution's mission, and in agreement with the donor's intent, if applicable. Disbursements beyond 5% requires approval from the Board of Directors. The Committee will review fund performance and organizational funding needs annually for the purpose of determining whether any changes to investment objectives, asset allocation, or disbursements are needed.

Long-Term Fund

The Long-Term Fund is to be invested with the objective of emphasizing total return, that is, the aggregate return from capital appreciation, dividends, and interest income. The primary purpose of the Long-Term Fund is to provide long-term financial support to the organization, whether through one-time expenditures or by annual sustainable distributions. Excess funds from the Operating Reserve Fund and unrestricted gifts will be the primary source of ongoing contributions. Distributions will be approved by the Executive Staff. The Committee will review the performance and organization's funding needs annually for the purpose of determining whether any changes to investment objective, asset allocation, or disbursements are needed.

Operating Reserve Fund

The Operating Reserve Fund should be invested to emphasize the stability of principal with a secondary objective of modest growth. Generally, excess funds from the Cash Reserve Fund and unrestricted gifts or grants will be allocated to this Fund, with the goal of responding to new opportunities and challenges, and to replenish the Cash Reserve Fund as needed. The target balance of the Fund is 3-6 months of the operating budget. The Executive Staff has the discretion to approve needed distributions out of the Operating Reserve Fund as well as its balance within the stated range. The Committee will review spending needs annually to determine if changes to the investment objectives, transfers, or asset allocation are needed.

Cash Reserve Fund

The Cash Reserve Fund should be invested to emphasize the stability of principal. The purpose is to provide liquidity and support for large expenses and to replenish cash balances held in the Bank Assets for day-to-day operating needs. The Executive Staff has the discretion to approve needed spending out of the Cash Reserve Fund to assure proper liquidity. The target balance of the Cash Reserve fund is 3-6 months of the operating budget. Excess funds will be transferred to the Unrestricted Operating Reserve or Long-Term Funds. Should the total cash balance fall below the target, a catch-up contribution should be made from the Operating Reserve or Long-Term Funds. The balance will be reviewed at least annually to make the appropriate transfers. The Committee will review its spending needs annually to determine whether any changes to investment objectives, transfers, or asset allocation are needed.

Bank Assets

Bank Assets are to be held in a secure financial account such as checking or savings. The purpose is to support the day-to-day needs of the organization. The target balance is 1-2 months of the

operating budget. Excess funds will be transferred to the Cash Reserve, Operating Reserve, or Long-Term Funds. Should the Banks Assets fall below the target balance, a catch-up contribution should be made from the Cash Reserve Fund. All transfers are at the discretion of the Executive Staff.

*Cash movements to maintain the appropriate balances of each listed Fund above will occur on a quarterly basis, if needed, by the executive staff.

IV. Portfolio Asset Allocation Policy and Guidelines

The Committee recognizes that the strategic allocation of the Portfolios’ assets across broadly defined financial asset and sub-asset categories is the most significant determinant of long-term investment returns and portfolio stability.

While the Committee expects flexibility in making periodic changes to asset allocation, such changes will be made only if there are material shifts in the Institution’s objectives, spending policy assumptions, or capital market conditions.

The Portfolios’ assets will be managed as a balanced portfolio composed of two major components: an equity portion to maximize long-term growth, and a fixed income portion to generate stable returns and mitigate prolonged equity market downturns. Outlined below are the long-term strategic asset allocation guidelines:

Endowment Fund

Asset Class	Lower Limit	Strategic Allocation Target	Upper Limit	Benchmark
Cash and Equivalents	0	0	5	90-Day T-Bill Index
Fixed Income	20	30	40	Bloomberg Aggregate
Equities	60	70	80	MSCI ACWI
Alternatives	0		20	

*If alternative investments are utilized, they will be taken from either the fixed income or equity portion of the portfolio depending on the alternative investment.

Long-Term Fund

Asset Class	Lower Limit	Strategic Allocation Target	Upper Limit	Benchmark
Cash and Equivalents	0	0	5	90-Day T-Bill Index
Fixed Income	20	30	40	Bloomberg Aggregate
Equities	60	70	80	MSCI ACWI
Alternatives*	0		20	

*If alternative investments are utilized, they will be taken from either the fixed income or equity portion of the portfolio depending on the alternative investment.

Operating Reserve Fund

Asset Class	Lower Limit	Strategic Allocation Target	Upper Limit	Benchmark
Cash and Equivalents	0	0	100	90-Day T-Bill Index
Fixed Income*	0	75	100	Bloomberg Aggregate
Equities	0	25	50	Russell 3000

*High yield bonds are prohibited in the Operating Reserve Fund.

Cash Reserve Fund

Permissible Investments:

- U.S. Treasury securities with maturities of 0 to 2 years
- Certificates of deposit with maturities of 0 to 2 years
- Money market funds
- Bank deposits

V. Diversification Policy

Diversification across and within asset classes is essential to avoid undue risk of significant losses. To protect the Portfolios, the Committee will ensure investment concentrations are managed prudently. No single investment security (excluding U.S. government guarantees, ETFs, and mutual funds) should exceed 5% of the Portfolios' assets at the time of purchase.

VI. Rebalancing Policy

The Portfolios will be rebalanced to their strategic allocation targets as follows:

- The Investment Advisor will use incoming cash flows (contributions) or outgoing disbursements to realign allocations closer to target weights.
- Rebalancing may also occur if asset allocations deviate by more than a specified threshold (e.g., 5% from target), including following significant market shifts.

VII. Prohibited Security Policy

The selection of investments should align with the Portfolios' objectives. Prohibited securities and transactions include:

Prohibited Assets:

- Private placement securities
- Closely held business interests
- Real or personal property
- Unlisted stock or other securities*
- Options

Prohibited Transactions:

- Short selling
- Margin transactions
- Private loans

*Unlisted securities are allowable if they are part of a program-related investment (PRI). Program-related investments may be required to satisfy donor restrictions to invest a gift into a social impact fund. PRIs are not part of UP's investment strategy to provide long-term financial security for the organizations.

Note: The above restrictions do not apply to commingled funds, including ETFs and mutual funds.

VIII. Performance Measurement and Review

The Portfolios' performance will be measured over a full market cycle (e.g., 5-7 years) against return goals and benchmarks. Individual strategies within the Portfolios will also be evaluated relative to their appropriate benchmarks. Quarterly performance reports from the Investment Advisor will be provided for Committee review, enabling the Committee to assess long-term performance trends and determine if adjustments to asset allocation are necessary.

IX. Donated Securities

All donated securities received into an UP or UWSL account shall be sold no later than one day after receipt (excluding any day(s) the financial markets are closed).

X. Investment Policy Statement Review

To maintain the relevance of the guidelines within this Investment Policy Statement, the Committee will review the Policy annually. In the event of material changes impacting the Institution or its Portfolios, the Committee, in consultation with the Investment Advisor, will promptly conduct an additional review. An RFP must be performed every 5 years for any professional or investment managers engaged.

Board Approval Date: December 19, 2025.
