

Investment policy for endowed funds

Helping charitable dollars grow



Kal-Haven Trail State Park, Kalamazoo | Photograph by Robert Neumann

We play a unique role in our community. We exist to encourage community-based philanthropy and to maximize the charitable gifts of our donors for the long term. For endowed funds, we employ a moderate growth strategy that is 70 percent equities, 25 percent fixed income, and five percent real estate. We are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) for investment conduct and administration of endowed assets. Endowed assets of the Community Foundation represent about 90 percent of total managed assets and will be with our community forever.

Investment objectives for endowed funds

- Provide grantmaking dollars, subject to a spending policy, to address current and future community needs.
- Preserve the original value of gifts in terms of inflation.
- Grow assets as market conditions allow, thereby adding greater resources to meet community needs in the future.

We use an investment model based on a consistent culture, structure, discipline and asset allocation.

Our board of trustees and Financial Investment Committee establish investment policies and objectives, and regularly monitor and review the investment performance of the Community Foundation's investment managers. These practices and objectives make us a fervent steward of the community's philanthropic resources.

We provide information about investment performance to on a quarterly basis.



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Asset allocation strategy and investment managers

We view the time horizon for endowed assets as very long term. Therefore, we position asset management for these assets more aggressively than for non-endowed assets with an overall asset allocation strategy of 70 percent equities, 25 percent fixed income and five percent real estate. Following is the asset allocation for endowed funds:

	Allocation	Manager
Equity		
S&P 500 Index	30%	BlackRock
Large Cap Value	5%	Dimensional Fund Advisors
Total Large Cap	35%	
Micro Cap	5%	Dimensional Fund Advisors
Small Cap Value	10%	Dimensional Fund Advisors
International Small Cap Value	10%	Dimensional Fund Advisors
Emerging Market Value	10%	Dimensional Fund Advisors
Total Small Cap	35%	
Total equity	70%	
Fixed income		
Intermediate Core	10%	Jennison Associates
Intermediate Core	10%	Loomis Sayles
Intermediate Government	5%	Vanguard Group
Total fixed income	25%	
Real estate		
Real Estate Public Trusts	2.5%	Vanguard Group
Real Estate Private Equities	2.5%	RREEF America II, Inc.
Total real estate	5%	
Total allocation	100%	