Investment Policy Statement for Keshet Endowment

The Keshet Endowment ("Endowment") was established to provide continuing support to Keshet ("Keshet"). This Investment Policy Statement ("Investment Policy") is intended to govern the investment practices with respect to the assets of the Endowment, so that all individuals with either direct or indirect responsibility may understand and manage Keshet's portfolio of investment assets in a manner consistent with its overall goals and objectives. This Policy is intended to address the following issues:

- The general goals of the Endowment
- The specific investment objectives of the Endowment
- Asset allocation and rebalancing policies
- Measurement and evaluation of investment performance
- Policies and guidelines for Investment Managers

A. Policy

Endowment assets will be managed on a total return basis while taking into account the level of liquidity required. The Investment Committee recognizes the importance of the long-term preservation of capital, while the Investment Committee also adheres to the principle that varying degrees of investment risk are generally rewarded with commensurate returns over the long term. Therefore, investments with different types and degrees of risk are appropriate for the Endowment, provided that such risks are regularly identified and managed and are in accordance with this Investment Policy. Policies contained in this Investment Policy are intended to provide guidelines for ensuring that the Endowment's investments are managed consistent with the short-term and long-term financial goals of the institution. At the same time, they are intended to take into consideration capital market conditions and Keshet's overall financial circumstances.

B. Roles and Responsibilities

The Investment Committee is authorized by the Board of Directors ("Board") to act on its behalf subject to the Policy Statement. The Investment Committee, in turn, is authorized to delegate certain responsibilities to professional experts in various fields, including the flexibility to retain, terminate, or replace an external Investment Advisor ("Advisor"). This delegation of authority allows for sufficient flexibility in the management process to capture investment opportunities as they arise.

The Investment Committee is responsible for:

1. Establishing and maintaining the Investment Policy and Target Asset Allocation as set forth herein.
2. Monitoring the performance and risk profile of the Endowment as a whole.
3. Reviewing the Advisor's implementation of the investment program.
4. Hiring, terminating, or replacing the Advisor.
5. Reviewing and addressing all potential conflicts of interest.

The Advisor is responsible for:

1. Selecting, rebalancing, terminating, and making tactical shifts between outside investments and/or investment managers; provided, however, that any investment by Advisor in any non-publicly traded security shall be subject to the prior written approval of the Investment Committee.
2. Monitoring the appropriateness of each investment and/or investment manager's strategy given Keshet's overall investment strategies, philosophies, and objectives.
3. Monitoring the investment performance of each investment and/or investment manager compared to the benchmark established for such investment and/or investment manager.
4. Overseeing Keshet's investment assets and reporting on the status of the investments to the Investment Committee at such times as requested by the Investment Committee and to the Board of Directors at least semi-annually.

C. Investment Goals and Objectives

The investment objective for the Endowment is to preserve and enhance the real purchasing power of these assets over time, while providing a reasonably predictable contribution to the annual operating budget and moderate risk of long-term capital impairment.

Considerations

- Maintain the purchasing power of the current assets and all future contributions to the Endowment;
- Have the ability to pay all donor requests and expense obligations over time;
- Maintain capacity for unexpected development needs or unanticipated increases in expense levels;
- Maximize return within reasonable and prudent levels of risk;
- Control costs of administering the Endowment and managing the investments; and
- Manage portfolio liquidity consistent with anticipated disbursement requirements and potential volatility expectations

Return

The expected return objective for the portfolio, measured over rolling three-year and five-year periods, is to provide an annualized total return, net of fees, of three percent (3.0%) over the rate of inflation (as measured by the Consumer Price Index ("CPI")). The Investment Committee has set an additional goal of outperforming, net of all investment expenses, both a Composite Market Index, as defined below, which best represents the target asset allocation of the Endowment's overall investment structure, as well as a traditional 60/40 allocation to stocks and bonds as represented by the S&P500 and Barclays Aggregate indices.

Composite Market Index (based on the asset allocation described below):

5% 3-month T-bills

30% Barclay's Aggregate Bond Index

30% S&P 500 Index

15% MSCI EAFE Index

15% HFRI Fund of Funds Index

5% NCREIF and Cambridge Associates Real Assets Composite

Risk

The Endowment should experience risk as measured by volatility or variability of return not materially higher than that of the composite benchmarks as defined above.

The investment goals above are the objectives of the aggregate Endowment and are not meant to be imposed on each investment manager.

D. Spending Policy

The Board of Directors sets the spending policy for Keshet. The current annual draw rate is not expected to exceed [4]% of the average 3 year market value of the Endowment, calculated by averaging the Endowment's previous three fiscal year-end market values. This targeted draw rate will be periodically reviewed by the Board of Directors (and communicated to the Advisor by the Investment Committee) in the context of Keshet's overall spending needs, budgetary requirements, and market conditions.

E. Asset Allocation

Diversification across asset classes is a core principle of prudent portfolio management. The Investment Committee recognizes that the strategic allocation of the Endowment's assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlations, will be the most significant determinant of long-term investment returns and asset value stability. As such, the Investment Committee will evaluate asset allocation targets and ranges for the Endowment and will review each at least annually. Certain asset classes may be inherently less liquid, requiring more time to adjust investment levels in a manner consistent with targeted allocations. Consequently, implementation of adjustments to targets and ranges may require additional time for them to be achieved.

F. Diversification Policy

To protect the Endowment against undesirable outcomes within any particular asset class due to the assumption of large risks or exposures, the Investment Committee will take reasonable precautions to avoid excessive investment concentrations. The following general guidelines will be utilized unless revised in writing by the Investment Committee:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single security (other than a publicly traded investment company) shall represent more than 5% of total investment assets.
2. With the exception of publicly traded passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment company shall comprise more than 10% of total investment assets.

G. Rebalancing

It is expected that the Endowment's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Endowment will be rebalanced to its target normal asset allocation under the following procedures:

1. The Advisor will use, to the extent possible, incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target weightings for the portfolio.
2. The Advisor will review the portfolio no less frequently than semiannually (June 30 and December 31) to determine any deviation from target weightings, although the Advisor may provide a rebalancing recommendation at any time. During each semiannual review, the following parameters will be applied:
    a. If any asset class within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
    b. If any security within the portfolio has increased or decreased by greater than 20% of its target weighting, the portfolio will be rebalanced.

H. Asset Class Guidelines

1. **Cash & Equivalents** is intended to serve as the principal source of liquidity for operating cash flow for the Endowment, as well as a source of funds for opportunistic deployment of investment capital as a result of temporary market dislocations. It will be invested in only the safest assets including Treasury bills, Agency notes, or money market instruments that focus on Treasury bills and their equivalents. The focus is on safe, highly liquid assets as opposed to generating significant yield. There are no manager-specified limitations on cash.

2. The fixed income portion of the portfolio shall only be invested in investment companies subject to the Investment Company Act of 1940 and securities publicly traded on an Exchange registered with the Securities and Exchange Commission unless otherwise previously approved in writing by the investment committee. The purposes of the **Fixed Income** allocation are (i) to provide current income to support operating cash flow; and (ii) to create some measure of diversification. Both credit quality, duration management (interest rate risk) and preservation of principal are a core emphasis of this allocation.

3. The equity portion of the portfolio shall only be invested in investment companies subject to the Investment Company Act of 1940 and securities publicly traded on an Exchange registered with the Securities and Exchange Commission unless otherwise previously approved in writing by the investment committee. The purpose of the **Equity** allocation is to provide long-term capital appreciation. Equity managers will be selected with the objective of constructing a portfolio diversified across geographic region, market sector, industry, and market capitalization. The objective in selecting managers and exposures is to generate average annual compounded net returns (after all fees) that are higher than the relevant broad market indices.

4. The other assets public portion of the portfolio shall only be invested in investment companies subject to the Investment Company Act of 1940 and securities publicly traded on an Exchange registered with the Securities and Exchange Commission unless otherwise previously approved in writing by the investment committee. The **Other Assets Public** allocation is intended to include liquid alternative strategies as well as publicly-traded real assets, such as royalty trusts, real estate (REITs), MLPs, commodity pools, and infrastructure funds. These investments incorporate differentiated drivers of

return compared to traditional investment strategies and, consequently, are intended to produce returns which should exhibit relatively lower correlation to broad market indices over the intermediate time horizon.

Target Asset Allocation

The Endowment will be broken down into two separate components, the main Keshet Endowment and the Keshet Coe Worker Endowment. Each of these two components will be managed in accordance with the Executive Summary documents and targeted asset allocations set forth in the Executive Summary descriptions attached hereto, as modified by the Investment Committee from time to time

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Investment Committee plans to review investment policy at least annually. The Investment Committee will use its best faith efforts to achieve the objectives stated herein.

This statement of investment policy is adopted on May 16, 201~~6~~7 by the Investment Committee of the Keshet Endowment whose signatures appear below.

Simon Lesser

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