



## INVESTMENT OVERSIGHT

The Foundation is known for its financial strength and sound investment strategies. Donors can rest assured that their funds are prudently managed by the Foundation’s Investment Committee in consultation with our investment advisor, Colonial Consulting, LLC.

### INVESTMENT COMMITTEE

Committee members have extensive expertise in business, investments and other disciplines. The Committee sets investment strategy, hires outside professional managers and monitors investment performance against portfolio benchmarks, and reports to the Foundation’s Board of Directors.

- Darren Morris, *Committee Chair, President, Alcal Specialty Contracting, Inc.*
- William Niemi, *Vice Chair, CEO, Niemi Development Partners, LLC*
- Stephen Boutin, *Shareholder, Boutin Jones, Inc.*
- Margie Campbell, *President, OSE Properties*
- Jonathan Lederer, *CFA, Lederer Private Wealth Management, LLC*
- Henry Wirz, *CEO, SAFE Credit Union*

### INVESTMENT CONSULTANTS – COLONIAL CONSULTING

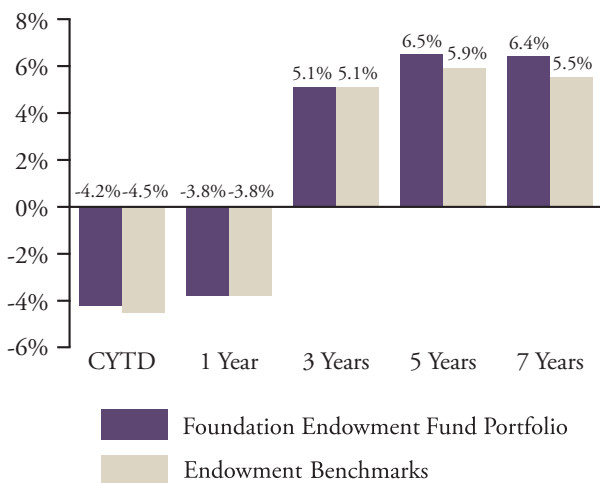
Colonial Consulting, LLC, of New York was retained by the Investment Committee in 2007 to monitor the investment performance of individual managers and to advise the Committee on investment strategy, asset allocation and manager selection. The firm’s focus is on advising nonprofit organizations. Colonial currently advises 131 clients, 33 of which are Community Foundations, with assets under management of \$33 billion.

## INVESTMENT RESULTS

(FOR THE PERIOD ENDING 9/30/15)

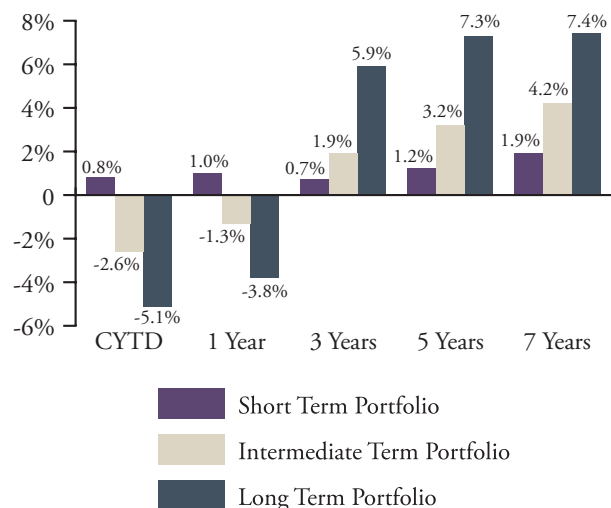
### ENDOWED INVESTMENT RESULTS

- The endowed investment pool is an actively managed perpetual fund.



### EXPENDABLE INVESTMENT RESULTS

- All expendable fund investment pools are invested in index funds. Pool selection is based on donor’s grant horizon.



# ENDOWED FUNDS

## INVESTMENT GOALS

- To earn a sufficient long term return to preserve the purchasing power of the assets, after annual grants of 4% and annual support fees of 1.5% (1% for nonprofit endowments), plus cost of living increases; and
- To earn this return with as little volatility as possible.

## SPENDING POLICY

Endowed fund holders may choose to make an annual distribution of 4% of the fund's balance, averaged over the previous 12 quarters. Fund holders may also choose to reinvest that amount into the corpus for continued growth.

## INVESTMENT PHILOSOPHY

- The Foundation has adopted a Strategic Asset Allocation Policy that best balances the opportunity for achieving investment return objectives with an acceptable volatility level. The Portfolio will remain invested in percentages that match those called for in the Policy.
- There is significant evidence that long term investors do not benefit from attempting to earn returns through short term asset class forecasts or market timing.
- While each asset class and strategy is carefully selected, the focus of the investment process is always on the overall Portfolio.

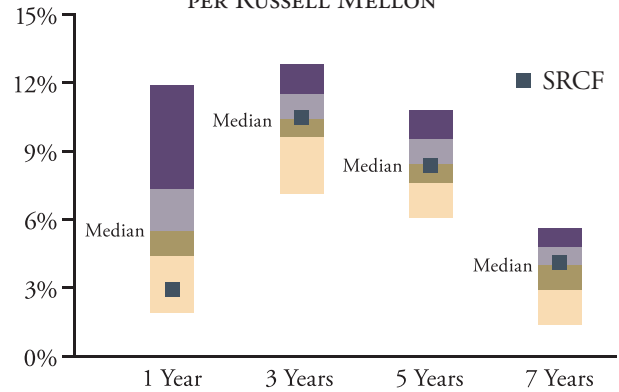
## ASSET ALLOCATIONS

The Portfolio is amply diversified across various asset classes and styles, and results of each asset manager are reviewed quarterly by the Investment Committee. Areas of investment include:

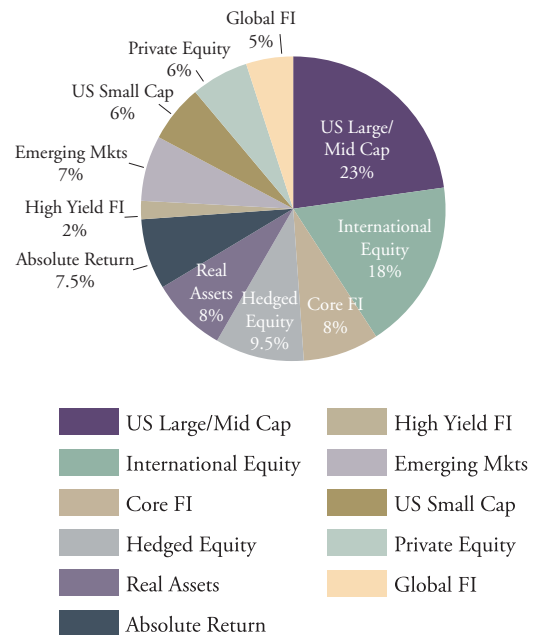
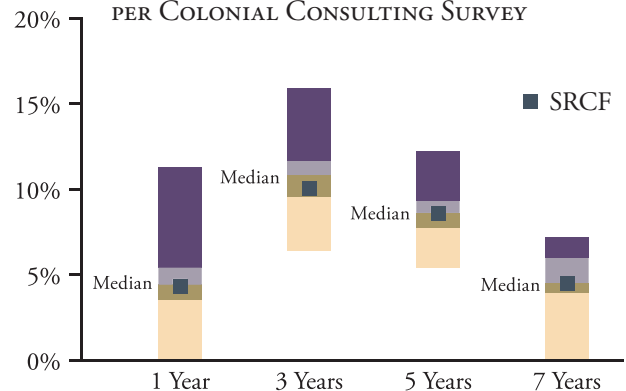
- **US Large/Mid Cap Equity:** Large and mid-size US equities that are often well-known.
- **International Equity:** Investment in this space will include non-US equities in both developed and developing countries.
- **Core Fixed Income:** Both domestic and fixed securities.
- **Real Assets:** Well-diversified Real Estate and Commodities.
- **Absolute Return Strategies:** Investment in this area is well-diversified and includes various underlying strategies including arbitrage, market neutral, event driven, etc.
- **Hedged Equity Strategies:** Well-diversified and utilizes funds that invest in equities on both the long and short side.
- **Emerging Markets:** Includes non-US equities in emerging companies.
- **US Small Cap Equity:** Smaller, domestic-based equities with more emphasis on local growth.
- **Private Equity:** Privately held companies not traded on a stock exchange.
- **High Yield Fixed Income:** Below Investment Grade Fixed Income.
- **Global Fixed Income:** Foreign (non-US) fixed securities.

## HOW DO OUR ENDOWED PORTFOLIO INVESTMENT RETURNS COMPARE TO OUR PEERS? (FOR THE PERIOD ENDING 12/31/14)

THE FOUNDATION AND ENDOWMENT UNIVERSE PER RUSSELL MELLON



THE COMMUNITY FOUNDATION UNIVERSE PER COLONIAL CONSULTING SURVEY



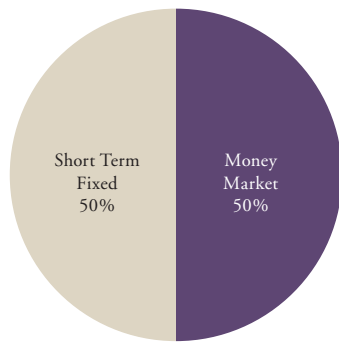
# EXPENDABLE FUNDS (NON-ENDOWED)

Donors who choose to spend down their funds rather than permanently endow the assets have the option of selecting an investment pool that closely matches their timing for making grants to community organizations. All three investment pools are invested in index funds and donors can opt to change pools once a year.

## ASSET ALLOCATIONS

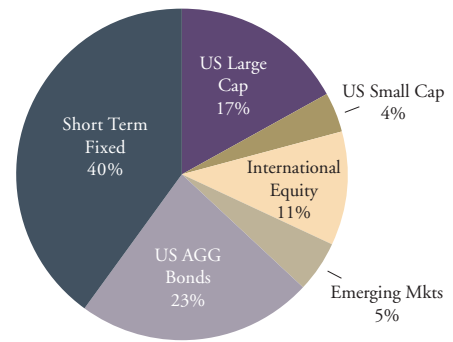
### SHORT TERM PORTFOLIO

Provides a high level of liquidity for fund holders with short term grant making strategies (1-3 years).



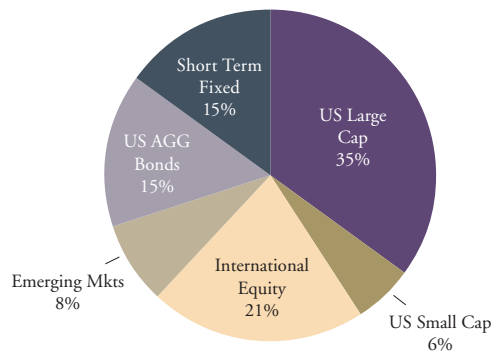
### INTERMEDIATE TERM PORTFOLIO

Balances mild liquidity needs with a reasonable level of expected appreciation over full market cycles (3-5 years).



### LONG TERM PORTFOLIO

Mirrors the Endowment investment strategy as closely as possible with the intention of maintaining assets within the pool for a longer time frame (over 5 years).





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