

Investment Overview

“A community foundation is a steward of charitable funds, investing and prudently managing funds and maintaining accurate financial records.” National Standards for US Community Foundations

The entire team at The Alaska Community Foundation (ACF) understands that we are stewards of donors’ funds. From our annual operating budget to our investment strategies and spending policies, we are focused on being good stewards of donor’s dollars and helping donors help our communities for many years to come.

Our investment practices ensure that we operate at the highest possible standards for nonprofits meeting both the requirements for accreditation with National Standards for U.S. Community Foundations and UPMIFA (Uniform Prudent Management of Institutional Funds Act).

Overview

All funds established at The Alaska Community Foundation are component funds of ACF meaning that the individual funds are treated as part of ACF and permitted by the Internal Revenue Service to be included among the exempt assets of ACF. The governing board of ACF has control over all assets and is responsible for the prudent management of those assets.

The ACF Board has delegated responsibility for the development of policy and oversight of the financial assets of the Foundation and its Affiliates related to investments to the Investment Committee. The Investment Committee includes ACF Board members and community members with investment expertise. The Investment Committee has hired investment consultants and investment managers and contracts with banks, trust companies and other financial professionals.

Investment consultants provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring. The investment managers hired by the Investment Committee have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in ACF’s Investment Policy. Competitive investment fees are negotiated by the Investment Committee. Investment service fees are charged to the investment pools. Results are reported “net of fees”.

The Alaska Community Foundation has selected Baird as its new investment consultant to advise on its \$82 million investment portfolio after conducting a search to uphold its fiduciary responsibilities, and released a Request for Proposal (RFP) for an investment consultant in September, 2017.

Baird is an employee-owned, international wealth management, capital markets, private equity and asset management firm, with a recently established office in Anchorage, Alaska. Established in 1919, Baird has more than 3,400 associates serving the needs of individual, corporate, institutional, and municipal clients. Baird has \$171 billion in client assets under management.





Investment Goals and Objectives

“The Board of Directors feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Foundation is to exist in perpetuity, and therefore, should provide for grantmaking in perpetuity. To attain this goal, the overriding objective of this Foundation is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the Foundation's investment horizon.”

Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Board of Directors recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Objectives

- **Long-Term Growth of Capital:** To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated when it is consistent with the volatility of a comparable market index.
- **Preservation of Purchasing Power After Spending:** To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets. Risk control is an important element in the investment of fund assets.

Investment Manager Goals

- Meet or exceed the market index, or blended market index, selected and agreed upon by the Investment Committee and consultant that most closely corresponds to the style of investment management.
- Display an overall level of risk in the portfolio which is consistent with the risk associated with the specified benchmark. Risk will be measured by the standard deviation of quarterly returns.





Investment Policy

The Investment Policy details the allocation of ACF's investments between various market sectors and types of investments, outlines the allowable and prohibited asset classes and describes the benchmarks that will be used in evaluating investment performance. The Investment Policy Statement is available on our website at www.alaskacf.org.

Funds established at ACF are invested per the Investment Policy guidelines of the Investment Policy. Each fund owns a proportional share of the overall investment pool as opposed to owning specific stocks and bonds. Funds with a long-term investment horizon are invested per the guidelines outlined in the policy. Funds with shorter term investment horizons may have all or part of their assets invested in a money market account.

Gifts of stock or mutual funds are credited to the fund at their value upon receipt. Stocks or mutual funds are turned over to the investment managers and become part of the shared investment pool.

Gifts of cash are deposited to the money market account and periodically allocated to the long-term investment managers as appropriate.

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LEARN MORE TODAY

Learn more about The Alaska Community Foundation by visiting us online at www.alaskacf.org or in person at 3201 C Street, Suite 110, Anchorage, AK 99503. Please contact ACF Staff by calling 907.334.6700 or emailing info@alaskacf.org.

