

COMMUNITIES FOUNDATION OF OKLAHOMA INVESTMENT POLICY

I. Investment Policy

The Investment Policy (“Policy”) of the Communities Foundation of Oklahoma, Inc. (“CFO”) is developed by the Finance / Investment Committee (“Committee”) and approved by the Board of Trustees (“Board”). The Committee shall engage and oversee one or more professional consultants (“Consultant”) and one or more professional money manager(s) (“Managers”) to implement this Policy. For purposes of this Policy, Consultant refers to the responsibility conferred upon BancFirst and its vendors, and Managers primarily refers to independent, professional asset management firms responsible for executing specific investment strategies intended to achieve the objectives of this Policy but can also refer to BancFirst with regard to the investment discretion granted to BancFirst by the Committee and Board.

The Committee shall administer the investment process of the Communities Foundation of Oklahoma funds (“Funds”) in accordance with approved Policy. This Policy shall be reviewed annually by the Committee and revised as necessary. Revisions are subject to approval by the Board.

II. Purpose of the Investment Policy

The Committee desires to use the investment policies and restrictions presented in this Policy as a framework to guide

- the Consultant in recommending the retention or dismissal of the Managers and to evaluate the performance of the Managers
- the Consultant in attaining the Investment Objective for the Funds and to define a level of risk that is deemed acceptable. The Consultant will communicate the investment policy and restrictions to the Managers as needed.

These policies and restrictions are not intended to impede the efforts of the Managers to attain the overall objectives of CFO, nor should they exclude them from appropriate investment opportunities. Managers are allowed reasonable discretion in the asset allocation and diversification of the Funds, subject to this policy.

III. General Objectives

Investments will be made for the sole interest and exclusive purpose of helping meet the funding needs of CFO. Investments will be made in accordance with the Oklahoma Uniform Prudent Investor Act, currently found at 60 O.S. §175.60 et. seq.

CFO’s Investment Objective is “Growth and Income”. The intent of the objective is to provide both current income and future growth to accommodate CFO’s spending policy plus normal inflation; thereby, preserving the constant dollar value and purchasing power of CFO for future generations.

IV. Performance Expectations

Investment performance will be reviewed over a market cycle using the most appropriate benchmarks for the types of investments held. The goal of each asset class is to achieve the total return of its benchmark while maintaining a risk level similar to, or less than, that of the benchmark. The overall goal for CFO is to achieve a five percent (5%) real rate of return after inflation.

A. Statement of Expectations

1. CFO views investment return in totality, to include all income and dividends earned, as well as realized and unrealized appreciation and losses, net of all investment-related costs.
2. CFO understands that past capital market experiences may not reflect future results, but expects the basic risk and return relationship between asset classes (to include equities, fixed income, cash, commodities and their components, etc.) to remain consistent with their past over long periods of time.
3. CFO expects that the realized rate of return after inflation will vary over short measurement periods.
4. CFO believes that overall portfolio return and risk is predominantly determined by asset allocation, and will strive to control portfolio risk through proper diversification.

V. Asset Allocation

The Board expects CFO's asset allocation policy to reflect and be consistent with the investment objectives and risk tolerance expressed throughout this Policy. The following guidelines will be used by the Consultant in determining the allocation of CFO's assets.

CFO's assets will be divided between as many as three (3) different investment pools ("Pools"). The three Pools will have the following allocations:

1. Growth Pool:

Equities – The equity component of the portfolio shall normally constitute 70% to 80% of total Fund assets.

Fixed Income - The fixed income component, including cash and equivalents, shall constitute the balance of the assets.

Alternative Investments – Non traditional assets and investment strategies may constitute up to 10% of total Fund assets.

2. Balanced Pool:

Equities - The equity component of the portfolio shall normally constitute 40% to 70% of total Fund assets.

Fixed Income - The fixed income component, including cash and equivalents, shall constitute the balance of the assets.

Alternative Investments – Non traditional assets and investment strategies may constitute up to 10% of total Fund assets.

3. Conservative Pool:

Equities - The equity component of the portfolio shall normally constitute 20% to 30% of total Fund assets.

Fixed Income - The fixed income component, including cash and equivalents, shall constitute the balance of the assets.

Alternative Investments – Non traditional assets and investment strategies may constitute up to 10% of total Fund assets.

VI. Investment Managers

Each investment manager engaged to manage a portion of CFO's assets shall:

1. Have full discretion in security selection, sector selection and portfolio turnover;
2. Initiate transactions on a best execution basis;
3. Vote all proxies in a manner believed to best benefit CFO as an underlying shareholder;
4. Serve as a fiduciary with respect to the portion of CFO assets under their management.

At the Committee's discretion, the guidelines of this Policy can be applied to a Manager in full or can be suspended for specific Managers, whereby the Manager is expected to adhere to the asset class and/or style for which they were selected. In this instance, guidelines established with a Manager may vary from the authorizations and restrictions in this Policy.

VII. Investment Authorization and Restrictions

A. Equities - The Board gives each Manager full discretion in security selection, sector selection, and portfolio turnover subject to this document and the following authorizations and restrictions.

1. Managers are responsible for maintaining proper diversification of equities and sectors in the portfolio.
2. Managers may invest in common, preferred and convertible preferred stock issued by corporations domiciled in developed and emerging countries.
3. Investment in shares of equity mutual, exchange traded or commingled funds whose objectives are consistent with this Policy is allowed.
4. Investments in securities of a single issuer shall not exceed 10% of the total market value of each respective Pool.
5. Managers are prohibited from investing in private placements, letter stock, and uncovered options, and from engaging in short sales, margin transactions or other speculative investment activities.
6. Managers are permitted to invest in securities trading on foreign exchanges. Further, each Manager is permitted to manage the dollar-denominated currency exposure inherent in owning foreign equity securities.

B. Fixed Income – The Board gives each Manager full discretion in security selection, sector selection, and portfolio turnover subject to this document and the following authorizations and restrictions.

1. Direct investment in obligations of, guaranteed by, or insured by the U.S. Government, its agencies, or government sponsored enterprises is allowed.
2. Direct investment in obligations of U.S. banks or Savings and Loan Associations that are fully insured by the Federal Deposit Insurance Corporation is allowed.
3. Direct investment in corporate debt issues with a maturity of 10 years or less and, which, at the time of purchase, are rated A- or better by Standard & Poor's or A3 or better by Moody's is allowed.
4. Investments in securities of a single debt issuer, with the exception of the U.S. Government, its agencies, and government sponsored enterprises, shall not exceed 10% of the fixed income component's market value.
5. Investment in fixed income mutual, exchange traded or commingled funds which have an average portfolio maturity of 10 years or less is allowed.
6. Managers are permitted to invest in fixed income securities issued in currencies other than the U.S. dollar. Allocations to dedicated international fixed income strategies are only allowed through a fixed income mutual, exchanged traded or commingled fund which fully hedges its foreign currency exposure to the U.S. dollar.
7. The weighted average maturity of the fixed income component shall not exceed 10 years and the weighted average long-term credit rating of the portfolio will be maintained at an investment grade level.
8. Managers are prohibited from investing in private placements.
9. Managers are prohibited from investing in tax-exempt securities of any municipal debt issuer, as well as any fixed income mutual, exchange traded or commingled funds investing primarily in tax-exempt municipal debt issues.

C. Cash Equivalents – The Board gives each Manager full discretion in allocation to and security selection of the cash equivalents component subject to this document and the following authorizations and restrictions.

1. To provide income, liquidity and preservation of principal, the Manager may invest in commercial paper, repurchase agreements, U.S. Treasury Bills, certificates of deposit, as well as money market funds and short-term collective trust funds which contain the above securities.
2. All such assets must represent maturities of one year or less at the time of purchase.
3. Commercial paper assets must be rated A-1 or P-1 by Standard & Poor's or Moody's, respectively.
4. Uninvested cash reserves shall be kept at minimum levels.

D. Alternative Investments – The Board gives the Managers authority to invest up to 10% of each Fund's assets into investment strategies that are uncorrelated to traditional equity and fixed income investments, subject to explicit authorization by the Investment Committee and limited to the following authorization and restrictions.

1. Unconstrained fixed income strategies intended to replicate the volatility of an intermediate-term fixed income portfolio while exhibiting reduced correlation to traditional equity and fixed income investments.
2. All restrictions in sections VII.A, VII.B and VII.C shall not apply to investment allocations in this section.

E. Other Investment Restrictions

1. Managers will not purchase assets other than those described above without the written consent of the Committee.
2. Investments in contracts of commodities are prohibited without prior written consent of the Committee.
3. The Committee may modify restrictions for any or all Managers and will notify the Board if any modification is not addressed within this Policy.
4. The Committee will not authorize private equity investments, private loans or other investment-related activities with individuals and/or businesses beyond what is explicitly allowed in this Policy.
5. Investments not specifically addressed within this Policy are forbidden without the written consent of the Committee.
6. Investments of Donor Advised Funds may not exceed 20% of the voting stock or profit interest in any business entity when aggregated with the holdings of the donor, donor advisors, and related parties.

VIII. Monitoring Procedures and Manager Evaluation

The Committee shall meet with the Consultant not less than annually for the purpose of discussing actual and comparative investment performance and strategy for meeting investment objectives. More frequent meetings shall be on an as-needed basis. The Consultant or Manager shall provide a periodic statement, the frequency of which shall be determined by the Committee, showing transactions and current asset values. Exceptions to the meeting requirement will be granted to Managers accessed via separate account platforms or registered mutual or exchange traded funds. Annually, the Board shall receive a comprehensive report on the performance and holdings of the Funds.

IX. Conflict of Interest

For Trustees, Officers, Directors, Committee Members, Staff Members, and certain Consultants:

None of the above shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with CFO. Each individual shall disclose any personal interest, which he or she may have in any matter pending before CFO and shall abstain from any vote on such matter.

ADOPTED BY THE BOARD OF TRUSTEES OF THE COMMUNITIES FOUNDATION OF OKLAHOMA, INC. on November 16, 2016.

Mary M. Jenkins

Mary M. Jenkins (Dec 8, 2016)

Chairman

Tom H. McCasland III

Tom H. McCasland III (Dec 7, 2016)

Treasurer