

Investment Management of BCF Funds

All funds established at BCF are managed as provided by the Investment Policy Statement approved by the Board of Trustees. The Investment Committee oversees asset allocation and rebalancing and selection of index funds.

BCF's investments are managed in accordance with the Uniform Prudent Management of Institutional Funds Act. This standard requires the exercise of reasonable care, skill and caution in the context of risk and return objectives suited to the Baltimore Community Foundation.

The Foundation values diversity and inclusion, and seeks to communicate the importance of that value to all existing and prospective investment managers and to encourage them to review their practices.

ENDOWED FUNDS – CALCULATION OF SPENDABLE

Endowed funds are managed using a total return approach, which utilizes both income and capital appreciation. The spendable amount available for grantmaking is calculated annually by applying the spending rate—currently set at 4%-5% depending on the type of fund—to the average of the fund's principal value for the previous twelve quarters ending each September 30th.

For newly endowed funds, no calculation will be made until at least four quarters have passed. After that time and until the fund has been in existence for twelve full quarters, the average will be based on the number of quarters the fund has been in existence as of each September 30th.

The full amount available for grantmaking is not required to be distributed annually; any portion may remain in the investment pool for long-term growth or may be carried forward for future grantmaking.

INVESTMENT POOLS

BCF funds are invested in one of two pools. Endowed funds are invested in the BCF Pool, which is managed with a long-term horizon and aims to produce a relatively stable spendable amount available for grantmaking from year to year. Non-endowed funds are invested in the Money Market Pool, though donors with a longer time-horizon for grants may recommend investment in the BCF Pool.

Donors establishing endowed funds of \$5 million or more may recommend an investment strategy and manager for their fund, subject to annual review and approval by the Investment Committee.

One or more index funds have been selected by BCF's Investment Committee for each asset class.

BCF INVESTMENT COMMITTEE

PATRICIA P. BAUM, *Chair*
RBC Wealth Management,
Baum Jackson Investment Group

GEORGE L. BUNTING, JR.
Blue Jar Private Trust Company

CHERYL A. MICKEL, *CFA*
T. Rowe Price

CHARLES A. MORRIS
Greenhouse Funds

ARNOLD I. RICHMAN
The Shelter Group

MATTHEW W. WYSKIEL
Skill Capital Management

INVESTMENT CONSULTANT
CAMBRIDGE ASSOCIATES, LLC

INVESTMENT CUSTODIAN
WILMINGTON TRUST

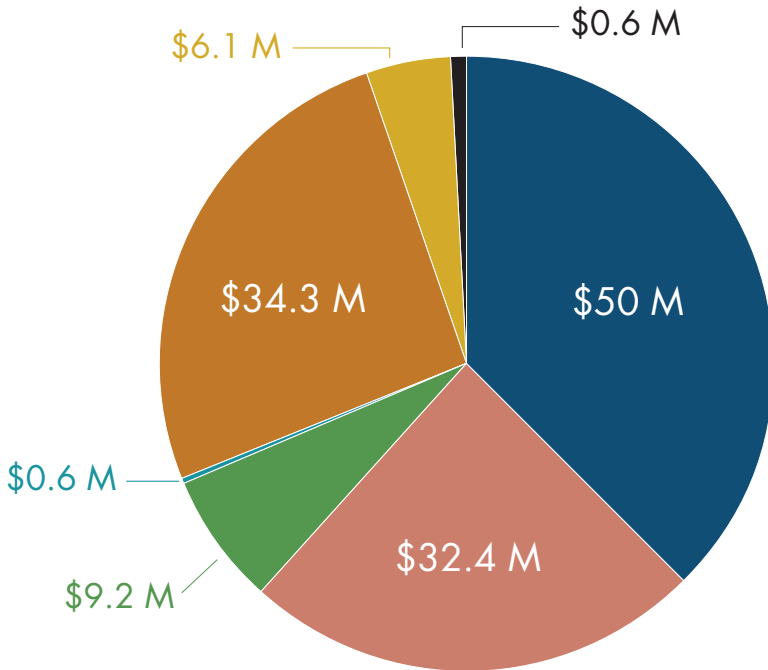
A copy of the Investment
Policy Statement is
available at [www.bcf.org/
InvestmentPolicy](http://www.bcf.org/InvestmentPolicy)



TWO INVESTMENT POOLS

BCF POOL

Created and managed as a long-term investment option, the BCF Pool is the default investment pool for endowed funds. It may also be an appropriate option for non-endowed funds with a time-horizon for grants that is longer than two years. Currently BCF is transitioning from active management to an indexed strategy.



ASSET CLASS DESCRIPTIONS

- **EQUITY**—frequently referred to as “common stock”—may differ by geographic orientation: U.S./non-U.S./emerging markets.
 - **U.S. EQUITY**
 - **NON-U.S. DEVELOPED EQUITY**
 - **EMERGING MARKETS**
- **BONDS** may include corporate bonds, government bonds (U.S. and non-U.S.).
- **CASH & EQUIVALENTS**: Investments in short-term, high-quality securities, with income largely dependent on the current interest rate environment.
- **OPPORTUNISTIC INVESTMENTS** may include strategies or asset classes which are not included in the BCF Pool’s normal strategic asset allocation.

ASSET CLASS	ACTUAL	TARGET	MANAGER(S) AS OF 12/31/2017	BENCHMARKS
U.S. EQUITY	37.5%	38%	Vanguard US Equity Index Fund	Russell 3000 Index
NON-U.S. DEVELOPED EQUITY	24.3%	25%	Vanguard Developed ex. US Equity Index Fund	FTSE Developed All Cap ex US Index
EMERGING MARKETS	6.9%	7%	Vanguard Emerging Markets Stock Index Fund	FTSE Emerging Markets All Cap China A Inclusion Index
HEDGE FUNDS (in transition)	0.4%	0%	Forester Diversified, Ltd. Redeeming Funds	HFRI Fund of Funds Composite Index
BONDS	25.7%	27%	Vanguard Intermediate Term Bond Market Index Fund Vanguard Total Bond Market Index Fund	Bloomberg Barclays U.S. Aggregate Float Adjusted Index
CASH AND EQUIVALENTS	4.6%	3%	Vanguard Treasury Money Market Fund	Citigroup 3 Month Treasury Bill Index
OPPORTUNISTIC (in transition)	0.6%	0%	Siguler Guff Distressed Opp. III	

MONEY MARKET POOL

The Money Market Pool is the default investment pool for non-endowed funds. This pool is best suited for funds with a time-horizon for grants of less than two years. Funds with a longer time-horizon may be invested in the BCF Pool. The Money Market Pool is invested 100% in cash equivalents.