

# Investment Policy Statement

Prepared for IM IRVINE VALLEY COLLEGE FDN  
As of 06/27/2025

## Introduction:

This Investment Policy Statement (IPS) is intended to be the governing document for Bank of America, N.A. (the "Investment Manager") to follow for the management of the investment portfolio entrusted to the Investment Manager, and as such details objectives, risk tolerance, and spending requirements. The information contained within the IPS will be used to formulate an appropriate and effective investment plan.

## Portfolio Purpose and Background:

This portfolio belongs to the Irvine Valley College Foundation. The Foundation's mission focuses on giving students equity, inclusion, access, and overall success. It is central to Irvine Valley Colleges identity. They offer clear and guided pathways to transfer opportunities, certificates, associate degrees, employment, and further education to a diverse and dynamic local and global community. IVC fosters economic and workforce development through strategic partnerships with business, government, and educational networks. This portfolio will be managed towards a Balanced investment objective.

## Overall Risk Tolerance and Investment Objective:

We recognize that no investment is free from risk, and have considered the following risk categories and definitions in the development of this Investment Policy Statement:

**Volatility Risk:** Volatility Risk is the potential for loss in the value of the portfolio due to year-to-year fluctuations in return relative to the one-year expected return.

**Concentration Risk:** Concentration Risk is the potential for loss in the value of the portfolio due to a substantial overweight in any sector(s), sub-sector(s), industry(ies), or security(ies).

**Credit Risk:** Credit Risk is the potential for loss in the value of the portfolio due to a decline in the credit-worthiness of an investment.

**Inflation Risk:** Inflation Risk is the loss of purchasing power due to the decline in value of the monetary unit on which the investment is based.

**Liquidity Risk:** Liquidity Risk is the inability to sell an investment in a timely manner without offering a discount to its fair value.

The overall Investment Objective is **Balanced**:

This objective offers the potential for both current income and capital appreciation, with corresponding allocations to fixed income and equities, and where appropriate, other asset classes.

**Risk level:** Moderate. Investors with this objective should be willing to accept a moderate level of portfolio volatility and risk of principal loss despite the relatively balanced nature of the portfolio.

## Time Horizon:

The time horizon for this portfolio is perpetuity.

## Liquidity Needs:

The portfolio has no specific requirements to maintain liquidity for short-term cash flow needs.

## Distribution Needs:

There are no significant known distribution requirements for this portfolio.

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## **Income Tax Considerations:**

This portfolio is constructed without a need to consider taxability of ordinary income and capital gains from investments. Unrelated business tax income may be a consideration.

## **Investment Authority:**

The investment authority has been delegated to the Investment Manager who will be responsible for the investment management of the portfolio within the guidelines of this IPS.

## **Investment Philosophy:**

At Bank of America, we believe several critical components drive investment management success. Our philosophy is embodied by a goals-based, proactive investment management approach, adherence to fiduciary standards, and ultimately, the use of our insights, strategies, and solutions. Our approach encompasses diversification among and within asset classes, allocating from the top down and the bottom up, within the context of strategic planning, tactical management and, when applicable, tax efficiency. Investments in individual securities, funds, and managed accounts are guided by our due-diligence process that draws insights from internal and external resources.

## **Investment Restrictions and Special Instructions:**

Unless there are constraints described elsewhere in this document, none of the current portfolio assets are subject to a client defined restriction that prevents the Investment Manager from selling any assets in whole or in part.

The Investment Manager will be bound by its policies and procedures in making investments consistent with pursuing your investment objective, but you have not placed any additional restrictions on the Investment Manager of the following types: Asset Class; Security Type; Sector/Industry; Issuer; Country of Issuer; use of Hedging, Margins, Short Selling; Credit Quality; use of Un-Rated Municipal Bonds; Maximum Maturity; Government Issuer; limits by Sector/Industry; limits by Issuer; or Custom Restrictions.

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## Asset Allocation:

The portfolio will be invested in accordance within the Policy Maximum and Minimum Range for each asset category described below. The asset allocation, Strategic Target, and Policy Maximum and Minimum Range have been established in accordance with the overall risk and return objectives of the portfolio. These asset classes and ranges are reviewed regularly and may change over time without an immediate update to this investment policy statement.

Since the Plan's total portfolio is expected to be broadly diversified with respect to asset classes and asset class managers, the Investment Manager is allowed latitude in constructing the components of the total portfolio, consistent with its style of management.

Asset Class	Strategic Target	Policy Range
<b>Cash</b>	<b>1.00%</b>	<b>0.00% - 19.00%</b>
<b>Equity</b>	<b>45.00%</b>	<b>25.00% - 65.00%</b>
U.S. Large Cap	19.00%	4.00% - 65.00%
U.S. Mid Cap	10.00%	0.00% - 20.00%
U.S. Small Cap	4.00%	0.00% - 14.00%
International - Developed	8.00%	0.00% - 18.00%
Emerging Markets	4.00%	0.00% - 14.00%
<b>Fixed Income</b>	<b>31.00%</b>	<b>11.00% - 51.00%</b>
Investment Grade	21.00%	6.00% - 51.00%
International Developed Bonds	8.00%	0.00% - 18.00%
High Yield	2.00%	0.00% - 12.00%
<b>Hedge Funds</b>	<b>19.00%</b>	<b>0.00% - 29.00%</b>
<b>Tangible Assets</b>	<b>4.00%</b>	<b>0.00% - 14.00%</b>

## Rebalancing Strategy:

Rebalancing the portfolio allocation with the Policy Strategic Target allocation ranges for the various asset classes serves the purpose of maintaining the risk and expected return of the portfolio within parameters stated in the Investment Policy Statement. Reallocations among asset classes and managers shall reflect the following considerations:

- 1) Generally allocated toward maintaining the strategic allocation targets over time; and/or
- 2) The Investment Manager will rebalance the portfolio with the asset allocation ranges stated herein when the risk and expected reward potential is perceived to be such that an asset class weighting should be tilted toward the approved policy maximum or minimum.

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## Performance Benchmarks and Measurement:

Performance will be reviewed monthly.

Investment performance of the portfolio will be measured against a blended portfolio benchmark. The target weight of each asset class benchmark, as derived from the portfolio's investment objective and asset allocation, will be combined to define the blended benchmark for the portfolio. The assigned benchmark and weighting for each asset class within the investment objective are reviewed regularly and may change over time.

Based on the current investment objective, the portfolio will be monitored in comparison to the following benchmark:

Asset Class	Strategic Target	Benchmark
<b>Cash</b>	<b>1.00%</b>	<b>ICE BofA US 3 Month T-Bill Index TR</b>
U.S. Large Cap	19.00%	S&P 500 TR
U.S. Mid Cap	10.00%	Russell Mid Cap Index TR
U.S. Small Cap	4.00%	Russell 2000 TR
International - Developed	8.00%	MSCI Daily TR Net World Ex USA USD
Emerging Markets	4.00%	MSCI Emerging Net Total Return
Investment Grade Taxable	21.00%	BBG BARC US Aggregate Bond Index TR
International Developed Bonds	8.00%	ICE BofA Global Broad Market TR Ex. USD (Hedged)
Global High Yield Taxable	2.00%	BBG BARC Global High Yield Index TR
<b>Hedge Funds</b>	<b>19.00%</b>	<b>HFRI Fund Weighted Composite Index</b>
<b>Tangible Assets</b>	<b>4.00%</b>	<b>Bloomberg Commodity Index Total Return</b>

## Updating Information:





This Investment Policy Statement shall be reviewed at least once annually. This Investment Policy Statement may be modified in whole or in part at any time, and the changes shall be communicated to the Investment Manager in writing and signed by a duly appointed representative of the organization.

The Investment Manager will make adjustments to this IPS consistent with our understanding of the purpose, return objectives, and risk tolerance appropriate for this portfolio. When those changes are material we will deliver a revised copy of this IPS and if appropriate ask for your confirming signature. The Investment Manager will seek to affirm verbally that this IPS is still valid and correct on at least an annual basis.

# Investment Policy Statement

## Acknowledgement

This Investment Policy Statement is acknowledged and adopted as of the date below:

<div>Signed by:  A45A88030FED446...</div>	07/09/2025	<div>Signed by:  BE3B29DCDEDA49B...</div>	06/30/2025
Damien Howard	Date	Elissa Oransky	Date
<div>Signed by:  FEEC1CF1FDCC428...</div>	06/30/2025	<div>DocuSigned by:  643AC746E10A4A0...</div>	06/27/2025
Karen Moran	Date	Steven G Solomon Managing Director, Senior Portfolio Manager	Date

# Investment Policy Statement

## Investment Objective Descriptions

Your IPS lists the portfolio's current investment objective of record. Investment objectives range from those that are more conservative and have potentially less investment risk and more inflation risk, to those that are more aggressive and have potentially more investment risk and less inflation risk. The investment objective may be listed as one of the following.

### **All Fixed Income**

This objective emphasizes current income generation. Due to its focus on fixed income securities, and other appropriate asset classes, general stability of principal value should be obtained, but is not guaranteed.

### **Current Income**

This objective focuses on current income generation with a modest potential for capital appreciation. Investments are primarily in fixed income securities, with a modest allocation to equities and, where appropriate, other asset classes.

### **Balanced Income**

This objective focuses on current income generation with a secondary focus on capital appreciation through a higher allocation to fixed income than equities and, where appropriate, other asset classes.

### **Balanced**

This objective offers the potential for both current income and capital appreciation, with corresponding allocations to fixed income and equities, and where appropriate, other asset classes.

### **Balanced Return**

This objective focuses on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income, and where appropriate, other asset classes.

### **Balanced Appreciation**

This objective focuses on capital appreciation with a potential for current income through a higher allocation to equities than fixed income and, where appropriate, other asset classes.

### **Appreciation**

This objective emphasizes capital appreciation with a modest potential for current income generation. Investments are primarily in equities with a modest allocation to fixed income securities, and where appropriate, other asset classes.

### **All Equity**

This objective emphasizes long term growth and capital appreciation. Due to its focus on equities and other appropriate asset classes, this objective is an aggressive strategy and short term performance may be volatile.

For qualified investors, in addition to utilizing cash and equivalents, equities and fixed income investments, other asset classes such as hedge funds, private equity funds, real estate and tangible investments may also be utilized. In addition to the above objectives, individual client circumstances may dictate a unique investment objective. In such circumstances, the objective may be listed as Customized Objective. In addition, other circumstances may result in a specialty objective being used, including Principal Preservation, All Real Estate or All Oil and Gas.

The above descriptions are presented for comparative purposes only. In addition, from time to time, tactical decisions may result in your actual asset holdings differing from your long term investment objective. Asset class ranges for each portfolio objective are reviewed regularly and may change over time.

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## STRATEGIC ASSET ALLOCATION GUIDELINES DISCLOSURE - LOW TAX SENSITIVITY

	ALL FIXED INCOME	CURRENT INCOME	BALANCED INCOME	BALANCED	BALANCED RETURN	BALANCED APPRECIATION	APPRECIATION	ALL EQUITY
	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range
CASH	0% - 19%	0% - 23%	0% - 19%	0% - 19%	0% - 19%	0% - 19%	0% - 19%	0% - 19%
EQUITY	0% - 0%	0% - 40%	12% - 52%	25% - 65%	39% - 79%	50% - 90%	65% - 100%	80% - 100%
U.S. Large Cap	0% - 0%	0% - 40%	0% - 52%	4% - 65%	10% - 79%	14% - 90%	21% - 100%	26% - 100%
U.S. Mid Cap	0% - 0%	0% - 14%	0% - 17%	0% - 20%	0% - 22%	0% - 25%	0% - 29%	0% - 31%
U.S. Small Cap	0% - 0%	0% - 11%	0% - 12%	0% - 14%	0% - 15%	0% - 16%	0% - 17%	0% - 18%
International - Developed	0% - 0%	0% - 14%	0% - 16%	0% - 18%	0% - 21%	0% - 23%	0% - 25%	0% - 29%
Emerging Markets	0% - 0%	0% - 12%	0% - 13%	0% - 14%	0% - 16%	0% - 17%	0% - 18%	0% - 20%
FIXED INCOME	80% - 100%	37% - 77%	26% - 66%	11% - 51%	0% - 36%	0% - 20%	0% - 20%	0% - 0%
Investment Grade Taxable	45% - 100%	15% - 77%	15% - 66%	6% - 51%	0% - 36%	0% - 20%	0% - 20%	0% - 0%
Investment Grade Tax Exempt	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%
International Developed Bonds	0% - 42%	0% - 34%	0% - 23%	0% - 18%	0% - 15%	0% - 10%	0% - 10%	0% - 0%
Global High Yield Taxable	0% - 17%	0% - 13%	0% - 13%	0% - 12%	0% - 11%	0% - 10%	0% - 10%	0% - 0%
U.S. High Yield Tax Exempt	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%	0% - 0%
HEDGE FUNDS	0% - 0%	0% - 25%	0% - 27%	0% - 29%	0% - 30%	0% - 34%	0% - 23%	0% - 0%
TANGIBLE ASSETS	0% - 0%	0% - 13%	0% - 14%	0% - 14%	0% - 14%	0% - 15%	0% - 11%	0% - 0%
Expected Return	4.82%	6.64%	7.56%	8.49%	9.39%	10.27%	10.72%	11.00%
Expected Risk	3.95%	5.16%	7.12%	9.28%	11.58%	13.65%	15.54%	17.15%
Expected Yield	4.07%	2.81%	2.58%	2.23%	1.90%	1.48%	1.77%	2.09%
Expected Sharpe Ratio	0.29	0.57	0.55	0.52	0.49	0.48	0.45	0.43

**Strategic Range** - Strategic and tactical asset allocation recommendations will fall within these defined ranges.

**Expected Return\*** - The average annual total return the strategic target can be expected to generate over a 15-year horizon.

**Expected Risk\*** - A measure of the dispersion of a set of data from its mean. Also known as standard deviation. Applied to the periodic rate of return of an investment to measure its volatility. The more spread apart the data are, the higher the volatility of that investment.

**Expected Yield\*** - The average annual income the strategic target can be expected to generate over a 15-year horizon.

**Expected Sharpe Ratio\*** - A risk-adjusted measure calculated using standard deviation and excess return (above cash) to determine reward per unit of risk. Higher Sharpe ratios translate into better risk-adjusted performance.

This material is current as of the date noted, is for informational purposes only, and does not contend to address the financial objectives, situation, or specific needs of any individual investor. The information is for illustrative purposes only. It is not intended to serve as investment advice since the availability and effectiveness of any strategy are dependent upon your individual facts and circumstances. Results will vary, and no suggestion is made about how any specific solution or strategy performed in reality.

\* Based on CIO's 2024 Capital Market Assumptions for the period Jan-2024 to Jan-2039.

Clients' investment objectives, performance and risk tolerance preferences may require deviation from this guidance when implementing investment solutions. Accounts subject to laws that may be more restrictive as to permissible investments require portfolio manager review.

**Source:** Chief Investment Office (CIO). Effective January 2024.