

ENDOWMENT INVESTMENT STRATEGY

FOR TODAY. FOR TOMORROW. FOREVER.



You can trust the Community Foundation of Broward to steward the philanthropic assets in your Fund so they are ready when needed. We take great care to invest wisely, transparently, and prudently to produce income to be used in accordance with each Fundholder's charitable goals today and in the future. With a 34 year track record as an outstanding fiduciary, we are strong and stable. This places us among the top 100 community foundations in the nation.

INVESTMENT PHILOSOPHY

The Foundation's investment philosophy is to earn a return that allows Fundholders to make meaningful grants while growing their endowed principal for increased giving power as time goes on.

Our investment objectives

- Grow principal of endowed Funds
- Achieve long-term returns in excess of grantmaking and the rate of inflation
- Earn investment returns that meet or exceed performance benchmarks
- Carefully balance risk vs. return

INVESTMENT GOVERNANCE

THE FOUNDATION'S BOARD OF DIRECTORS has ultimate fiduciary oversight of investment management of our assets.

THE INVESTMENT COMMITTEE sets investment objectives, establishes asset class allocations, reviews portfolio performance, and monitors our roster of select investment managers. Members of our Investment Committee are career investment professionals and highly experienced business and financial leaders from our community. The Investment Committee meets quarterly. Its members remain conflict of interest free and do not directly manage Foundation dollars.

THE INVESTMENT CONSULTANT retained by the Foundation is Colonial Consulting, LLC. Colonial is a premier independent investment consulting firm located in New York, NY. The firm is paid a fee to perform due diligence and analysis on investments, compile global and national trend data, provide investment recommendations to our Investment Committee, participate in quarterly committee meetings and provide routine support to the Foundation's finance department. The Investment Committee has the ultimate authority to accept, modify or reject any recommendations brought forth by the consultant. Colonial does not manage Foundation assets.

THE FINANCE DEPARTMENT performs accounting and treasury management, including the allocation of gains and losses from the investment pool to individual Funds participating in the investment portfolio, overall enterprise financial oversight, and Fund reporting.

ENDOWMENT INVESTMENT PORTFOLIO

Endowed dollars are permanent dollars invested for the long-term in a diversified portfolio containing, but not limited to: publicly traded stocks, bonds, real estate, private equity, hedge funds and cash. The Endowment Investment Portfolio has a horizon in perpetuity and is designed to enable the Foundation and our Fundholders to grow Fund principal and increase the grantmaking capacity over time.

Your Fund will have the benefit of being a part of a large institutional investment pool, allowing broad diversification and access to elite investment managers who would traditionally be unavailable or cost-prohibitive to individual investors.

ASSET ALLOCATION

Asset allocation is based on a number of factors including: investment time horizon, risk tolerance, expected rate of return for each type of investment and liquidity needs. Because we are a long-term investor, assets in the Endowed Investment Portfolio can be invested in a greater range of asset classes, some of which are less liquid than others to balance risk and return more effectively.

The objective is to preserve and protect Fund principal while achieving a long-term average return sufficient to cover 5% growth for grantmaking, service and investment management fees and inflation. Our written Investment Policy Statement allows for investing in a wide range of asset classes including:

- Domestic Large-Capitalization Equity
- Domestic Mid-Capitalization Equity
- Domestic Small-Capitalization Equity

Thank you for trusting the Community Foundation of Broward as your philanthropic partner. We look forward to growing the impact of your philanthropy. FOR TODAY. FOR TOMORROW. FOREVER.

- International Large/Mid-Capitalization Equity
- International Small-Capitalization Equity
- International Emerging Markets Equity
- U.S. Fixed Income
- Inflation Protected Fixed Income
- Global/International/Emerging Markets Fixed Income
- High Yield Fixed Income
- Real Estate Investment Trusts (REITs)
- Hedge Funds
- Private Equity
- Real Assets – liquid or illiquid

INVESTMENT RETURNS

For current investment performance information, please contact Chief Financial Officer Carol Dorko at cdorko@cfbroward.org or 954-761-9503

ANNUAL GRANT DISTRIBUTION RATE

Annually, 5% of an endowed Fund's balance is available to grant to qualified nonprofit organizations. Unlike private foundations, which are required by law to make annual distributions, the amount available to grant from a Community Foundation Fund may be carried over from year to year to enable you to make larger grants that create greater impact on our community.

PROFESSIONAL SERVICE FEES

The Foundation assesses professional service fees, which provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit support, research and other important activities. Professional service fees open the door to unmatched philanthropic services that maximize your charitable giving. Our expert staff handles all accounting, audits, IRS compliance, due diligence and administration of your Fund. The Foundation monitors every organization receiving a grant, enables you to get in on the ground floor of the newest and most innovative community initiatives and keeps you informed about the big issues in Broward. You will also see the difference you are making through engaging

site visits, Fund snapshots, exclusive events and interesting publications. **The Foundation's operating expenses are consistently less than 2% of our total assets, which exceeds industry standards.**

Annual service fees are pro-rated monthly based upon the market value of the Fund. They are in addition to investment management fees which currently average 85 basis points (0.85%) per year.

Service Fee Schedule*

- 1.50% on the first \$2 million
- 1.25% on the next \$3 million
- 1.00% on the next \$5 million
- 0.5% over \$10 million

*Minimum Annual Service Fee: \$375 / Alternative fee schedules exist for agency endowed Funds.

KEEPING YOUR CURRENT INVESTMENT ADVISOR

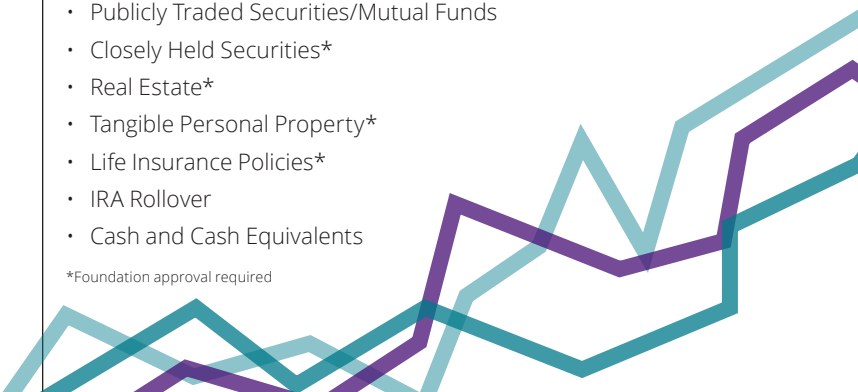
The Foundation recognizes that you may already have a trusted, long-term relationship with your personal investment advisor. Separately managed accounts are allowed when establishing an endowed Fund with an initial gift of \$1 million or more. Subject to approval by the Foundation's Investment Committee and compliance with all applicable rules, regulations and guidelines, the Foundation will retain your advisor to manage the investments for your Fund.

NO GIFT IS TOO COMPLEX

The Foundation has more than 34 years of experience handling complex gift transactions. We work hand-in-hand with your attorney, accountant and/or advisor to ensure the creation of your charitable Fund is a smooth process so you can focus on your giving. The Foundation accepts many types of gifts, including:

- Publicly Traded Securities/Mutual Funds
- Closely Held Securities*
- Real Estate*
- Tangible Personal Property*
- Life Insurance Policies*
- IRA Rollover
- Cash and Cash Equivalents

*Foundation approval required



FOR MORE INFORMATION PLEASE CONTACT

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We were the first community foundation in Florida and remain among an elite group of community foundations nationwide to be confirmed in compliance with the National Standards for U.S. Community Foundations.



Publication Date: September 2018