

# Now and For Generations to Come

## INVESTMENT OVERVIEW

Greater Tacoma Community Foundation funds are stewarded to ensure sustained philanthropic support, strengthening our community now and for generations to come.

GTCF's Board of Directors manages assets as a prudent investor, maximizing returns with an acceptable level of risk while protecting the principal in perpetuity.

Funds are pooled to provide investment management economies of scale, offering fundholders access to investment vehicles that are unavailable to smaller individual funds.

GTCF's endowment portfolio employs a diversified growth strategy with the goal of generating a long-term rate of return sufficient to offset inflation, administrative and management fees, plus regular grantmaking distributions to nonprofits, providing a stronger community.

### Board of Directors

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### GTCF Investment Committee

**Gary Brooks (Chair), CFP®, CSRIC™**  
President, Brooks, Hughes & Jones

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Principal, Merriman

**Andy Fagan, CFA®**  
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**Brian L. Green**  
Attorney and Shareholder, McGavick Graves

**Douglas Lineberry**  
Attorney, Fiduciary Counseling, Inc.

**Kelly Ryan, CIMA®**  
Vice President, Senior Portfolio Manager, US Bank

**Doug Van Allen, CFP®**  
Jefferson Community Foundation

- Adopt the provisions of GTCF's Investment Policy
- Hire and fire investment managers, custodians, and investment advisors
- Monitor investment performance quarterly with the Investment Advisors

### Investment Advisors

#### Vanguard Institutional Advisory Services & Fund Evaluation Group

- Provide research, education, and investment manager information to the Committee
- Provide proactive recommendations
- Monitor the activities of each investment manager
- Provide the Committee with quarterly performance reports
- Consultation and Review of the Investment Policy Statement with the Committee

## Your Fund Investment Options

As a GTCF fundholder, you can select the Investment Pool(s) that best meets your philanthropic goals. You can choose a dollar amount or a percentage of your funds, and you can distribute your funds across one or more of the Investment Pools.

Long-Term Pool                      \$\_\_\_\_\_ or \_\_\_\_%

Socially Responsible  
Investment (SRI) Pool            \$\_\_\_\_\_ or \_\_\_\_%

Short-Term Pool                    \$\_\_\_\_\_ or \_\_\_\_%

Low-Risk Pool                      \$\_\_\_\_\_ or \_\_\_\_%

- ❑ Fundholders or their representatives may recommend a change in the investment option for a fund upon a significant change in charitable goals twice per calendar year.
- ❑ Recommendations must be made using GTCF's recommendation form.
- ❑ Approved recommendations will be effective by the end of the first month of the quarter following a written recommendation.

### ENDOWED FUNDS SPENDING POLICY

The amount of endowed funds available annually for granting is equal to 4.3% of the 16 quarter (4 year) rolling average of the fund's market value.

If an endowed fund's rolling average is below the historic fund value, the fund is considered 'under water' and the available annual grant amount is calculated at 3%.

# INVESTMENT POOLS OVERVIEW

## Long-Term Pool

The primary objective is to achieve an annualized total return, through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining its purchasing power. The Long-Term Pool seeks to outperform its benchmarks over full market cycles (for measurement purposes: five years).

Because the Long-Term Pool contains higher equity exposure it correspondingly entails greater year-over-year volatility.

## Socially Responsible Investment (SRI) Pool

The primary objective is the same as the Long-Term Pool. However, a holistic approach is taken for responsive investing with a diversified allocation in region, market cap, and economic inputs as well as SRI considerations.

### The following are broad areas of emphasis:

- ❑ Environmental issues
- ❑ Corporate Governance issues
- ❑ Social issues
- ❑ Negative screening

The SRI Pool is not intended for shorter term funds that cannot tolerate a potential loss of principal. The SRI Pool is appropriate for long-term funds.

## Short-Term Pool

The primary objective is to retain principal value and offset inflation. The Short-Term Pool seeks to provide the optimum total return and protection of principal for non-endowed or expendable funds.

The Short-Term Pool is intended for funds which have an expected life from one to five years. Balances of funds which are invested for less than this period may be subject to greater than acceptable volatility of return. Such balances would have a higher erosion of principal.

The primary objective is to retain principal value and offset inflation.

## Low-Risk Pool

The Low Risk Pool is designed for charitable funds that cannot tolerate a potential loss of principal. The Low-Risk Pool is invested in vehicles such as Treasury Funds and other Money Market funds. Returns are not anticipated to keep pace with GTCF's aggregate payout (spending rate plus administrative and investment management fees).

The Low Risk Pool is not recommended for endowed funds. Over time, there is a high probability that an endowed fund will decline in both nominal and inflation-adjusted terms, eventually reaching a zero balance.

For more information please contact,  
253.345.4174 or [donorservices@gtcf.org](mailto:donorservices@gtcf.org)