INTRODUCTION
This Statement of investment policies and objectives is hereby set forth in order that:

- The Board of Governors (the “Board”) shall have clearly defined investment policies and objectives as set forth herein.
- The assets of the Foundation shall be invested most productively and should experience long-term growth.
- The investment managers shall be given guidance and limitations as set forth herein and understand what is expected of them by the Board.
- There will be a basis for evaluation of the investment performance of the individual managers.

DEFINITION AND FUNCTION
The Community Foundation of Greater Memphis, Inc. was formed as a not-for-profit public charity in the State of Tennessee and is exempt from income taxes under state and federal regulations. Its purpose is to provide funds for charitable organizations primarily in Memphis, West Tennessee, Northern Mississippi, and Eastern Arkansas. These investment Policy Objectives & Guidelines apply only to those assets for which the Investment Committee has discretionary authority. For special situations, such as Life Income Fund Agreements (charitable remainder unitrusts, charitable gift annuities and charitable annuity trust funds) separate objectives are provided.

RESPONSIBILITY
The Board is charged with the responsibility of investing the assets of the Foundation. The Board shall discharge its duties solely in the interest of the Community Foundation of Greater Memphis and for the exclusive purpose of meeting the Foundation’s financial needs. These duties shall be discharged with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, in accordance with the Uniform and Prudent Management of Institutional Funds Act (T.C.A. § 35-10-1 to 35-10-10) or other state requirements. The Board will conduct a
thorough review of any person or entity providing services to the Foundation to avoid any potential conflict of interest situations.

INVESTMENT MANAGEMENT
The Board is authorized to engage the services of investment managers, as defined under the Investment Advisors Act of 1940, and other investment professionals to provide the specialized research and skilled manpower to meet these investment objectives and guidelines. Accordingly, the Board requires the investment managers to adhere to the "prudent man rule" under such federal or state laws as are applicable, or which may be applicable in the future to investments of Foundation assets.

DELEGATION OF AUTHORITY
Investment manager(s) retained by the Board will be held responsible for making all investment decisions regarding the assets under their direction. The Board will provide each investment manager with a copy of the goals and objectives for the Foundation. In addition, each investment manager will be provided with specific goals and objectives for his managed account. Each investment manager will observe the guidelines and philosophies stated herein and will be required to operate within these guidelines.

OBJECTIVES
The investment objectives of the Community Foundation of Greater Memphis will be to attain a favorable total return consistent with generation of sufficient income, preservation of principal and with emphasis on long term growth. Since the Foundation makes charitable distributions annually, consideration must be given to providing sufficient cash flow and liquidity to meet the Foundation's distribution requirements.

GIFT ACCEPTANCE
The Community Foundation of Greater Memphis accepts gifts of any amount in the form of cash, stock, real estate, personal property, partnership interests or other assets, including gifts through trusts, estates or insurance policies. The Foundation's staff is responsible for acceptance and review of all gifts. The Foundation reserves the right to refuse any gift that it believes is not in the best interest of the Foundation.

For further gift details, please see the Foundation's Gift Acceptance Policy Statements.

INVESTMENT GUIDELINES
Policy guidelines will be modified periodically by the Board after considering the advice and recommendations of the Foundation's attorneys, accountants, investment managers, consultants or other professionals retained to render advice to the Foundation. All modifications of policy guidelines shall be in writing and agreed upon by the Board and signed by an authorized representative.

1. Investment Philosophy – Asset Allocation

The Board allows their donors to recommend how they would like their funds allocated among common stocks, fixed income securities, cash reserves, and other prudent investments with a goal of preserving the corpus of the Foundation on a real (after inflation) basis to provide funds for the charitable organizations the Foundation supports.
Accordingly, it is the philosophy of the Board that, where appropriate, the range of the asset mix of the Foundation’s Balanced Pool and donor advised pools should be as follows:

**BALANCED POOL**

<table>
<thead>
<tr>
<th>Maximum Equity-Oriented</th>
<th>75%</th>
<th>Minimum Equity-Oriented</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Fixed Income</td>
<td>60%</td>
<td>Minimum Fixed Income</td>
<td>25%</td>
</tr>
<tr>
<td>Maximum Cash &amp; Equivs.</td>
<td>15%</td>
<td>Minimum Cash &amp; Equivs.</td>
<td>0%</td>
</tr>
</tbody>
</table>

Alternative Investment Strategies:

<table>
<thead>
<tr>
<th>Minimum Hedged Equity</th>
<th>0%</th>
<th>Maximum Hedged Equity</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Absolute Return</td>
<td>0%</td>
<td>Maximum Absolute Return</td>
<td>15%</td>
</tr>
</tbody>
</table>

Acquisitions of Hedged Equity or Absolute Return strategies are prohibited if immediately after such acquisition the aggregate fair market value of either strategy exceeds its maximum allowable percentage.

It can be reasonably assumed that the Equity, Fixed Income, and Cash Pools established by the Foundation’s Investment Committee will be fully invested in equity-oriented, fixed income-oriented and cash-oriented strategies, respectively. However, managers employed by the Equity and Fixed Income Pools may hold cash and equivalent securities as a part of their individual portfolios.

The Board realizes that an individual donor may elect to invest 100% of a contribution in an investment fund which is comprised of all equity securities or all fixed income securities. In addition, they may elect to invest their contribution in a balanced account where the allocation of equity and fixed income securities is left to discretion of the investment advisor.

2. Proxy Voting

The Board recognizes that proxy voting is a fiduciary responsibility and requires that proxies be voted based on those factors which would enhance the value of the Foundation’s investments. The Board delegates their authority to vote proxies to the investment managers employed by the Foundation and instruct the investment manager to maintain accurate voting records and to vote proxies for the exclusive benefit of the Foundation. If the Foundation has not retained investment managers or has assets not in the control of an investment manager, then the Board shall vote all proxies for the exclusive benefit of the Foundation.

3. Preservation of Principal

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1 The amounts allocated to hedged equity oriented Alternative Investment Strategies and publicly traded Real Estate Investment Trusts must be added to the amounts in traditional equity allocations for purposes of comparing to the 75% maximum equity-oriented limit.

2 The Foundation pools or investment manager pools may utilize alternative strategies. Utilization of alternative strategies by individually managed funds may be pursued but must receive approval by the Foundation’s staff and legal counsel.
It is the intention of the Board that the investment manager(s) make reasonable efforts to preserve the principal of the Foundations allocated to the manager, but preservation of principal shall not be imposed on each individual security.

4. Types of Assets

In order to provide for adequate investment diversification across a broad range of assets, the following types of assets are approved for investment:

- U.S. or International Common Stock
- U.S. or International Preferred Stock
- Covered Call Option Contracts
- Protected Put Option Contracts
- U.S. Government and Agency Securities
- Foreign Government Bonds
- Corporate Bonds (minimum Baa rating by Moody’s or BBB rating by Standard and Poor’s)
- High Yield Corporate Debt (Non-Investment Grade) commingled or mutual fund vehicles
- Mortgage Backed Securities
- Collateralized Mortgage Obligations
- Convertible Securities
- Commercial Paper with a minimum A1/P1 rating
- Money Market Funds
- Mutual Funds
- Real Estate - Publicly Traded REITS or Commingled Private Real Estate Funds
- Interests in Limited Partnership or Limited Liability Companies with specific Committee approval

Where mutual funds are utilized as an investment vehicle, investors will be subject to the rules and regulations set forth in the mutual fund prospectus.

Excluding assets not traded in the public markets (i.e. limited partnerships, limited liability companies or commingled funds), assets selected for the Foundation must have an ascertainable market valuation at least monthly and must be readily marketable. In the case where limited partnerships, limited liability companies or commingled funds are utilized, market valuations must be available at least quarterly and have annual withdrawal provisions to maintain reasonable liquidity.

The following assets and/or transactions are prohibited:

- Uncovered Options – Puts or Calls
- Commodities
- Restricted Stock
- Dedicated Short Selling (unless used in an alternative strategy to help hedge or neutralize risk)
- Derivative Securities (unless used in an alternative strategy to help hedge or neutralize risk)

Direct investments in derivative securities are prohibited, unless approved by the Board in writing.

5. Cash & Cash Equivalents

All cash, wherever and whenever possible should be invested in interest bearing instruments. These investments should have stable pricing and instant liquidity.

6. Diversification of Equity Securities

The Board believes that it is necessary and desirable that equity securities held in the Foundation represent a diversified portfolio. The equity investment manager(s) will be allowed to choose the degree of concentration in various issues and industry sectors. However, the initial purchase of a single company shall not exceed 5% of the total portfolio market value. If price appreciation causes a security to exceed the 5% limitation, a sale of the issue shall not be required except as warranted by investment considerations.

7. Investment Markets – Equities

In order to broaden the investment opportunities for the investment manager(s) to achieve the objectives set forth herein, the managers are permitted to invest in equity securities listed on the New York Stock Exchange, the American Stock Exchange, principal regional exchanges, and in over-the-counter securities for which there is a strong market providing ready liquidity of the specific security. Domestic investment managers are permitted to utilize American Depository Receipts (ADR’s). Global and international investment managers are allowed to invest in equity securities traded on established exchanges worldwide.

8. Diversification of Fixed Income Securities

The Board believes that it is necessary and desirable that fixed income securities held in the Foundation represent a diversified portfolio. The fixed income investment manager(s) will be allowed to choose the degree of concentration in various issues and industry sectors. With the exception of U.S. Government securities, the securities of a single fixed income issuer shall not represent more than 5% of the total portfolio market value. If price appreciation causes a security to exceed the 5% limitation, a sale of the issue shall not be required except as warranted by investment considerations.

9. Investment Markets – Fixed Income

In order to broaden the investment opportunities for the investment manager(s) to achieve the objectives set forth herein, the managers are permitted to invest in fixed income issues offered in both primary and secondary markets. Fixed income securities may include bonds, notes and pass-through securities issued or guaranteed by the U.S. Government or
its agencies, corporate bonds, notes, debentures, mortgage-backed securities, asset-backed securities, or bonds issued by foreign governments. Should the rating on a debt or preferred stock security purchased subsequently fall below the minimum Baa (Moody's)/BBB (Standard and Poor's) rating, a sale of the issue shall not be required except as warranted by investment considerations.

10. Alternative Investment Strategies

Alternative Investment Strategies may include participation in convertible bond hedging, currency hedging, long/short strategies, or other measures designed to neutralize the risk found in the securities markets. These strategies may be employed through the use of mutual or commingled funds, limited partnerships, limited liability companies, or variable rate notes and must have approval by the Board.

REPORTING

Reports detailing investment holdings and account transactions will be submitted to the Foundation staff monthly, a performance review will be submitted to the Foundation staff quarterly, and an annual report summarizing the following will be submitted to the Board within 30 days following each December 31:

- Statement of all assets on hand reflecting both the cost basis and market value of each asset and the related unrealized gains and losses.
- Statement of all property received representing a contribution to the account.
- Statement of all sales, redemptions, purchases and principal payments.
- Statement of all distributions from the account.
- Statement of all income received and expenses paid.
- Statement of all realized gains and losses.

PERFORMANCE GOALS

The investment objectives of the Foundation represent long-term expectations and will be evaluated over three (3) and five (5) year time periods. Performance goals are defined in "real" (in excess of inflation) rates of return and relative rates of return.

1. Equity investments should earn over time an annualized real rate of return (over inflation) net of management fees of at least 6.0%.

2. Fixed Income investments should earn over time an annualized real rate of return (over inflation) net of management fees of at least 2.0%.

3. Hedged equity investments should earn over time an annualized real rate of return (over inflation) net of management fees of at least 6.0%.

4. Absolute return investments should earn over time an annualized real rate of return (over inflation) net of management fees of at least 5.0%.

5. Asset classes in the Foundation should not be exposed to an annualized standard deviation greater than 25% more than the annualized standard deviation of each asset's respective market index.
6. On a relative rate of return basis, each Foundation segment should exceed the performance of its respective market index over full market cycles.

7. The performance of each Foundation segment shall be monitored quarterly and evaluated over 3 and 5 year annualized time periods. Performance of the Foundation and its investment managers will be measured against both a peer group of similar Foundations and managers and the Foundation's investment goals and objectives.

APPROVED BY THE BOARD OF GOVERNORS:

Meg Crosby
Board Chair

Robert M. Fockler
President/CEO

[Signatures]

3/29/16
Date

3-24-2016
Date
ADDENDUM TO
INVESTMENT POLICY OBJECTIVES & GUIDELINES
AND
GIFT ACCEPTANCE POLICY

Treatment of Excess Business Holdings

Pursuant to the Pension Protection Act of 2006 ("PPA"), the holdings of a donor-advised fund\(^3\) in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- Twenty percent\(^4\) of the voting stock\(^5\) of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity

Ownership of unincorporated businesses that are not substantially related to the fund's purposes is also prohibited.

Donor-advised funds receiving gifts of interests in a business enterprise will have five years 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. Funds that held such assets prior to the effective date of the PPA (August 17, 2006) have a much longer period to divest under the same complicated transition relief given to private foundations in 1969\(^6\).

Definition of a Business Enterprise
A "business enterprise" is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- "Functionally-related" businesses and program-related investments

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\(^3\) These requirements apply only to assets held in donor-advised funds. They do not apply to assets held in the Foundation's investment pools or assets held by funds that are not donor-advised.

\(^4\) Thirty-five percent if it can be shown that person who are not disqualified persons have effective control of the business.

\(^5\) Additionally, the donor-advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than twenty percent of the voting stock. Under the de minimis rule, the donor-advised fund could continue to hold an interest that did not exceed two percent of the voting stock and two percent of the value. Additional rules apply to cover situations such as mergers, redemptions, and acquisitions.

\(^6\) Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified persons cause the donor-advised fund to have excess holdings, the donor-advised fund will have 90 days to dispose of the excess.
• Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

Definition of a Disqualified Person
Donors and persons appointed or designated by donors are disqualified persons if they have, or reasonably expect to have, advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors’ and advisors’ families are also disqualified, but the section does not define "family" and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).

Policy with Regard to Gifts of Assets Categorized as “Excess Business Holdings” under PPA
CFGM will evaluate proposed gifts of an interest in a business enterprise for the benefit of a donor-advised fund to determine if the ownership interest qualifies as an "excess business holding" under the PPA. CFGM may determine that it is prudent to accept a gift of an interest in a business enterprise which results in an "excess business holding."

Once accepted, CFGM will monitor any such gift and will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In any event, CFGM will dispose of any excess business holding prior to the five year time limit, except in the event that the Treasury Department grants an additional five year holding period.

CFGM will notify potential donors of such interests of this requirement prior to the contribution of such interest.

All gifts received and managed/controlled by Community Foundation shall be subject to the full variance powers granted unto the Board of Governors.

Resolution of Future Conflicts and Amendment
In the event of conflict now or in the future between this policy and any IRS rules, regulations or provisions regarding excess benefits, holdings or participation, such IRS provisions shall control as shall compliance with such mandates. Further, this policy may be amended or supplemented in the future based upon any further or future revisions or interpretations regarding compliance to avoid excess benefits, excess holdings or disqualified participation.
GENERAL GIFT ACCEPTANCE POLICY

Gifts may be made in any amount for the benefit of any fund at the Community Foundation of Greater Memphis.

Outright Gifts

1. **Cash.** The Community Foundation accepts cash, checks, money orders, and gifts via credit card.

2. **Marketable Securities.** The Community Foundation accepts gifts of publicly traded stocks and bonds. When securities are in "street name", they are transferred to the Community Foundation’s account. Thereafter, we may either sell or hold the securities for the benefit of the donor’s fund. When the gift is in the form of physical securities, we may either sell or hold the securities for the benefit of a donor’s fund.

3. **Stock in Privately Owned Companies.** To be accepted, such stocks must have a qualified appraisal performed by an independent, professional appraiser. If immediately marketable, the stocks are sold. If not, any certificates will be held until they can be redeemed. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel.

4. **Stock in subchapter S Corporations.** To be accepted, such stocks must have a qualified appraisal performed by an independent, professional appraiser. Prior to approval, such gifts are reviewed by Community Foundation staff and legal counsel.

5. **Real Estate.** All real estate gifts are directed to Community Foundation Realty, Inc., and must be approved by the board of that corporation. Prior to approval, such gifts are reviewed by Community Foundation staff and legal counsel. Concerns include legality, mortgages, easements, restrictions, and environmental problems. Until the property is sold, the donor must provide for obligations such as taxes and insurance.

6. **Tangible Personal Property.** The property must be saleable and the donor must agree that the property can be sold unless the Community Foundation agrees to use the property for a purpose related to its exempt purpose. At least one qualified appraisal by an independent professional is required. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel.

7. **Partnership Interests and Interests in Limited Liability Companies (LLC).** The Community Foundation does not accept gifts of general partnership interests. Prior
to approval of gifts of limited partnership interests or interests in an LLC, all relevant partnership and LLC agreements will be reviewed by Community Foundation staff and legal counsel, with particular attention given to the activity of the partnership/LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/LLC will be reviewed. Limited partnership interests in family limited partnership will be considered, subject to review by the Community Foundation's Family Limited Partnership Advisory Committee.

Deferred Gifts

8. Bequests. The Community Foundation receives bequests from persons who have directed in their wills that certain assets be transferred to the Foundation. The Foundation's legal name is "Community Foundation of Greater Memphis".

9. Life Insurance. The Community Foundation accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to the Foundation. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, the Community Foundation may choose either to cash it in for the current surrender value or continue to pay the premium (e.g., the Community Foundation has paid the premium on a policy for which the donor provides an annual contribution equal to the premium).

10. Life Income Arrangements. Several types of deferred giving arrangements can be established during one's lifetime through a will and can be structured to provide life income for oneself or a loved one. Life income arrangements include: charity remainder annuity trust, charitable remainder unitrust, and remainder interest in a residence or farm. Charitable lead trusts provide income over a term of years or a person's lifetime to charity.

In conformance with the Treasury Department regulations governing community foundations, gifts to the Community Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

The Community Foundation reserves the right to refuse any gift that it believes is not in the best interest of the Foundation.

APPROVED BY THE BOARD OF GOVERNORS:

Meg Crosby
Board Chair

Robert M. Fockler
President/CEO

5/14/15
Date

May 14, 2015
Date