

Sunlight Giving
Investment Policy Statement

Adopted: 12/12/2017

Reviewed and Revised: February 2020

I. PURPOSE

The purpose of this Investment Policy Statement (together with its Appendix, the “Policy”) is to set forth the policies and procedures that shall guide the Board of Trustees (the “Board”) of Sunlight Giving (the “Foundation”) in supervising and monitoring the management of the Foundation’s investable assets.

II. MISSION

Sunlight Giving, a California-based family foundation established in 2014, believes a child’s economic status should not define their future. The Foundation is dedicated to supporting nonprofits that ensure young children and their families living in poverty in greater Silicon Valley have access to the resources they need. The Foundation supports organizations working to increase access to safety net services, including food, housing, health care, family support resources, and safe spaces in greater Silicon Valley.

III. ROLES AND RESPONSIBILITIES

The Board has responsibility for overseeing the investment and management of the Foundation’s investable assets (the “Portfolio”) as well as for establishing and modifying this Policy, including establishing the goals, objectives, and guidelines of the Portfolio.

The Investment Advisor, Investment Managers, and the Foundation’s designated staff are charged with implementing this Policy. Their respective responsibilities are detailed below:

a. Board

The Board is responsible for:

- Establishing, reviewing periodically, and modifying this Policy and its appendices from time to time.
- Setting the asset allocation targets and ranges for the Portfolio and modifying them from time to time.
- Implementing this Policy, with input from the Investment Advisor and designated Foundation staff.
- Overseeing the Portfolio's assets.
- Engaging the Investment Advisor to assist in carrying out its investment responsibilities and to implement the investment strategy.
- Monitoring the fees and other expenses associated with the management and administration of Portfolio.

b. Investment Advisor

The board appoints Jordan Park Group as the Investment Advisor on the Foundation assets. As the Investment Advisor, Jordan Park is responsible for:

- Guiding the Board with respect to the strategic asset allocation.
- Setting and implementing any tactical strategy that seeks to take advantage of market dislocations (i.e., underweight/overweight specific sectors).

- Developing an Investment Policy Statement (the “Advisor IPS”) to memorialize the strategic plan for Portfolio assets managed by the Investment Advisor.¹
- Rebalancing the portfolio on a periodic basis or when otherwise appropriate.
- Implementing the Portfolio's asset allocation through the selection, continuation, and termination of Sub-Advisors and Investment Managers. In selecting each Investment Manager, the Investment Advisor will take reasonable measures to assess the independence of the Investment Manager, including any conflicts of interest that the Investment Manager may have.
- Reviewing Investment Managers and monitoring their performance and compliance with the scope and terms of the delegation, consistent with the purposes of the Foundation and the Portfolio.
- Monitoring the performance of the portfolio relative to various benchmarks.
- Preparing investment reports periodically for the Board's review that contain the information necessary for the Board to exercise its judgment and carry out its investment responsibilities prudently.
- Attending meetings in person or by phone with the Board and the Foundation's staff as requested.
- Providing necessary information to and cooperating with the Board, Foundation staff, and the Foundation's external auditors.
- Providing feedback regarding changes to this Policy when requested by the Board and proposing corresponding amendments to the relevant account documents, if necessary.

c. Investment Managers

As the Investment Advisor, Jordan Park is responsible for selecting each of the Investment Managers for the portfolio and may provide access to such Investment Managers through Jordan Park-managed investment vehicles (e.g., fund-of-funds).

d. Foundation Staff

The President and CFO of the Foundation and designated Foundation staff are responsible for:

- Monitoring general compliance with this Policy and recommending to the Board changes and modifications, if necessary.
- Providing information to the Investment Advisor so that the Investment Advisor can make rebalancing decisions and determine asset class structure.
- Reconciling transactions and reports with the Investment Advisor.

IV. GOALS AND OBJECTIVES

The Foundation's investment objectives are to safeguard its assets and preserve the real purchasing power of the Portfolio while earning investment returns that are commensurate with the Foundation's risk tolerance and sufficient to meet its operational requirements and spending requirements (detailed below).

¹ To the extent that the Advisor IPS conflicts with this Policy, the provisions of the Advisor IPS shall govern.

The Portfolio has a long-term time horizon, seeking to achieve growth in its assets in excess of inflation by emphasizing long-term fundamentals in structuring its investments.

The Foundation seeks to control risk and reduce the volatility in its Portfolio through diversification. However, short-term volatility is characteristic of the securities markets and will be tolerated if such volatility is consistent with the volatility of similar investment portfolios (such as the volatility of performance benchmarks, described below). The Foundation recognizes and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives of the Portfolio. In establishing its risk tolerance, the Foundation's ability to withstand short- and intermediate-term variability is evaluated by the Board.

V. INVESTMENT GUIDELINES

The Portfolio shall be managed in accordance with high standards of fiduciary duty and in compliance with applicable laws and regulations, including but not limited to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in California effective 1/1/2009.

The Investment Advisor shall manage the Portfolio in accordance with the guidelines described in this section and in Exhibit A.

a. Asset Allocation

The Board will approve the Foundation's asset allocation, including minimum and maximum allocations for each asset class in the Portfolio, and will modify it from time to time, with recommendations from the Investment Advisor. The asset allocation in effect at the present time is attached to this Policy as Exhibit A.

The Board will seek to achieve a diversified Portfolio, unless it prudently determines that, because of special circumstances, the Portfolio or a particular fund or funds within the Portfolio are better served without diversification.

b. Rebalancing and Cash Flows

The Investment Advisor should consider rebalancing at least once per quarter or more frequently, if necessary (e.g. to take advantage of short-term market conditions or approaching the minimum or maximum allocation for any asset class). The purpose of rebalancing is to maintain the Foundation's policy asset allocation within the targeted ranges, in order to ensure the Foundation does not incur additional risks as a result of deviating from the policy portfolio.

The Foundation's net cash flows may be used to implement the rebalancing activities in order to reduce transaction costs as far as practicable.

c. Environmental, Social, and Governance (ESG) Considerations

The Foundation aims to evaluate opportunities to align the Portfolio with its mission by including, where relevant, the analysis of an entity's impact on its stakeholders, the environment, and society. The Board and Foundation staff will consult with the Investment Advisor to consider a range of investments that may fit the Foundation's potential ESG framework, such as passive equity exposure, active positive screening, external manager selection, and impact investing.

d. Requirements and Restrictions

Liquidity Requirements

The Foundation seeks to maintain adequate liquidity to meet its obligations, including planned expenditures over the next 6 months as determined by the Board. The Board or Foundation staff will inform the Investment Advisor (as defined below) of any anticipated need for liquidity as such need becomes known. The Investment Advisor will presume no liquidity needs other than those provided by this Policy or the Board or Foundation staff and will manage the Portfolio for long-term growth rather than short-term liquidity, which may mean that not all assets will be available for near-term liquidation.

Restrictions

No investment may be made that would place in jeopardy the Foundation's tax-exempt status or cause the Foundation to incur penalty taxes under the Code generally, and in particular under provisions prohibiting self-dealing (Section 4941), excess business holdings (Section 4943), or jeopardizing investments (Section 4944). Notwithstanding the foregoing, the Foundation may receive unrelated business taxable income (UBTI) to the extent such income is generated by assets managed by Investment Managers.

All purchases of securities must be for cash and there will be only limited short-term leveraged purchasing or margin transactions. There will be no short sales.

These above restrictions will not be applied to the underlying holdings of any investments in commingled vehicles such as Jordan Park-managed investment vehicles, mutual funds or LLC structures.

VI. FIDUCIARY DUTY

a. Standard of Care

In exercising their responsibilities, the Board, Investment Advisor, Investment Managers and designated Foundation staff shall act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

As outlined in the Roles and Responsibilities sections above, each party will also consider the Foundation's mission and the Portfolio's overall purpose in making investment decisions.

b. Standards of Prudent Investing

The Board and Investment Advisor will make reasonable efforts to verify facts relevant to the management and investment of the Portfolio.

Any individual investment will not be analyzed in isolation, but rather in the context of the Portfolio as a whole and as part of the Foundation's overall investment strategy, including the risk and return parameters set forth in this Policy.

Management and investment of the Portfolio will only incur those costs that are appropriate and reasonable in relation to the assets, the purposes of the Foundation, and the skills available to the Foundation.

Further, in accordance with the California UPMIFA, the following factors will be considered in overseeing, investing, and managing the portfolio:

- Both the purposes of the Portfolio and of any specific investment;
- General economic conditions;
- Effects of inflation and deflation;
- Tax consequences, if any, of investment decisions or strategies;
- Expected total return from income and appreciation;
- The Foundation's other resources;
- The needs of the Foundation and the Portfolio to comply with its spending policy and preserve capital; and
- An asset's special relationship or special value, if any, to the purpose of the Foundation.

c. Delegation Standards

The Board may delegate to the Investment Advisor the management and investment of the Portfolio to the extent that it can prudently delegate under the circumstances, and will act in accordance with the standards of care and prudence described above in selecting the Investment Advisor, establishing the scope and terms of the delegation, and monitoring the Investment Advisor's performance and compliance with the scope and terms of the delegation.

The Board will take reasonable measures to assess the independence of the Investment Advisor. Any actual or potential conflicts of interest possessed by a member of the Board, Investment Advisor, Investment Managers, or Foundation staff must be disclosed and resolved pursuant to the Foundation's Conflict of Interest Policy.

VII. REVIEW AND EVALUATION

The Board will meet periodically to review the reports of the Investment Advisor, and to evaluate the performance of the Portfolio and adherence by the Investment Advisor to this Policy.

The total return on the Portfolio will be evaluated on a five-year rolling basis. It is recognized that not every five-year period will meet the Foundation's objectives, but the Foundation aims to attain its objectives over a series of five-year periods.

The Board will review this Policy annually and make revisions as needed, in consultation with the Investment Advisor.

VIII. SPENDING POLICY

The policy spending rate for the Foundation shall be 5%. The amount available for spending during each fiscal year shall be calculated by the Foundation's tax advisor.

The Foundation's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, the Foundation's expenditures should be less than the Foundation's total inflation-adjusted return on investments.

IX. EXHIBIT A

Target Asset Allocation Ranges¹

Asset Class	Lower Limit	Upper Limit
Liquid²	30%	100.0%
Cash and Cash Equivalents	(50.0)%	10.0%
Fixed Income	10.0%	65.0%
Public Equities	10.0%	85.0%
Commodities	0.0%	15.0%
Derivative Overlay (notional)	(50.0)%	50.0%
Semi-Liquid³	0.0%	50.0%
Credit Strategies	0.0%	20.0%
Equity Strategies	0.0%	30.0%
Opportunistic, Other	0.0%	30.0%
Illiquid⁴	0.0%	50.0%
Private Equity	0.0%	40.0%
Private Real Assets	0.0%	25.0%

The reference portfolio for the foundation's Portfolio is comprised of 70% MSCI ACWI Index and 30% Bloomberg Barclays US Aggregate Bond Index.

¹Redemptions, distributions, and other events have the potential to push the portfolio to be outside the targeted range with respect to one of more asset classes and/or liquidity categories.

² Liquid assets are those which can be easily converted to cash, typically in two days or fewer.

³ Semi-liquid assets are those which can be converted to cash only in a contractually set periodic basis, such as monthly, quarterly, or annually.

⁴ Illiquid assets are those which cannot be converted to cash; these assets are typically liquidated gradually over several years through sporadic distributions.