

## The Power of Endowment

When an endowed fund is created through the Community Foundation of Anne Arundel County (CFAAC), it will benefit the community forever. Gifts are invested over time and earnings from the fund are used to make grants that address the community's most pressing needs. Endowed funds help pave paths for a brighter, healthier future by building strong children, families, and communities.

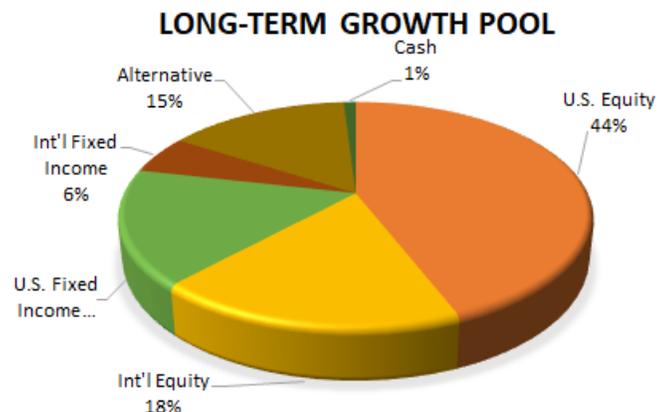
### Endowed Funds

Endowed funds are invested in CFAAC's Long -Term Growth Investment Pool (as described in CFAAC's Investment Policy Statement) for maximum return with minimum financial risk and are managed using the total return concept of endowed management. The amount available for grantmaking (AAG) is calculated annually based on a spending policy rate which is applied to a twelve quarter trailing average market value. The full AAG is not required to be distributed annually and any portion may be retained in the portfolio for future grantmaking. For new permanent funds, no AAG will be calculated until at least four quarters have passed. After that time and until the fund has been in existence for twelve quarters, the AAG will be calculated by averaging quarterly market value for the number of quarters the fund has been in existence.

CFAAC's spending policy for endowed funds is designed to maintain and, if possible, increase the real value (as adjusted by inflation) of the fund while at the same time providing a relatively stable but predictable level of funding available for grantmaking. CFAAC's Board of Trustees reviews the spending policy annually and approves the spending rate for the following year.

### Long-Term Growth Investment Pool

The primary investment objective of the Long-Term Growth Pool is to provide a relatively stable, inflation-adjusted, annual payout. The annual payout is calculated using CFAAC's defined spending rate. There will be some inevitable volatility in principal value in this Pool, but it offers the potential for a sustainable payout plus inflation protection over the long-term. The Pool is intended for endowed funds or non-endowed funds with a spending time horizon of ten years or more. The investment allocation strategy has targets of 62% equity, 22% fixed income and 15% alternative investments.



All funds established at CFAAC are managed as provided by the Investment Policy Statement approved by the Board of Trustees. The Asset Management Committee oversees the process and selects and monitors the investment manager. A copy of the Investment Policy Statement is available upon request.

### **Asset Management Committee**

**Greg Strott**, Chair, CFAAC Board Member

**Karen Whaley**, Karen M. Whaley, CPA, CSEP, CFAAC Board Member

**Martha Blaxall**, Community Volunteer

**Stephen Holt**, Premier Planning Group

**Brad Long**, Raymond James Financial Services Advisors, Inc.

\*Bios available upon request.

### **Mason Investment Advisory Services, Inc.**

Mason has been selected as the investment manager by CFAAC's Asset Management Committee based on an analysis of performance and a review of investment philosophy, investment process, and personnel. The performance of the investment manager is reviewed by the Asset Management Committee on an ongoing basis per the criteria in the Investment Policy Statement. [www.masoncompanies.com](http://www.masoncompanies.com)

