**MINUTES OF THE REGULAR MEETING OF THE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS OF THE GOLDEN L.E.A.F. (Long-term Economic Advancement Foundation), Inc.**

The regular meeting of the Investment Committee of the Board of Directors of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. (the "Foundation"), was noticed for and convened on June 5, 2024, at the Golden LEAF Retreat Center, located at 301 N. Winstead Ave., Rocky Mount, NC 27804. Committee members participating in the meeting were Lawrence Davenport, Don Flow, and Ralph Strayhorn. Also present were Board members Charles Brown, Barry Dodson, Randy Isenhower, Buddy Keller, Jeffrey Lee, Laurence Lilley, Daryl Moss, Bobbie Richardson, Brian Raynor, and David Rose. Also present were Scott T. Hamilton, President, Chief Executive Officer of the Foundation; Ted Lord, Senior Vice President/ General Counsel of the Foundation; Kasey Ginsberg, Vice President/ Chief of Staff of the Foundation; Marilyn Chism, Director of Programs of the Foundation; Angela Gailliard, Director of Programs of the Foundation; Terri Bryant Adou-Dy, Director of Programs and Programs Administration of the Foundation; Evan Benedict, Director of Grant Administration; Jenny Tinklepaugh, Communications and External Affairs Manager of the Foundation; Brynn Fann, Program Officer and AV/ Tech Coordinator of the Foundation; Erica Smith, Controller of the Foundation; J.P. Boyd, Director of Investments of the Foundation; and David L. Kyger, legal counsel to the Foundation. Greg Johnson and Tim Jarry of Prime Buchholz LLC, Investment Consultants to the Foundation, were also present. Erica Smith served as secretary of the meeting.

Mr. Kyger called the roll and confirmed that a quorum was present. Mr. Flow called the meeting to order.

A motion was made to approve the minutes of the open and closed sessions of the April 3, 2024, regular meeting of the Investment Committee. The motion was seconded and carried.

Mr. Boyd introduced the investment consultants from Prime Buchholz LLC and reviewed the agenda with the Committee.

The investment consultants reviewed the current market conditions with the Committee, including a comparison of the performance of equity markets, noting risk assets sold off in April and inflation was better in April; performance of the "Magnificent 7" stocks, with AI enthusiasm leading to major gains; March CPI report, noting January through March inflation was higher than expected; private capital returns, noting that returns are lower in the past few periods in comparison to returns from a few years ago, but are still higher than public markets; and delinquencies in the commercial mortgage-backed securities markets increased compared to a year ago, driven by vacancies in the office sector.

Mr. Boyd and the investment consultants summarized the results of the recent review of the Foundation's Investment Policy Statement, noting no changes were recommended to the governance structure or investment targets, ranges, or benchmarks. They also reviewed comparisons of the Investment Policy Statement to the Foundation's peers. A motion was made to recommend that the Board approve the updates to the Investment Policy Statement recommended by staff and the investment consultants. The motion was seconded and carried. The Investment Policy Statement, with the recommended modifications, is attached hereto as Exhibit A.

The investment consultants reviewed the Liquidity Analysis of the portfolio as of April 30, 2024, noting that 61% of the portfolio is available monthly or daily. They also presented the private capital commitment history since 2016.

A motion was made to enter closed session in accordance with N.C. General Statute 143-318.11(a)(1) to prevent the disclosure of information that is confidential under the North Carolina Trade Secrets Protection Act, North Carolina General Statute 66-152 et seq. The motion was seconded and carried.

After the closed session, the Committee reconvened in open session.

A motion was made to approve the resolutions of the Investment Committee authorizing an investment of up to $10 million in limited partner interests in Landrock Real Estate Partners VIII, L.P., as more specifically described in the resolutions. The motion was seconded and carried. A copy of the resolutions is attached to these minutes as Exhibit B.

The investment consultants reviewed the Foundation's asset allocation as of April 30, 2024, comparing the actual allocation to the policy targets. Except for Global Equity and Private Equity, all asset class allocations were within 1% of their policy targets. Global Equity was 8% overweight, which is offset by Private Equity being 5% underweight. The portfolio value was $1.31 billion as of April 30, 2024.

Mr. Boyd then reviewed significant transactions since the Committee's last meeting. With the termination of Brookfield Global Listed Real Estate Fund in April, the Foundation redeemed the $8.1 million balance and added the proceeds to the iShares Global Real Estate ETF. In the Private Equity asset class, for the fiscal year through April 30, 2024, the Foundation contributed a net of $11.8 million to private equity investments. In Real Assets, the Foundation contributed a net of $5.0 million to private real estate investments and received a net of $3.3 million from private commodities investments distributions. The Foundation made grant payments totaling $73.9 million during the fiscal year through April 30, 2024.

The investment consultants then reviewed the performance of the Foundation's portfolio. The Foundation's portfolio returned 8.3% for the fiscal year through April 30, 2024, compared to the policy index of 8.2%.

The investment consultants reviewed additional information with the Committee, including the Foundation's receipt of state appropriated funds, and investment performance versus withdrawals since inception. They also reviewed the Liquidity Analysis of the portfolio as of April 30, 2024, noting that 78% of the portfolio is available quarterly or sooner and the Foundation has approximately $211.1 million in unfunded private equity commitments.

There being no further business to come before the Committee, the meeting was adjourned.

Erica Smith, Secretary of the
Meeting

Read and approved:

Don Flow, Chair of the Investment Committee

Attachment A
Revised Investment Policy Statement

# The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

# INVESTMENT POLICY STATEMENT

*Last updated: June ~~1~~6, ~~2023~~2024*

## Revisions & Updates

| *Approved* | *Effective Date* | *Detail* |
|---|---|---|
| *June 6, 2024* | *June 6, 2024* | *Complete review of governance, asset class allocations and benchmarks; updated Appendices* |
| *June 1, 2023* | *June 1, 2023* | *Increased Private Equity target; decreased Absolute Return target; one change to AR benchmark; updated Appendices* |
| *June 2. 2022* | *June 2, 2022* | *Addition of Use of Lines of Credit Sections; decreased Fixed Income target/ranges; increased Private Equity target; increased Real Assets target; changed Private Equity benchmark; changed Real Assets benchmark; changed Policy Index; updated Appendices* |
| *June 2, 2021* | *June 2, 2021* | *Increased Global Equity target; decreased Absolute Return target; updated Appendices* |
| *June 4, 2020* | *June 4, 2020* | *Complete review of asset class allocations and benchmarks; selected changes to oversight and management roles; updated Appendices* |
| *June 6, 2019* | *June 6, 2019* | *Increased Private Equity target; decreased Real Assets target; changes to the Real Assets benchmark; defined Enhanced Cash; updated Appendices* |
| *June 7, 2018* | *June 7, 2018* | *Increased Private Equity target; decreased Real Asset target; changed Real Asset Allocation range; updated Appendices* |
| *June 1, 2017* | *June 1, 2017* | *Complete review of asset class allocations and benchmarks; one change to AR benchmark; selected changes to oversight and management roles; updated Appendices* |
| *June 4, 2015* | *June 4, 2015* | *No change to Policy Asset Allocation targets. Updated appendices H-J.* |
| *June 5, 2014* | *June 5, 2014* | *Complete review of asset class allocations; Several changes to Policy Asset Allocation targets and Ranges; no changes to governance; updated Appendices* |
| *June 6, 2013* | *June 6, 2013* | *Minor Revisions to IPS; no change to Policy Asset Allocation targets or governance; updated Appendices* |
| *April 5, 2012* | *April 5, 2012* | *Complete review of asset class allocations; Several changes to Policy Asset Allocation targets; no changes to governance; updated Appendices* |

| | | |
|---|---|---|
| *April 7, 2011* | *April 7, 2011* | *Minor Revisions to IPS; no change to Policy Asset Allocation targets; updated Appendices* |
| *April 1, 2010* | *April 1, 2010* | *Minor revisions to IPS (change from UMIFA to UPMIFA reference); no change to AA; updated Appendices* |
| *March 4, 2009* | *March 4, 2009* | *Complete review of asset class allocations, nomenclature, restructure of fixed income asset class, additional direct opportunities and emergency situation language* |
| *December 5, 2007* | *January 1, 2008* | *Minor revisions to IPS (e.g., authority to add/redeem and in times of emergencies; HF allowance in GE); no change to AA; updated modeling & peer comparisons* |
| *December 6, 2006* | *January 1, 2007* | *Minor revisions to IPS; small changes to AA (e.g., new GE bucket, increased AR, decreased FI)* |
| *September 1, 2005* | *September 30, 2005* | *Significant revision of IPS and AA; very similar to current document in form and content* |

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## I. Description

This Investment Policy Statement ("IPS") is issued by the Board of Directors (the "Board") of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. (the "Foundation") for the purpose of detailing the oversight and management of the institutional fund comprised of the Foundation's investment assets (collectively, the "Fund").

The Fund's investment objective is to preserve and enhance its real (inflation-adjusted) purchasing power while providing a continuing and stable funding source to support the mission of ~~The Golden L.E.A.F.~~the Foundation. The Fund will be managed for total return, consistent with the applicable standard of conduct set forth in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted in North Carolina.

## II. Oversight and Management of Fund Investments (See Appendix J for Summary)

The Board has delegated investment authority for the Fund to the Investment Committee (the "Committee"), which exercises this authority in regularly scheduled and special meetings. As stated in the bylaws of the Foundation, the Committee has the full power and authority to manage, invest and reinvest all of the Fund's assets. Furthermore, the Committee has the full power and authority, on behalf of the Foundation and of the Board, to employ, retain or engage the services of such custodians, trustees, fiscal agents, investment advisors, attorneys, and other professional personnel as it deems necessary or desirable. The Committee develops and recommends to the Board the Investment Policy Statement and related investment policies developed by the Committee, and amendments to such policies; the Board reserves the exclusive authority to adopt, and amend from time to time, such policies.

Responsibilities of the Committee include the following:

- Develop, review and update, in each case subject to the approval of the Board, investment-related policies, including asset allocation, investment objectives, and manager structure. Asset allocation policy targets should be reviewed at least annually and a full review of the IPS should occur at least every three years.
- Review performance on at least a quarterly basis with an emphasis on long-term performance relative to the Fund's investment objective.
- Engage an investment consultant ("Consultant") with those responsibilities set forth in this IPS and in a written agreement with the Consultant.
- Select, monitor, and terminate investment managers, the custodian, and the Consultant. The Committee may delegate certain selection and monitoring functions to the Staff and Consultant. These external relationships should be reviewed on a periodic basis, at least annually.
- Vote proxies or delegate the voting of proxies to the investment managers.
- Commission special studies or assignments as necessary.
- Keep the Board informed of all material events and activities.

Staff and the Consultant provide support to the Committee, and report to the Committee during regularly scheduled and special meetings, and at other times when appropriate.

For purposes of this IPS, "Staff" will be defined as: (1) the President of the Foundation, or the Senior Vice President of the Foundation when exercising powers of the President; and (2) the Director of Investments of the Foundation. Responsibilities of Staff include the following:

- Communicate effectively with the Committee
- Analyze investment policies and strategies
- Make recommendations to the Committee
- Monitor the Fund and its managers
- Manage ongoing investment activities and relationships
- Provide information as requested by the Foundation's Controller, the Audit Committee, the Foundation's independent auditors, and the preparers of the Foundation's tax returns
- Perform any other responsibilities delegated by the Committee Responsibilities of the Director of Investments include the following:
- Serve as primary Staff liaison with the Consultant and the investment community
- ▪ Provide qualitative and quantitative monitoring of existing investment managers, the custodian bank, the Consultant, and other pertinent relationships
- ▪ Assist the Consultant in the identification, evaluation, selection, and monitoring of money managers, including interviewing managers, reviewing placement and marketing materials, making on-site due diligence trips, attending manager conferences and annual meetings, completing reference checks, etc.
- ▪ Work with the Controller and the Consultant to maintain positive banking relationships and execute an effective cash management system such that appropriate cash flow is available for grantsmaking and operations, with excess balances invested
- ▪ Coordinate with the Consultant on recommendations to the Committee to manage investments within the asset allocation guidelines of the IPS
- ▪ Assist in developing and revising the IPS, including the asset allocation guidelines
- ▪ Develop reports and charts and coordinate with the President and the Consultant presentations made to the Committee and the Board and external stakeholders
- ▪ Perform relevant administrative activities (i.e., write letters, set up meetings, process legal documents, maintain files, etc.) under the direction of the President
- ▪ Coordinate with the Consultant and the President internal research projects relating to portfolio management, new investment areas, and special projects as required
- ▪ Provide analytical support for the Foundation's activities as they pertain to investing and/or finance
- ▪ Foster resourceful relationships for the Foundation in the investment community and the banking community

Responsibilities of the Consultant include the following:

- Serve as the Foundation's external investment consultant making both policy and action recommendations to Staff and to the Committee, with the Foundation's directors, officers, and employees retaining the authority to make decisions and take action on the Consultant's recommendations
- Analyze and make recommendations to the Committee regarding investment policies and strategies

- Identify, evaluate, recommend, and monitor investment managers and specific investments for the Foundation
- Provide qualitative and quantitative monitoring of existing investment managers, the custodian bank, and other pertinent relationships
- Monitor the Foundation's cash management system such that appropriate cash flow is available for grantsmaking and operations, with excess balances invested
- Communicate effectively and in a timely manner with Staff and with the Committee
- Monitor the performance of the Fund and its managers
- Manage ongoing investment activities and relationships
- Alert Staff to any specific actions necessary or appropriate in connection with the day-to-day management of the Fund
- Reduce the administrative burden otherwise placed on Staff by providing back office teams in support of managing the Fund, assembling transaction documents for review and action by Staff, and sharing research and analysis regarding markets and managers
- Provide information as requested by the Foundation's Controller, the Audit Committee, the Foundation's independent auditors, and the preparers of the Foundation's tax returns
- Perform any other responsibilities delegated by the Committee
- Notify the Committee of any evidence that Staff of the Foundation has committed or is preparing to commit fraud or malfeasance, or is failing or is unable to perform job responsibilities
- Calculate, present and appraise the performance of the Fund

In managing the Fund, the following factors, if relevant, will be considered:

- General economic conditions;
- The possible effect of inflation or deflation;
- The expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the Fund;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation;
- The needs of the Foundation and the Fund to make distributions and to preserve capital; and
- An asset's special relationship, or special value, if any, to the charitable purposes of the Foundation.

Directors, officers, and Committee members are subject to the Conflicts of Interest Policy of the Foundation. If Consultant or any Foundation staff not subject to the Conflicts of Interest Policy of the Foundation shall have, or appear to have, a conflict of interest that impairs or appears to impair ~~his or her~~their ability to exercise independent and unbiased judgment in the good faith discharge of ~~his or her~~their duties, ~~he or she~~they shall disclose such conflict of interest or apparent conflict of interest to the Committee, and the Committee shall take such action as it shall deem necessary under the circumstances in order to protect the interests of the Foundation.

Directors, officers, Committee members, and Foundation staff recognize they may become aware or come into possession of proprietary information, including the holdings and strategies of the funds or underlying portfolios. With regard to such information, the Foundation has instructed all Directors, officers, Committee members, and Foundation staff to comply with all applicable laws, regulations and Foundation policies and practices with regard to trade secrets and confidentiality.

## III. Investment Objective, Liquidity and Distribution Policy

The Fund's investment objective is to preserve and enhance its real (inflation-adjusted) purchasing power while providing a continuing and stable funding source to support the mission of the Foundation. The Fund seeks to generate a return, at an acceptable level of risk, that will exceed not only its grant distributions target amount (as defined below), but also the Foundation's operating expenses and the eroding effects of inflation. To meet its long-term objectives, all sums earned (interest income, dividends, realized gains and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested in the Fund, consistent with the applicable standard of conduct set forth in the UPMIFA as adopted in North Carolina.

As stated in the Foundation's Articles of Incorporation, "the period of duration of the [Foundation] shall be perpetual"; thus, the Fund has a long-term investment horizon with relatively low liquidity demands. For this reason, the Fund can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. Consequently, the Fund is in a position to take advantage of less liquid investment opportunities, such as private equity, long-term hedge fund lock-ups, and other partnership vehicles, which typically offer higher risk-adjusted return potential as compensation for reduced liquidity. Nonetheless, to ensure liquidity for distributions and to facilitate rebalancing, the maximum allocation to illiquid assets, defined as funds locked-up for greater than one year, shall be limited to 40% of the Fund's market value.

Grants Payable, grants that have been awarded but not yet paid out, are short term obligations of the Foundation the characteristics of which are appropriately aligned with investments that exhibit low volatility on a daily basis and can readily be turned into cash. Among the Fund's asset classes, Cash and Fixed Income are the most suitable to this mandate. Consequently, in the event that the amount of Grants Payable rises above the combined Policy Target Allocations to Cash and Fixed Income, the actual allocations to Cash and Fixed Income asset classes 1) may exceed the Policy Targets for extended periods of time to promote a proper alignment between investments and the short term obligations of the Foundation and 2) may deviate from allocations that are more optimal for maximizing risk--adjusted returns.

The Board has established the following distribution policy to determine the amount to be designated for grant-making: the amount of the Fund targeted for distribution (the "grant distributions target amount") is determined by calculating the average of the previous three years' ending net asset values and multiplying that amount by four and thirty-five hundredths percent (4.35%). This calculated amount serves as a budgetary guide for the Board. The actual dollar amount of grants awarded in any given fiscal year may be either greater or less than the grant distributions target amount, and is determined by the Board.

The Articles of Incorporation also state that the Foundation "shall endeavor to preserve and enhance its principal assets, with economic impact assistance to be provided, to the extent feasible and circumstances allow, through the use of income generated by such assets." Thus, the Foundation will strive to not invade the principal assets of the Fund except in unusual circumstances or when not feasible to do so.

## IV. Asset Allocation

To achieve its investment objective, the Fund's assets will be allocated among several asset classes with a bias toward equity and equity-like investments due to their higher long-term return potential, which, if realized as in the past, will exceed the investment objective of the Fund. Other asset classes are added to the Fund to enhance returns, dampen volatility, diversify risk, diversify sources of return and otherwise improve the probability of meeting the long-term investment objective.

The Global Equity asset class serves as a foundation for long-term growth of the principal assets ahead of inflation while affording liquidity. Private Equity provides even higher return potential by focusing on opportunities in less efficient markets where assets are exchanged in private transactions on an infrequent basis. Absolute Return and Real Assets both have low correlation to traditional asset classes (and each other) and provide significant diversification benefits. Moreover, Absolute Return has attractive low volatility characteristics, while Real Assets offers expected inflation protection, as well as a strong yield component. Fixed Income provides income, stability, liquidity and partial deflation protection. Lastly, Cash provides short-term liquidity, protects principal and serves as a funding source for distributions and rebalancing. The Appendices elaborate more fully on the definition, strategy, and structure of each asset class.

The Fund's long-term, strategic asset allocation is presented in the following table, which also lists the long-term policy target allocations for each asset category and the permissible ranges of actual investment exposure.

| Asset Class | Policy Target | Policy Range |
|---|---|---|
| Global Equity | 45% | 35% - 55% |
| Private Equity | 15% | 0% - 20% |
| Absolute Return | 17% | 10% - 25% |
| Real Assets | 15% | 5% - 25% |
| Fixed Income | 5% | 2% - 10% |
| Cash | 3% | 0% - 10% |

The Fund's long-term, strategic asset allocation targets are guided, in part, by mean-variance/efficient frontier modeling. Using expected returns, volatilities and correlations, different asset allocations are simulated and considered alongside qualitative factors to determine an appropriate asset allocation policy for the Foundation. Additional simulation is performed to assess the probability of meeting the Fund's investment objective. The modeling assumptions and results are presented in Appendices G-I.

## V. Rebalancing, Redemptions, and Additions

The Committee will review the Fund's asset allocation at least quarterly. Deviations from asset class policy targets outside of the approved ranges will be reviewed by the Committee and, if deemed necessary, rebalancing will occur. An exception will be Private Equity, which, as discussed below, is more challenging to rebalance due to its illiquid nature and drawdown funding structure.

In general, the Fund's average asset allocation should match the targets listed in the table above. However, there may be times when tactical over- or under-weights are maintained to take advantage of favorable market conditions or disequilibria in certain asset categories. In addition, the Committee recognizes that investing in certain illiquid investments (i.e., primarily Private Equity, and Real Assets and Absolute Return to some extent) makes it more challenging to quickly adjust those allocations in a cost-effective manner. Furthermore, the pace of commitments to these illiquid investments must be measured to construct an optimally diversified portfolio. Global (public) Equity investments will be used as a substitute for Private Equity when the allocation is below its Policy target because they are most correlated with one another. Hence, allocations to Global Public Equity should be expected to be higher than its Policy target allocation during periods when Private Equity is below its Policy target.

The President or the President's delegate is permitted: (1) to make capital additions to, and partial redemptions from, existing fund investments; and (2) to grant or withhold consent with respect to administrative matters requiring investor consent such as extension of the term of a private equity investment. At the time of or promptly following any such transaction, the President or the Director of Investments will report such transaction to the Chair of the Investment Committee.

In circumstances deemed by the President and the Chair of the Investment Committee to constitute an emergency requiring action prior to the next scheduled meeting of the Investment Committee, in order to protect the Foundation from an imminent decline in the value of its assets:

(1) the President or the President's delegate, with the written (including an electronic record transmitted by electronic means) approval of the Chair of the Investment Committee, and after notice to the Consultant, is authorized:
   a. to redeem or require the distribution to the Foundation of any investment held or managed for the Foundation by an investment manager;
   b. to liquidate any investment distributed to the Foundation by an investment manager;
   c. to terminate one or more investment manager relationships;
   d. to invest in Cash (as defined in Appendix F) the proceeds resulting from any redemption or liquidation of an investment of the Foundation; and
   e. to invest an amount equal to the amount of the proceeds resulting from a redemption or liquidation of an investment of the Foundation, in an index or index-like investment offered by an existing investment manager of the Foundation, which index or index-like investment shall, to the extent feasible, be one that is deemed by the President to have a focus similar to that of the investment vehicles that were redeemed or liquidated.

(2) the President or the President's delegate, with the written (including an electronic record transmitted by electronic means) approval of the Chair of the Investment Committee, and after appropriate legal review, is authorized to hire one or more

new investment managers and to invest in Fixed Income (as defined in Appendix E) or Cash (as defined in Appendix F) offered by such investment manager.

The Investment Committee will be kept informed of portfolio activity on a regular basis at least quarterly. Cash receipts from the Master Settlement Agreement, cash receipts from General Assembly appropriations, and all other significant cash receipts shall be invested as soon as practical and in accordance with the current asset allocation policy unless otherwise directed by the Committee.

## VI. Performance Evaluation Benchmarks

Benchmarks are useful to gauge the performance of the Foundation's investments relative to the opportunity set, but they are best viewed over long periods of time, generally three to five years. The benchmarks for each of the broad asset classes are presented in the table below. The ones presented are reflective of some of the most common benchmarks utilized for these asset classes.

| Asset Class | Benchmark |
|---|---|
| Global Equity | MSCI All Country World Index (ACWI) |
| Absolute Return | HFRI Fund of Funds Composite Index |
| Private Equity | Cambridge Private Equity Indices (composite) |
| Real Assets | Cambridge Private Real Asset Indices, FTSE EPRA/NAREIT Developed Index, Bloomberg U.S. TIPS Index (composite) |
| Fixed Income | Bloomberg U.S. Aggregate Index |
| Cash | Citigroup 90 Day T-bill index or 0% during crisis periods |

The Fund's returns will be compared to its Policy Index returns, which is defined as the sum total of all the policy target weights for each of the asset classes multiplied by the returns of their respective benchmarks (the "Policy Benchmark"). In recognition of the gradual implementation of private capital investments (private equity, private natural resources, private real estate), the Policy Benchmark may reflect the actual weights in the asset classes that include private capital investments. Significant performance deviations from the Policy Benchmark will be explained to the Committee and appropriate actions taken if necessary. The difference between actual Fund results and the Policy Index return represents the value added (or detracted) by asset allocation, style, and manager selection.

Another useful gauge is whether investment performance exceeds 5% plus inflation (compounded annually). Given the absolute return nature of this "real return" benchmark, horizons of at least three to five years (or greater) should be used when evaluating performance.

Additional benchmarking will compare the Fund to an appropriate peer universe of institutional funds with the goal of surpassing the median. Lastly, performance of a 60/40 mix of stocks and bonds (i.e., MSCI ACWI Index for stocks and Bloomberg U.S. Aggregate for bonds) will be presented to compare to a simple allocation which approximates many investment policies and has historically met long-term distribution objectives, though with higher volatility. Both the peer and 60/40 evaluations focus on periods of three or more years.

In addition to the Fund and asset class benchmarking, all managers within each asset class will be compared to their own relevant style index benchmarks. Percentile rankings within pertinent peer groups also will be assessed and presented. While a horizon of at least three years is the preferred comparison period, significant short-term differences will be highlighted and, if warranted, action steps recommended to the Committee.

## VII. Manager Selection and Monitoring

The Committee will hire and monitor external managers to invest the assets of the Fund; the Committee will also make termination decisions, except that Committee approval is not required in emergency situations as described in Section V. The Committee may delegate certain selection and monitoring functions to Staff and the Consultant. Staff and Consultant will assess a manager's fit for the Fund, perform appropriate due diligence, and generate a recommendation memo for the Committee to review.

The Foundation seeks managers who demonstrate effective strategies, sustainable advantages, and high-quality organizational structures. The Foundation expects its active managers to generate superior, relative risk-adjusted performance, net of all expenses. Passive mandates may be used in more efficient (occasionally in less efficient) segments of the capital markets, and also to gain temporary market exposure until active management can be retained. The allocation to a single, active manager may not exceed 10% of the market value of the Fund.

Attractive firm characteristics include,

- Strong reputation in the marketplace and a meaningful, high-quality, institutional client base
- Aligned financial interests between ~~GLF~~ the Foundation and manager (e.g., significant amount of principal/employee dollars invested in the same funds)
- Stable, experienced, and diverse professional team
- Principals and/or employees own equity in the firm
- Controlled growth and a manageable level of assets under management

Staff and Consultant will use their respective networks of contacts to gain further confirmation of a manager's abilities and business practices. Recently established firms have additional business risk and are subject to a more rigorous level of due diligence and more stringent ongoing monitoring. Selection of investment managers is not geographically restricted.

The ongoing review and analysis, both quantitative and qualitative, of existing investment managers is just as important as the due diligence implemented during the manager selection process. In addition to performance measurement noted below, Staff and Consultant will monitor for consistent implementation of investment strategy and philosophy, appropriate risk management, adherence to any stated guidelines, and any material changes in the manager's organization and/or personnel.

The performance of the Fund's investment managers will be actively monitored by Staff and Consultant, who will report any meaningful observations including performance deviations to the Committee in a timely manner. Quarterly performance will be compared to appropriate benchmarks and peer universes, but emphasis will be placed on relative performance over longer investment periods. Expectations are that a manager will generate returns above the median of its peer universe over a full market cycle, generally at least five years.

The Committee has the discretion to take corrective action by replacing a manager if the Committee deems it appropriate at any time. Corrective action typically occurs as a result of meaningful organizational or process-related change, sustained relative underperformance and in some cases material changes to the legal documents governing the investment. Significant short-term underperformance will also trigger a review of the investment's role in the Fund.

Manager fees are expected to be in-line with industry norms. Emphasis will be placed on a manager's ability to generate attractive returns for the Foundation net of all fees and expenses. Incentive performance fees are common in the alternative asset categories and, in some cases, more traditional asset classes.

## VIII. Duties and Responsibilities of the Investment Managers

Investment managers retained by the Foundation are expected to comply, throughout the engagement, with the following list of duties and responsibilities.

- Promptly inform the Staff and Consultant regarding all significant and/or material matters and changes pertaining to the investment of Fund assets, including, but not limited to:
    - » Investment strategy
    - » Portfolio structure
    - » Ownership and organizational structure
    - » Tactical approaches
    - » Financial condition
    - » Investments that may trigger UBIT
    - » Professional staff
    - » Guideline changes
    - » Investments in "reportable transactions" as defined by the IRS
    - » All material legal, SEC and other regulatory agency proceedings affecting the firm.
- Provide accurate and timely performance reporting in compliance with applicable standards.
- Be available for meetings or teleconferences with the Committee.
- Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.
- Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like institutional funds with like aims in accordance and compliance with applicable local, state, and federal laws, rules and regulations, including but not limited to those pertaining to fiduciary duties and responsibilities.

## IX. Use of Derivatives and Leverage

The Fund will not make direct use of derivatives or leverage. However, the Fund may have exposure to derivatives and/or leverage through certain investment managers.

## X. Use of Lines of Credit

The Foundation may utilize lines of credit to enable the Foundation to timely meet its obligations to distribute grant funds from time to time as necessary or appropriate, and to avoid the forced liquidation of one or more investments at a time when it is disadvantageous to the Foundation to redeem such investments.

## XI. Unsolicited Investment Proposals

Unsolicited investment proposals received by the Foundation will be routed to the Director of Investments and the Consultant for initial evaluation. The Director of Investments and the Consultant will make a recommendation to the President with respect to the proposal, and the President, in consultation with the Chair of the Investment Committee, will decide whether to decline the proposal or to present the proposal to the Investment Committee for consideration.

## APPENDIX A – GLOBAL EQUITY

**Policy Target Weight:** 45% **Policy Range:** 35% to 55%

**Definition**

Global Equity includes strategies largely based on long positions in the stock of publicly traded companies whose shares are listed and/or frequently traded in the U.S. and non-U.S. markets, both Developed and Emerging Markets.

**Objectives**

The primary objectives of Global Equity are to:

- Provide long-term growth of capital in excess of the Fund's investment objective
- Provide liquidity as needed
- Provide diversification and an expanded opportunity set

The portfolio will be invested for total return; generating current income is not a primary objective.

**Strategy**

Global Equity may utilize either passive or active management:

- Allocations to passive mandates, such as index funds, may be appropriate in certain market segments due to market efficiencies, cost control, tracking error, favorable liquidity, and effective exposure for implementation flexibility (e.g., temporary allocation until an active manager is hired).
- Active management will typically be used in less efficient market segments

In addition, Global Equity may blend passive and active management through the use of portable alpha, which combines the use of derivative instruments with active management from less efficient markets/asset classes. The goal is to combine a sustainable, uncorrelated alpha source (i.e., outperformance relative to a benchmark) with passive market exposure.

Over longer periods, Global Equity will have a diversified mix of security, sector and country exposures; however, expected relative opportunities may lead to shorter-term tilts in exposure such as allocating more to the U.S. versus the rest of the world.

**Structure**

Strategies are implemented through a diversified array of external investment professionals that provide different areas of specialization:

- Active managers may specialize in (or invest across) market capitalizations segments (Large Cap, Mid Cap, Small Cap), specific styles (growth, value, blend), geographic regions, sectors and/or countries
- Passive mandates may be used temporarily or permanently
- Hedge funds or fund-of-funds may be utilized if the exposure is intended to be an equity substitute as measured by a strong expected beta component to returns
- Maximum allocation to dedicated Emerging Markets investments: 20% of Global Equity
- Quarterly reporting will display geographic breakouts compared to the benchmark

## APPENDIX A – GLOBAL EQUITY

**Benchmarks**

The primary benchmark for Global Equity is the MSCI All-Country World (ACWI) Index, a market capitalization weighted index that is representative of the total global equity opportunity set. Individual managers are judged versus:

- Capitalization- and style-specific benchmarks similar to the managers' investment objectives; and
- Third party manager medians (i.e., peer universes), as appropriate.

For performance purposes, managers generally are evaluated on a rolling 3-5-year basis, net of all fees.

## APPENDIX B – PRIVATE EQUITY

**Policy Target Weight:** 15% **Policy Range:** 0% to 20%

**Definition**
Private Equity includes illiquid investments, defined as assets that are traded very infrequently and cannot be sold without great penalty, in legal entities that focus on providing venture capital, growth capital, buyout capital, mezzanine debt, distressed debt, and opportunistic capital to companies and markets.

**Objectives**
The primary objectives of Private Equity are to:

- Provide long-term growth of capital in excess of those offered by investments in public markets
- Provide diversification and an expanded opportunity set
- Capture inefficiencies and opportunities available and consistent with illiquid and otherwise non-listed private transactions

**Strategy**
Private Equity investments will focus primarily on the following strategies:

- Venture capital investments in start-up and early stage, high-growth companies primarily in the US;
- Growth equity/buyout strategies which are later stage investments in operating companies located inside and outside the U.S. and include transactions such as acquisitions, leveraged buyouts, management buyouts, reorganizations, restructurings, recapitalizations and spin-offs;
- "Secondary" investments in venture capital and growth equity/buyout strategies which are purchased in the secondary market often in a privately negotiated transaction at a discount to net asset value.
- Other strategies such as mezzanine and distressed debt may be included.
- North Carolina Direct Equity Investments (NCDEI) will be limited to 10% of the Private Equity Policy Target Weight (see NCDEI Policy below).

Diversification across strategies/sectors, managers, and vintage years will be sought to control risk. Allocations across all categories will be opportunistic; there are no predetermined target percentages for each strategy/sector with the exception of NCDEI. Investment commitment pace will reflect, in part, the rate of capital draws and distributions - a factor largely controlled by external managers. Given the episodic nature of cash flows and the illiquid nature of investments in this area, it is difficult to control the precise composition and size of the allocation.

## APPENDIX B – PRIVATE EQUITY

### Structure

Strategies are implemented through a diversified array of external investment professionals that provide different areas of specialization:

- Fund-of-funds vehicles for secondary and primary investments which may provide vintage year/strategy/sector diversification, meaningful access to top tier/closed managers, and/or effective exposure for implementation flexibility;
- Direct managers that meet the overall investment objectives.

Private Equity investments are made though illiquid private partnerships, which require a commitment of capital for the duration of the partnership (as stipulated in the partnership agreement but may extend as long as 10-15 years). During any short-term period, capital could be drawn from the Fund in an amount that exceeds distributions to the Fund. This net capital draw would result in a negative short-term internal rate of return (IRR). This "J-curve" investment pattern is typical of private equity allocations. Over the long-term, the objective is to establish a mature private equity allocation in which capital draws are funded with distributions and the "J-curve" aspect, on a total program basis, is eventually eliminated.

The number of managers employed may vary over time depending on the use of multi-strategy/multi-manager vehicles (funds-of-funds) and based on available opportunities. The size of direct manager mandates will depend on the relative risk of the strategy/sector and the capabilities of the manager.

Equity distributions, and all other in-kind distributions, from private equity and venture capital investments, such as the receipt of shares of a company that has gone public, will be liquidated as soon as practical.

### Benchmarks

The primary benchmark for Private Equity is the Cambridge Private Equity Indices,which include a broad universe of private equity manager returns. In addition, the objective of providing returns in excess of public equities will be evaluated over longer time horizons. Individual managers are judged versus:

- Third-party benchmarks, such as manager median and pooled mean data. In using such return data, funds are judged against those of similar vintage year, investment stage, and size.

Managers typically control the timing of their capital calls and will, therefore, be evaluated using dollar- weighted returns or IRRs. Managers' portfolios require a number of years to mature, making it extremely difficult to develop meaningful quantitative judgments of performance over shorter time horizons. Due to accounting conventions, interim performance numbers can be very misleading indications of ultimate results. Consequently, evaluations over shorter time frames will rely heavily on qualitative analysis.

**North Carolina Direct Equity Investments (NCDEI) Policy**
The Foundation shall not engage in private equity investments outside the context of its professionally managed investment portfolio. Individual company requests for funding shall not be entertained by the Foundation. Should the Board wish to consider investments that relate to the mission of the Foundation on an exception basis, it should consider such investments in light of the following criteria:

- The majority of jobs created must reside in North Carolina
- Demonstrable positive long-term economic impact for North Carolina communities with emphasis on tobacco dependent or economically distressed areas
- ~~Golden L.E.A.F.~~The Foundation's participation will not exceed 25%
- One other institutional investor is included among the investor base
- IRR minimum target of 15% net of all fees and expenses to ~~GLF~~the Foundation
- Deal must be analyzed by outside due diligence resource
- A Sub-Committee will be created to evaluate the potential investment and advise the Board; the Sub- Committee will have equal representation from the Programs and Investment Committees
- Investment decisions will require the approval of the Board
- An exit strategy will be outlined before the investment is made
- Due diligence will not be subject to a limit of time

The Foundation would evaluate all elements of its participation in these investments based on the unique deal, timing, and resources available.

## APPENDIX C – ABSOLUTE RETURN

**Policy Target Weight:** 17% **Policy Range:** 10% to 25%

**Definition**
Absolute Return includes investment strategies that can invest, in general, across the range of asset classes with great flexibility, i.e., short selling, leverage, derivatives, etc. Strategies include long/short equity (security selection-oriented), event-driven strategies (distressed, restructurings, and merger arbitrage), non-event arbitrage (capital structure arbitrage, statistical equity arbitrage, and fixed income arbitrage), and global macro (including commodity trading advisors).

**Objectives**
The primary objectives of Absolute Return are to:

- Provide long term growth of capital at a level consistent with Fund's overall investment objective
- Provide a low volatility, return stream with low correlation to other asset classes
- Provide diversification and an expanded opportunity set
- Capture inefficiencies and opportunities present across asset classes and a variety of liquidity profiles of the underlying investments

**Strategy**
Absolute Return will focus primarily on the following strategies:

- Event-driven strategies focused on profiting from the securities of companies undergoing extraordinary corporate events such as mergers/acquisitions, distressed companies in or coming out of bankruptcy, and companies undergoing financial restructuring (spin-offs, etc.);
- Non-event arbitrage strategies which seek to profit from pricing inefficiencies in securities of the same issuer (capital structure arbitrage) or similar securities (fixed income/statistical equity arbitrage); ~~and~~
- Fundamental long/short equity-oriented strategies including domestic-only, global/international and emerging markets mandates with varying levels of market exposure~~.~~; and
- Other strategies, where a manager can demonstrate an edge

Diversification across relatively independent strategies (i.e. low cross-correlations) will be sought to control volatility for this asset class as a whole.

Strategies are implemented through a diversified array of external investment professionals that provide different areas of specialization:

- Fund-of-funds vehicles which may provide strategy diversification, meaningful access to top tier/closed managers, and/or effective exposure for implementation flexibility;
- Direct single strategy and/or multi-strategy managers that meet the overall investment objectives

## APPENDIX C – ABSOLUTE RETURN

The predominant vehicles are domestic limited partnerships or offshore corporations, which have limited liquidity. Quarterly liquidity is typically available, though some investments lock-up funds for several years. The number of managers employed may vary over time depending on the use of multi-strategy/multi-manager vehicles (funds-of-funds) and based on available opportunities. The size of direct manager mandates will depend on the relative risk of the manager's underlying strategies and the capabilities of the manager.

**Benchmarks**
The primary benchmark for Absolute Return is the HFRI Fund of Funds Composite Index which represents a universe of professionally managed funds of funds, portfolios comprised of multiple direct hedge funds often diversified across strategy as well as managers. Consistent with the objectives for Absolute Return, volatility and correlation characteristics will be evaluated on both an absolute and relative basis. Incentive fees are common in this asset class, and emphasis will be placed on performance net of all fees.

Individual managers are judged versus:

- Style/strategy-appropriate benchmarks similar to the manager's investment objectives~~, and~~;
- Third party manager medians (i.e., peer universes), as appropriate~~.~~; and
- Ability to preserve capital in hostile investment markets.

For performance purposes, managers generally are evaluated on a rolling 3-5 year basis, net of all fees. Volatility and correlation characteristics of each manager will be evaluated, consistent with the objectives outlined herein.

## APPENDIX D – REAL ASSETS

**Policy Target Weight:** 15% **Policy Range:** 5% to 25%

### Definition

Real Assets includes a diverse set of investment opportunities whose return streams are largely tied to the performance of a physical asset in the long run. Investment opportunities include: private real estate (core, value-added, opportunistic, international), publicly-traded real estate investment trusts (REITs), publicly-traded energy-related equity securities (global), commodities (typically through futures), natural resource partnerships (oil/gas, timber), and inflation-indexed bonds.

### Objectives

The primary objectives of Real Assets are to:

- Provide inflation hedging during times of unexpected/rising inflation;
- Provide long term growth of capital on a total return basis at a level consistent with Fund's overall investment objective;
- Provide a return stream with low correlation to other asset classes;
- Provide diversification and an expanded opportunity set;
- Capture inefficiencies and opportunities afforded by investments that do not trade frequently if at all; and
- Provide a strong income component

### Strategy

Real Asset investments will focus primarily on the following strategies/sectors:

- Real Estate, both publicly traded and private, including core, value-added, and opportunistic/international investments in actively managed mandates;
- Inflation-indexed bonds, both domestic and foreign obligations, in passive and/or active mandates;
- Natural Resources, including timber, oil/gas, and commodity investments in actively managed mandates; and
- Other sectors such as energy-related equities and commodity indices may be included, either passively or actively.

Diversification across strategies/sectors, managers, and vintage years will be sought to control risk. Investment commitment pace for illiquid mandates will reflect, in part, the rate of capital draws and distributions - a factor largely controlled by external managers. Given the episodic nature of cash flows and the illiquid nature of a significant portion of the allocation, it will be difficult to control the precise composition and size of the allocation. For target maintenance purposes, passive or active mandates that focus on the entire or specific segments of the "liquid" opportunity set may be utilized temporarily or permanently.

## APPENDIX D – REAL ASSETS

### Structure

Strategies are implemented through a diversified array of external investment professionals that provide different areas of specialization:

- Fund-of-funds vehicles which may provide vintage year/strategy/sector diversification, meaningful access to top tier/closed managers, and/or effective exposure for implementation flexibility;
- Direct managers that meet the overall investment objectives.

Real Asset investments in private real estate (excluding core, income-oriented open-ended funds) and natural resources (timber, oil/gas) are typically made though illiquid private partnerships that require a commitment of capital for the duration of the partnership (as stipulated in the partnership agreement). During any shorter-term period, capital could be drawn from the Fund in an amount that exceeds income/capital gain distributions to the Fund. This capital draw may result in a negative short-term internal rate of return (IRR). This “J-curve” investment pattern is typical of private real asset programs. Over the long term, the objective is to establish a program in which capital draws are funded with distributions and the “J-curve” aspect, on a total program basis, is eventually eliminated. The number of managers employed may vary over time depending on the use of multi- strategy/multi-manager vehicles (funds-of-funds) and based on available opportunities. The size of direct manager mandates will depend on the relative risk of the strategy/sector and the capabilities of the manager.

### Benchmarks

The primary benchmark for Real Assets is a composite benchmark consisting of the following: Cambridge All Private E&NR Benchmark, Cambridge All Private Real Estate Benchmark, FTSE EPRA/NAREIT Developed Index, Bloomberg U.S. TIPS Index, The four benchmarks represent, respectively, private investments in institutional-grade energy and natural resources, private investments in institutional-grade real estate, public investments in institutional-grade real estate, and US Treasury Inflation-Protected Securities. The portfolio will also be compared to an absolute return measure, such as a premium above inflation.” Consistent with the objectives for Real Assets, inflation hedging and correlation characteristics will be evaluated on both an absolute and relative basis. Individual managers are judged versus:

- Style-appropriate benchmarks similar to the managers’ investment objectives; and
- Third party manager medians (i.e., peer universes), as appropriate.

For performance purposes, managers generally are evaluated on a rolling 3-5 year basis, net of all fees. Depending on the mandate, inflation hedging and correlation characteristics of each manager will be evaluated, consistent with the objectives outlined herein.

## APPENDIX E – FIXED INCOME

**Policy Target Weight:** 5% **Policy Range:** 2% to 10%

**Definition**
Fixed Income includes liquid bonds and similar instruments including ~~S~~sovereign debt, sovereign backed or sponsored debt, supranational debt, investment-grade and non-investment grade corporate bonds, bank debt, mortgages, asset-backed securities, foreign sovereign and corporate bonds of developed or emerging countries denominated in currencies other than USD. Fixed income investments may have fixed or variable current income components.

**Objectives**
The primary objectives of Fixed Income are to:

- Dampen overall volatility of the Fund
- Provide diversification and an expanded opportunity set
- Provide a positive return stream funding source during periods of equity market weakness
- Provide liquidity as needed
- Partially hedge against deflationary forces
- Provide a significant income component

**Strategy**
Fixed Income may utilize either passive or active management:

- Passive management may be more appropriate for more efficient sectors, such as U.S. Treasuries,
- Active management will typically be used in less efficient sectors.

Over longer periods, Fixed Income will have a diversified mix of sectors and securities; however, expected relative opportunities may lead to shorter-term biases. With respect to active management mandates that include non-USD denominated investments, the Foundation will seek out managers that actively approach currency opportunities and exchange rate risk.

Portable alpha or other levered strategies may also be used to enhance returns.

**Structure**
Strategies are implemented through a diversified array of external investment professionals that provide different areas of specialization:

- Smaller mandates are reserved for exploiting niche opportunities (opportunistic) in particular segments of the market, e.g., high-yield and emerging market debt.

## APPENDIX E – FIXED INCOME

**Benchmarks**

The primary benchmark for Fixed Income is the Bloomberg U.S. Aggregate index, a common fixed income benchmark which includes Treasuries, investment grade corporate bonds, mortgage-backed securities, and other liquid debt securities. Individual managers are judged versus:

- Style-appropriate benchmarks similar to the managers' investment objectives~~,~~; and
- Third party manager medians (i.e., peer universes), as appropriate.

For performance purposes, managers generally are evaluated on a rolling 3-5 year basis, net of all fees.

# APPENDIX F – CASH

**Policy Target Weight:** 3% **Policy Range:** 0% to 10%

**Definition**
Cash includes Treasury bills, commercial paper, certificates of deposit, bankers' acceptances, and similar instruments with maturities of generally less than one year and denominated only in USD. "Enhanced Cash" is a subset of Cash and includes investment vehicles that have a moderately longer maturity than money market funds, typically between six and 18 months, and have a duration that is usually less than one year. Enhanced Cash funds assume marginally higher levels of credit risk than money market funds in an effort to achieve greater yields, while continuing to maintain capital preservation as a primary objective.

**Objectives**
The primary objectives of Cash ~~is~~are to:

- Provide liquidity to the Fund for grant making, capital calls for illiquid partnerships, rebalancing, and for other liquidity needs~~.~~; and
- Preserve capital.

**Strategy**
Cash will be invested in high credit quality USD denominated obligations (Treasuries, commercial paper) to limit credit risk and ensure preservation of principal. Cash seeks to earn a competitive yield commensurate with the level of interest rates and credit risk in the broad U.S. debt market.

**Structure**
Cash management will be implemented through external investment professionals in the form of separate accounts or commingled vehicles, e.g., institutional money market funds or short-term investment funds (STIF).

Enhanced Cash mandates may be utilized to seek returns in excess of money market accounts and T-bills by moving farther out on the yield curve and credit risk spectrum. While individual securities may have durations or maturities exceeding one year, the overall duration for mandates in this subset shall not exceed one year.

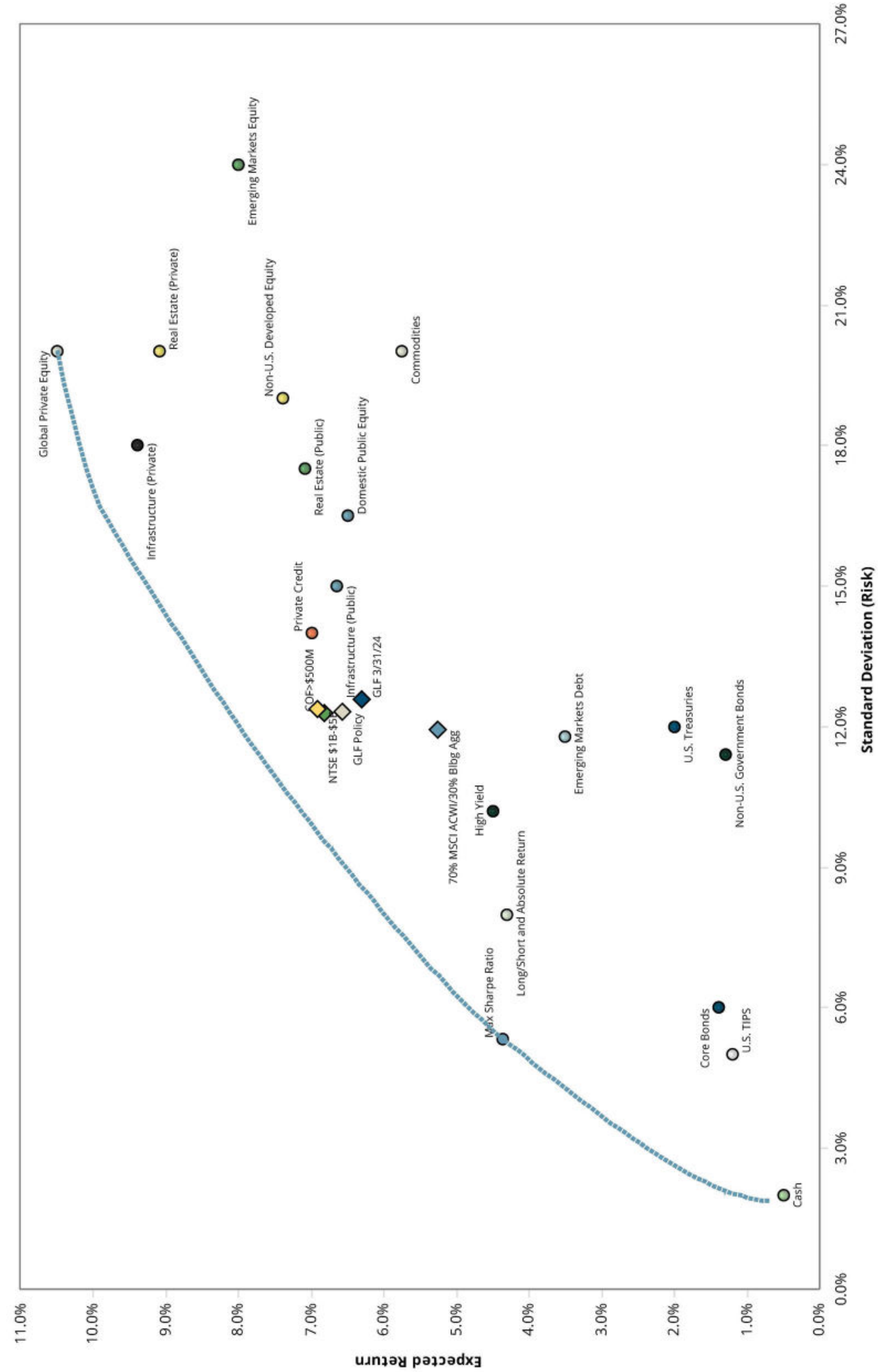
**Benchmarks**
The primary benchmark for Cash is the Citigroup 90 Day T-Bill index, which consists of short-term Treasury obligations, and 0% for periods of market stress. Individual managers are judged versus:

- Credit/duration benchmarks similar to the managers' investment objectives; ~~and~~
- Third party manager medians (i.e., peer universes), as appropriate~~.~~; and
- Ability to preserve principal amount invested.

For performance purposes, managers generally are evaluated on a rolling 3-5 year basis, net of all fees.

## APPENDIX G – ASSET ALLOCATION

## EFFICIENT FRONTIER MODELING



## APPENDIX H – ASSET ALLOCATION

## COMPARISONS

| | | 70% MSCI ACWI/30% Blbg Agg | NTSE $1B-$5B | COF>$500M | GLF Policy | GLF 3/31/24 |
|---|---|---|---|---|---|---|
| **Equity** | Global Public Equity | 70.0 | 35.6 | 35.0 | 45.0 | 53.3 |
| | Global Private Equity | 0.0 | 27.0 | 29.0 | 15.0 | 9.2 |
| **Flexible Capital** | Long/Short and Absolute Return | 0.0 | 14.8 | 13.0 | 17.0 | 15.9 |
| **Real Assets** | Natural Resources (Public & Private) | 0.0 | 4.1 | 4.0 | 4.5 | 3.4 |
| | Real Estate (Public & Private) | 0.0 | 5.5 | 4.0 | 7.5 | 6.9 |
| | U.S TIPS | 0.0 | 0.0 | 0.0 | 3.0 | 3.4 |
| **Credit** | Core Bond | 30.0 | 8.0 | 11.8 | 5.0 | 4.7 |
| **Deflation/Dollar Hedge** | Sovereign Debt | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 |
| **Liquidity** | Cash (T-bills) | 0.0 | 5.0 | 3.0 | 3.0 | 3.2 |
| Total: | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

| Statistical Output (%) | 70% MSCI ACWI/30% Blbg Agg | NTSE $1B-$5B | COF>$500M | GLF Policy | GLF 3/31/24 |
|---|---|---|---|---|---|
| **Expected Real Return (Arithmetic)** | 5.3 | 6.9 | 6.8 | 6.6 | 6.3 |
| **Expected Standard Deviation** | 12.0 | 12.4 | 12.3 | 12.3 | 12.6 |
| **Expected Real Return (Geometric)** | 4.6 | 6.2 | 6.1 | 5.9 | 5.6 |
| **Sharpe Ratio** | 0.40 | 0.52 | 0.51 | 0.49 | 0.46 |
| **Historical Real Return (Arithmetic)** | 6.4 | 8.2 | 8.1 | 7.7 | 7.4 |
| **Historical Standard Deviation** | 12.4 | 10.5 | 10.5 | 11.5 | 12.4 |
| **Historical Real Return (Geometric)** | 5.6 | 7.6 | 7.6 | 7.1 | 6.7 |

*Notes: Expected return/risk using 10-15 year Prime Buchholz asset class assumptions.*
*Historical data based on index returns from January 1, 1988 through December 31, 2023.*

## APPENDIX I – ASSET ALLOCATION

## INPUT ASSUMPTIONS

| | Expected Real Return | Expected Standard Deviation | Domestic Public Equity | Non-U.S. Developed Equity | Emerging Markets | Global Private Equity | Core Bonds | Long Gov/ Corp | High Yield | Municipal Bonds | Private Credit | Long/ Short & Abs. Return | U.S. TIPS | Natural Resources (Private) | Natural Resources (Public) | Infrastructure (Private) | Infrastructure (Public) | Real Estate (Private) | Real Estate (Public) | Commodities | U.S. Treasuries | Cash | Non-U.S. Government Bonds | Emerging Market Debt |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Domestic Public Equity | 6.5 | 16.5 | 1.00 | 0.84 | 0.71 | 0.65 | 0.02 | 0.02 | 0.71 | 0.13 | 0.69 | 0.82 | -0.04 | 0.33 | 0.63 | 0.53 | 0.81 | 0.29 | 0.72 | 0.13 | -0.26 | 0.02 | 0.03 | 0.60 |
| Non-U.S. Developed Equity | 7.4 | 19.0 | 0.84 | 1.00 | 0.73 | 0.61 | 0.01 | 0.01 | 0.63 | 0.14 | 0.72 | 0.75 | 0.01 | 0.36 | 0.66 | 0.63 | 0.90 | 0.32 | 0.79 | 0.23 | -0.25 | -0.02 | 0.27 | 0.73 |
| Emerging Markets | 8.0 | 24.0 | 0.71 | 0.73 | 1.00 | 0.51 | -0.05 | -0.07 | 0.66 | 0.09 | 0.67 | 0.82 | 0.09 | 0.33 | 0.52 | 0.61 | 0.84 | 0.17 | 0.69 | 0.23 | -0.31 | 0.05 | 0.02 | 0.79 |
| Global Private Equity | 10.5 | 20.0 | 0.65 | 0.61 | 0.51 | 1.00 | -0.10 | -0.08 | 0.38 | -0.01 | 0.58 | 0.73 | 0.01 | 0.33 | 0.45 | 0.70 | 0.72 | 0.44 | 0.47 | 0.25 | -0.23 | 0.06 | 0.01 | 0.52 |
| Core Bonds | 1.4 | 6.0 | 0.02 | 0.01 | -0.05 | -0.10 | 1.00 | 0.92 | 0.16 | 0.83 | -0.08 | -0.01 | 0.73 | -0.18 | -0.14 | -0.11 | 0.11 | -0.11 | 0.15 | -0.14 | 0.84 | 0.29 | 0.60 | 0.38 |
| Long Gov/ Corp | 2.1 | 11.1 | 0.02 | 0.01 | -0.07 | -0.08 | 0.92 | 1.00 | 0.12 | 0.78 | -0.10 | -0.05 | 0.65 | -0.18 | -0.17 | -0.10 | 0.09 | -0.08 | 0.14 | -0.19 | 0.92 | 0.10 | 0.56 | 0.29 |
| High Yield | 4.5 | 10.2 | 0.71 | 0.63 | 0.66 | 0.38 | 0.16 | 0.12 | 1.00 | 0.31 | 0.77 | 0.71 | 0.25 | 0.34 | 0.54 | 0.43 | 0.75 | 0.15 | 0.67 | 0.18 | -0.18 | -0.04 | 0.07 | 0.68 |
| Municipal Bonds | 1.1 | 6.5 | 0.13 | 0.14 | 0.09 | -0.01 | 0.83 | 0.78 | 0.31 | 1.00 | 0.10 | 0.14 | 0.72 | -0.05 | 0.02 | 0.03 | 0.29 | -0.03 | 0.29 | -0.06 | 0.65 | 0.19 | 0.49 | 0.44 |
| Private Credit | 7.0 | 14.0 | 0.69 | 0.72 | 0.67 | 0.58 | -0.08 | -0.10 | 0.77 | 0.10 | 1.00 | 0.75 | 0.08 | 0.53 | 0.63 | 0.62 | 0.84 | 0.46 | 0.69 | 0.35 | -0.36 | -0.02 | 0.01 | 0.61 |
| Long/ Short & Abs. Return | 4.3 | 8.0 | 0.82 | 0.75 | 0.82 | 0.73 | -0.01 | -0.05 | 0.71 | 0.14 | 0.75 | 1.00 | 0.05 | 0.43 | 0.63 | 0.56 | 0.84 | 0.21 | 0.66 | 0.28 | -0.30 | 0.18 | 0.00 | 0.65 |
| U.S. TIPS | 1.2 | 5.0 | -0.04 | 0.01 | 0.09 | 0.01 | 0.73 | 0.65 | 0.25 | 0.72 | 0.08 | 0.05 | 1.00 | 0.05 | 0.03 | 0.08 | 0.21 | 0.07 | 0.18 | 0.23 | 0.53 | 0.09 | 0.50 | 0.41 |
| Natural Resources (Private) | 8.9 | 25.0 | 0.33 | 0.36 | 0.33 | 0.33 | -0.18 | -0.18 | 0.34 | -0.05 | 0.53 | 0.43 | 0.05 | 1.00 | 0.67 | 0.38 | 0.59 | 0.45 | 0.39 | 0.52 | -0.30 | 0.08 | -0.11 | 0.36 |
| Natural Resources (Public) | 6.6 | 23.0 | 0.63 | 0.66 | 0.52 | 0.45 | -0.14 | -0.17 | 0.54 | 0.02 | 0.63 | 0.63 | 0.03 | 0.67 | 1.00 | 0.47 | 0.78 | 0.34 | 0.57 | 0.64 | -0.40 | 0.03 | 0.03 | 0.48 |
| Infrastructure (Private) | 9.4 | 18.0 | 0.53 | 0.63 | 0.61 | 0.70 | -0.11 | -0.10 | 0.43 | 0.03 | 0.62 | 0.56 | 0.08 | 0.38 | 0.47 | 1.00 | 0.63 | 0.62 | 0.53 | 0.47 | -0.28 | 0.02 | 0.21 | 0.55 |
| Infrastructure (Public) | 6.7 | 15.0 | 0.81 | 0.90 | 0.84 | 0.72 | 0.11 | 0.09 | 0.75 | 0.29 | 0.84 | 0.84 | 0.21 | 0.59 | 0.78 | 0.63 | 1.00 | 0.49 | 0.86 | 0.59 | -0.27 | 0.06 | 0.35 | 0.74 |
| Real Estate (Private) | 9.1 | 20.0 | 0.29 | 0.32 | 0.17 | 0.44 | -0.11 | -0.08 | 0.15 | -0.03 | 0.46 | 0.21 | 0.07 | 0.45 | 0.34 | 0.62 | 0.49 | 1.00 | 0.33 | 0.30 | -0.15 | 0.10 | -0.01 | 0.26 |
| Real Estate (Public) | 7.1 | 17.5 | 0.72 | 0.79 | 0.69 | 0.47 | 0.15 | 0.14 | 0.67 | 0.29 | 0.69 | 0.66 | 0.18 | 0.39 | 0.57 | 0.53 | 0.86 | 0.33 | 1.00 | 0.22 | -0.13 | -0.07 | 0.24 | 0.68 |
| Commodities | 5.8 | 20.0 | 0.13 | 0.23 | 0.23 | 0.25 | -0.14 | -0.19 | 0.18 | -0.06 | 0.35 | 0.28 | 0.23 | 0.52 | 0.64 | 0.47 | 0.59 | 0.30 | 0.22 | 1.00 | -0.31 | 0.17 | 0.09 | 0.38 |
| U.S. Treasuries | 2.0 | 12.0 | -0.26 | -0.25 | -0.31 | -0.23 | 0.84 | 0.92 | -0.18 | 0.65 | -0.36 | -0.30 | 0.53 | -0.30 | -0.40 | -0.28 | -0.27 | -0.15 | -0.13 | -0.31 | 1.00 | 0.12 | 0.47 | -0.04 |
| Cash | 0.5 | 2.0 | 0.02 | -0.02 | 0.05 | 0.06 | 0.29 | 0.10 | -0.04 | 0.19 | -0.02 | 0.18 | 0.09 | 0.08 | 0.03 | 0.02 | 0.06 | 0.10 | -0.07 | 0.17 | 0.12 | 1.00 | 0.07 | 0.16 |
| Non-U.S. Government Bonds | 1.3 | 11.4 | 0.03 | 0.27 | 0.02 | 0.01 | 0.60 | 0.56 | 0.07 | 0.49 | 0.01 | 0.00 | 0.50 | -0.11 | 0.03 | 0.21 | 0.35 | -0.01 | 0.24 | 0.09 | 0.47 | 0.07 | 1.00 | 0.61 |
| Emerging Market Debt | 3.5 | 11.8 | 0.60 | 0.73 | 0.79 | 0.52 | 0.38 | 0.29 | 0.68 | 0.44 | 0.61 | 0.65 | 0.41 | 0.36 | 0.48 | 0.55 | 0.74 | 0.26 | 0.68 | 0.38 | -0.04 | 0.16 | 0.61 | 1.00 |

** Expected returns are for the next 10-15 years; correlations are based on returns from January 1,1988-September 30, 2023.*

# APPENDIX J – GOVERNANCE

**Summary Governance Structure**

| | *Planning and Strategy* | | *Implementation and Review* | | |
|---|---|---|---|---|---|
| | **Policy** | **Asset Allocation** | **Manager Selection** | **Research & Monitoring** | **Rebalance & Maintenance** |
| **GLF Board** | Decides | Decides | Oversees | - | - |
| **Investment Committee** | Recommends | Recommends | Decides | Oversees | Oversees |
| **Investment Committee Chairman** | - | - | - | - | Reviews |
| **GLF Staff** | Recommends | Recommends | Recommends | Managers, AA, Compliance vs. Mandate | Decides/Executes |
| **Consultant** | Recommends | Recommends | Recommends/Endorses | Managers, AA, Operational, Performance | Recommends/Endorses |

Attachment B
Resolutions of the Investment Committee

**RESOLUTIONS OF THE INVESTMENT COMMITTEE OF THE BOARD OF DIRECTORS OF THE GOLDEN L.E.A.F. (Long-term Economic Advancement Foundation), INC.**

WHEREAS, the Investment Committee has received the recommendation of Staff and Prime Buchholz LLC, the investment consultant to the Foundation (the "Investment Consultant"), that the Committee authorize and approve the investment of funds of the Foundation in the investment opportunity identified hereinbelow; and

WHEREAS, the Committee has reviewed recommendation materials from Staff and the Investment Consultant and has determined that the recommended investment would be of benefit to the Foundation and would be in the best interest of the Foundation; and

WHEREAS, in accordance with the Foundation's Conflicts of Interest Policy, following due inquiry, no individual interest has been disclosed that would preclude or limit the recommended investment; now, therefore, it is

RESOLVED, that the Investment Committee authorizes and approves an investment of up to $10,000,000 in limited partner interests in Landrock Real Estate Partners VIII, L.P. (the "Fund") or in a UBIT-sensitive fund that is a parallel fund of the Fund; provided, however, that such authorization and approval is conditioned upon the satisfactory conclusion of a review of the proposed transaction documents by the Foundation's legal counsel.

FURTHER RESOLVED, that the President and the Director of Investments of the Foundation be and they hereby are authorized to execute and deliver any agreements, certificates, documents, and instruments to be executed by the Foundation in connection with the aforesaid investment, in the name and on behalf of the Foundation, execution and delivery of such agreements, certificates, documents, and instruments by the President or the Director of Investments of the Foundation to be conclusive evidence that the same had been approved and authorized by the Investment Committee.

FURTHER RESOLVED, that the proper officers of the Foundation be and they hereby are authorized to take or cause to be taken any such other or further action as they may deem necessary or appropriate in order to implement and effectuate the action of the Investment Committee.