2018 ENDOWMENT AND FOUNDATION SURVEY RESULTS

December 2018
WELCOMING REMARKS

Our mission is to enrich the lives of our clients, colleagues, and communities through sound financial advice, integrity and a commitment to service beyond expectation.

We are excited to announce that this year CAPTRUST conducted its first annual Endowment and Foundation Survey. The 2018 survey included more than 50 questions that provide peer data relevant to many segments of the nonprofit sector.

Our intent behind the survey is to live our mission by helping nonprofit organizations fulfill their missions in our communities. Our hope is to provide helpful insight into peer data and assist them in making well-informed decisions.

We would like to sincerely thank the more than 150 respondents—some complete responses and some partial—who participated in this effort, including public and private foundations focusing on religious, educational, and other charitable missions.

The following summary breaks down responses based on common themes:

- Goals and objectives
- Asset allocation
- Performance trends
- ESG investing
- Governance
- Spending policy
- Budgeting and fundraising
- Service providers
- Current issues

Many thanks for the significant contributions of our CAPTRUST colleagues, including Harrison Brackett, John Curry, Todd Echstenkamper, Jennifer Mastrapasqua, Andrew Sherman, James Stenstrom, and Wally Terrell.

We recognize that responding to the survey is an investment of time and resources and hope that the information and insights contained herein serve as a resource to your organization. We also welcome any feedback regarding the survey, responses, and our summary. We want to make sure the content accomplishes our intent as we move forward with future iterations.
EXECUTIVE SUMMARY

Demographics

- We received more than 150 unique responses to the survey.
- More than 70% of survey respondents report investable assets below $50 million.
- 63% of respondents identified their organizational mission as charitable, with the most prevalent philanthropic mission of the charitable mission tied to health and social issues.
- Nearly 46% of survey respondents represented public nonprofits, with the majority of those representing organizations supported through public donations.
- Not all survey responses were complete in all sections, and we received multiple responses from some organizations.

Goals & Objectives

- Nearly 80% of respondents identified their target time horizon as indefinite or at least the foreseeable future, while 15% indicated they had no defined time horizon.
- More than 72% of organizations had return expectations in the 5-8% range, and more than 10% of respondents expressed return expectations of greater than 8%.
- When asked how they define investment objectives, more than 75% of respondents selected “benchmark relative” as their choice. Absolute return was the least prevalent answer.
- The most common definition of risk was “volatility of investable assets,” while the least common definition was “volatility of spending.” Many respondents expressed concern over declines in spending due to portfolio losses but not volatility itself.
- 44% of respondents were only willing to lose up to 5% of their portfolio values, and 56% were willing to lose 5% or greater to accomplish their return objective. There was a clear disconnect between respondents’ willingness to experience losses and their stated return objectives.
- Additionally, most respondents (based on their reported asset allocation) would have historically experienced losses far greater than the expressed willingness to experience loss.
Asset Allocation
Asset allocation reported by respondents varied widely and was not necessarily tied to return and risk objectives. In fact, the most conservative responses with respect to willingness to experience loss had more aggressive asset allocations compared to those with more moderate risk tolerance.

Alternatives:
- Real estate was the most common asset class specified as “other.”
- Hedge funds, commodities, and private investments were also cited.

Asset Allocation Changes:
- There were a few interesting trends when asked what action organizations intended to take on asset allocation: reduce, maintain, increase, or undecided:
  - Of those intending to make a change to their domestic equity allocations, those expecting to reduce the allocation outnumbered those planning to increase their exposure by greater than a 2:1 margin.
  - Conversely, among those planning to alter their international equity weighting, those increasing their allocation outnumbered those decreasing by more than a 5:1 margin.
  - The highest prevalence of undecided responses was in the ESG or other mission-related investing category followed by alternatives.

Active vs. Passive Investing:
- Domestic equity was the most frequently cited asset class where respondents identified a passive (or indexed) allocation, with more than 74% of respondents who answered the question indexing the asset class.
- Over 56% of respondents who answered the question have at least some allocation to a passive investment strategy for fixed income.
- The distribution of the allocation between active and passive for organizations that answered the question suggests that endowments and foundations have a bias toward active management. However, there were instances where organizations maintained a 100% indexed investment structure.
- There was a slight lean towards increasing index exposure for those who indicated a likely action to change their current approach.

Less than half of respondents employ tactical asset allocation in their portfolios.
EXECUTIVE SUMMARY

Performance Trends
More than 65% of respondents maintained return expectations of less than 7%. For the 5- and 7-year period ending December 31, 2017, the median net-of-fees return reported was 7.2% and 6.9%, respectively, which was reasonably in line with expectations. However, the 10-year period median return reported was only 5.1%, which is well below cited return expectations, due to the Financial Crisis in 2008.

Environmental, Social, Governance (ESG) Investing
- When asked whether their organization intended to increase, maintain, or reduce their allocation to ESG investments, more than 34% of respondents who answered the question indicated they were undecided.
- Organizations that engage in ESG were more likely to use active management than passive.
- 49% of organizations who responded indicated that they have not considered allocating to ESG when asked for the biggest obstacle for investing.
- 56% of respondents indicated that ESG factors were built on positive identification as opposed to negative screening.
- For those respondents doing ESG investing, their use was most prevalent in domestic and international equity and least prevalent in “other” asset classes.

Governance
- Most respondents have formal documented investment policies, spending policies, conflict-of-interest policies, and documented responsibilities for committees/boards.
- However, 12% of respondents do not maintain a formal spending policy, and 55% of respondents maintain their spending policies separate from their investment policies. Only 46% of respondents indicated an overlap between the committees responsible for overseeing spending and investments. These trends suggest there is room for improved communication on spending policy relative to investment results.
- There appear to be opportunities for board-level investment and fiduciary training as well as new board member orientation.
- The most common sources for professional development for staff and board members were attending conferences and information networking with peer organizations.
- 72% of survey respondents have only one full-time or part-time investment-focused staff member.
- The most frequent finance/investment committee term reported was 2-3 years. Most organizations limit members to 2 terms, and over 80% of respondent organizations stagger their terms.
EXECUTIVE SUMMARY

**Spending Policy**
- The majority of respondents target spending levels between 4 and 6%, but a number of organizations reportedly target spending over 7%.
- Most organizations’ 2017 spending was in line with target spending policy. There were more organizations with spending less than policy than those that exceeded policy.
- The most common frequency of board reporting on spending policy was quarterly, and most boards receive information on asset performance simultaneously with reporting on spending policy.
- Most respondents indicated that the responsibility for monitoring spending policy lies with the staff and/or board vs. other third parties.
- Most respondents do not anticipate any major changes to spending policy. However, the most frequent type of change considered last year and this year was a decrease to spending policy (vs. increasing, changing the methodology or other).
- Nearly 50% of organizations use a moving average spending policy (spending based on a rolling average), while nearly 25% use a simple spending policy (spending a percentage of assets at a point in time).
- The most common moving average formula was based on a total time frame of three years, although some calculated theirs using quarterly data, while others use annual data.

**Budgeting and Fundraising**
- Most organizations use websites, Facebook, and email to promote fundraising while social media (e.g., Twitter, LinkedIn, and Instagram) and traditional mail have less adoption.
- While the media used to promote fundraising varies by organization size, there does not appear to be correlation of adoption of certain platforms with size.
- Adoption of newer platforms such as Apple Pay, and Venmo to accept donor funds is small but may rise as these platforms become more established (like PayPal).
- Educational organizations tend to have more restricted donations, while religious organizations had a higher prevalence of donor-advised funds, and charitable organizations received the most government support/grants.
Service Providers

*Investment Vehicles:* 80% of respondents utilize mutual funds, while less than half of respondents utilize separately managed accounts or individual securities. Use of collective trusts or limited partnerships were below 30% of responses.

- Organizations with less than $25 million were just as likely as those with more than $100 million to utilize mutual funds dispelling the notion that mutual funds are oriented towards smaller, retail investors.

*Sub-Accounting:* Over 73% of respondents who utilize sub-accounts use internal staff, while 20% use external accounting firms. 14% also rely on their asset custodians for these services.

*Consultants:* 53% of respondents utilize a registered Investment advisor as a consultant to their portfolio, while 40% rely on investment advice from their asset managers.

*Discretion:* The most common outsourced discretionary service was manager selection at 84%, while 72% outsourced strategic asset allocation, and 68% allowed for discretionary tactical asset allocation.

Current Issues

*Investor Concerns:* Return expectations and market volatility were ranked more frequently as either high or extremely high concerns by respondents. Liquidity was ranked as a extremely low concern or low concern.

*Tax Reform:* 67% of respondents indicated that tax reform would have little to no impact or unsure/too early to tell on the organization. However, many respondents indicated they expected to see lumping of larger charitable contributions with less frequency and a potential reduction in smaller gifts.

- Educational organizations were more likely to have a negative view on tax reform, while religious institutions were more likely to see little or no impact.

*Single Biggest Obstacle:* Respondents were asked an open-ended question about the single biggest obstacle their organization faces. A few observations follow:

- Fundraising and related topics were the most cited obstacle
  - There were numerous references to the need for unrestricted gifts
  - A few organizations also referenced portfolio growth and investment returns relative to spending needs
- Organization specific operational issues, such as increasing costs, staff capacity, sub-accounting needs, and expenses, were also prevalent.
EXECUTIVE SUMMARY

Other
In some instances, we received multiple responses from the same organization. While there was not a lot of data to evaluate in this category the disparity of responses suggests that committee members/respondents where not entirely aligned as it pertains to return objectives, risk tolerance, and many governance issues.
Please select the range of your portfolio’s investable assets.

- <$25 million: 2%
- $25 - $50 million: 12%
- $50 - $75 million: 5%
- $75 - $100 million: 2%
- $100 million - $250 million: 2%
- $250 million - $500 million: 52%
- >$500 million: 12%

147 responses

What is the basis of your organization’s mission?

- Religious: 25%
- Educational: 63%
- Charitable: 12%

145 responses
Please select the type of charitable mission with which your organization most closely aligns (if applicable).

- Arts and culture: 35%
- Environmental: 7%
- Zoological: 5%
- Health: 53%
- Social: 0%

94 responses
Definitions for Public Charities

Statutory Public: Classified under Sections 170(b)(1)(A)(i) through (v) of the Internal Revenue Code and are considered charities by matter of law.

Public Charities Supported through Public Donations: Classified under Section 170(b)(1)(A)(vi) of the Internal Revenue Code and show that a minimum percentage of their financial support comes from a broad cross section of the public.

Supporting Organization: Classified under 509(a)(3) of the Internal Revenue Code. Generally, an organization that attaches itself to or supports another public charity (or charities)
GOALS AND OBJECTIVES
GOALS AND OBJECTIVES | TIME HORIZON

What is the time horizon of your asset pool?

- Support indefinitely: 65%
- Support for the foreseeable future: 15%
- No defined time horizon: 14%
- Other: 6%

130 responses
GOALS AND OBJECTIVES | RETURN EXPECTATIONS

What is your expected return on assets?

- 26% for 6% - 7%
- 25% for 8% - 9%
- 22% for 7% - 8%
- 16% for 5% - 6%
- 12% for 4% - 5%
- 4% for <4%
- 2% for >10%
- 1% for 9% - 10%
- 1% for 9% - 10%

How do you define investment objectives?

- 75% for Benchmark relative
- 43% for Inflation + spending + expense
- 26% for Absolute return

129 responses
GOALS AND OBJECTIVES | RISK

How do you view liquidity in your portfolio?

- Maintain targeted percentage based on spending needs: 58%
- On an asset-by-asset basis: 23%
- Portfolio separated by liquidity buckets: 13%
- Other: 6%

83 responses

How do you define risk? (Select all that apply)

- Volatility of investable assets: 75%
- Portfolio declines related to spending needs: 48%
- Not keeping up with inflation: 34%
- Volatility of spending: 10%
- Other: 4%

128 responses
How large of a portfolio decline are you willing to experience in a given year to achieve your return objective?

Percentage of Responses Willing to Experience Level of Loss

- Less than 5% Loss: 44%
- 5-10% Loss: 38%
- 10-15% Loss: 10%
- 15-20% Loss: 6%
- More than 20% Loss: 2%

81.6% of respondents were only willing to risk losses of 10% or less in order to achieve their return objectives.

125 responses
As of 12.31.2017, what percentage of your portfolio’s assets are the following?

### Asset Allocation (Median, 1st, and 3rd Quartiles)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Min</th>
<th>1st Quartile</th>
<th>Median</th>
<th>3rd Quartile</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>26%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>0%</td>
<td>18%</td>
<td>27%</td>
<td>32%</td>
<td>70%</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>10%</td>
<td>31%</td>
<td>40%</td>
<td>50%</td>
<td>99%</td>
</tr>
<tr>
<td>International Equity</td>
<td>0%</td>
<td>12%</td>
<td>20%</td>
<td>25%</td>
<td>60%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>14%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Please specify the asset classes designated as "other" in the previous question.

- Real estate: 39%
- Hedge funds: 32%
- Commodities: 25%
- Private investments: 24%
- Tactical asset allocation: 15%
- Infrastructure: 8%

79 responses

Please select the biggest obstacle for investing in alternatives.

- Portfolio Size: 32%
- Complexity: 17%
- Lack of Defined Solution: 15%
- Haven't Considered: 8%
- No Obstacle: 28%

75 responses
For the next year, please select the action your organization intends to take regarding allocation to the following.

- **U.S. equity**
  - Reduce: 13%
  - Maintain: 5%
  - Increase: 8%
  - Undecided: 74%
  - Total responses: 77

- **International equity**
  - Reduce: 4%
  - Maintain: 22%
  - Increase: 6%
  - Undecided: 68%
  - Total responses: 78

- **Fixed income**
  - Reduce: 8%
  - Maintain: 10%
  - Increase: 6%
  - Undecided: 75%
  - Total responses: 77

- **Alternatives**
  - Reduce: 8%
  - Maintain: 10%
  - Increase: 15%
  - Undecided: 67%
  - Total responses: 73

The ratio of those intending to change their allocation demonstrates potential investment trends.
In what asset classes do you have an allocation to passive (indexed) strategies?

- **Domestic Equity**: 74%
- **International Equity**: 45%
- **Fixed Income**: 56%
- **Other**: 9%

78 responses

“Other” includes those with no allocation to indexed strategies and those with allocations to indexed strategies in other asset classes.
As of 12.31.2017, what percentage of your portfolio’s asset were in the following?

Allocation (Median, 1st, and 3rd Quartiles)

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Min</th>
<th>1st Quartile</th>
<th>Median</th>
<th>3rd Quartile</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>0%</td>
<td>56%</td>
<td>80%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Passive</td>
<td>0%</td>
<td>21%</td>
<td>40%</td>
<td>60%</td>
<td>100%</td>
</tr>
</tbody>
</table>

85 responses
For the next year, please select the action your organization intends to take regarding allocation to passive investments.

- **Reduce**: 5%
- **Maintain**: 75%
- **Increase**: 8%
- **Undecided**: 12%

75 responses
Do you employ tactical asset allocation in your portfolio?

- Yes: 54%
- No: 46%

80 responses
In percentage terms, what was your portfolio’s net-of-fee performance for the following time periods?

**Median Performance by Calendar Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>13%</td>
</tr>
<tr>
<td>2014</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>-1%</td>
</tr>
<tr>
<td>2016</td>
<td>7%</td>
</tr>
<tr>
<td>2017</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Median Performance by Trailing Period (Ended 12.31.17)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Quarter</td>
<td>4%</td>
</tr>
<tr>
<td>1-Year</td>
<td>15%</td>
</tr>
<tr>
<td>3-year</td>
<td>7%</td>
</tr>
<tr>
<td>5-year</td>
<td>7%</td>
</tr>
<tr>
<td>7-year</td>
<td>7%</td>
</tr>
<tr>
<td>10-year</td>
<td>5%</td>
</tr>
</tbody>
</table>
For the next year, please select the action your organization intends to take regarding your allocation to ESG or other mission-related investing.

- Reduce: 3%
- Maintain: 53%
- Increase: 10%
- Undecided: 34%

70 responses
What is your average allocation to active and passive (indexed) investing based on your use of ESG?

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>Engages in ESG Investing</th>
<th>Does Not Use ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>72%</td>
<td>81%</td>
<td>70%</td>
</tr>
<tr>
<td>Passive</td>
<td>28%</td>
<td>19%</td>
<td>31%</td>
</tr>
</tbody>
</table>

34 responses

Organizations that engage in ESG Investing were modestly more likely to use active management rather than passive.
Please select the biggest obstacle for investing in the following investment categories.

**ESG**
- Portfolio Size: 49%
- Complexity: 8%
- Lack of Defined Solution: 15%
- Haven't Considered: 21%
- No Obstacle: 7%

75 responses

**Mission-Responsive Investing**
- Portfolio Size: 19%
- Complexity: 11%
- Lack of Defined Solution: 14%
- Haven't Considered: 8%
- No Obstacle: 49%

74 responses

**Impact Investing**
- Portfolio Size: 19%
- Complexity: 11%
- Lack of Defined Solution: 8%
- Haven't Considered: 5%
- No Obstacle: 57%

74 responses
Is your ESG implementation based on negative screening or positive identification?

- Positive identification: 34 responses (56%)
- Negative screening: 34 responses (44%)

In what asset classes do you employ ESG or other mission-aligned investing?

- Cash: 17%
- Fixed Income: 28%
- Domestic Equity: 40%
- International Equity: 33%
- Other: 52%

Most “Other” responses indicated the respondent was not using ESG or mission-aligned investing.
A Look at Peer Best Practices

1) Do you have a formal investment policy? 100%
2) Do you have a formal policy on conflicts of interest? 99%
3) Do you have a separate finance/investment committee that oversees investable assets? 91%
4) Do you have formal governance documents that define board- or committee-level roles and responsibilities? 90%
5) Do you have a formal documented spending policy? 88%
6) Do you provide new board member orientation? 81%
7) Is your spending policy a separate document from the investment policy statement? 55%
8) Does your investment committee overlap with the committee responsible for mission-related spending? 46%
9) Have you conducted fiduciary training for board, finance, or investment committee members? 43%
10) Do you include training on investment topics as part of orientation? 35%

Endowment and Foundation Survey Results
Which of the following activities do your staff or board participate in for development?

- Attend conferences: 84%
- Informal networking with peer organizations: 84%
- Subscribe to philanthropy periodicals, list serves, or blogs: 67%
- Participate in formal philanthropic networks: 58%
- N/A: 4%

67 responses
GOVERNANCE | STAFFING TRENDS

What is the total number of staff in your organization?

- <10: 49%
- 10-25: 15%
- 25-100: 19%
- 100+: 17%

63 responses

What is the total number of staff in your organization dedicated to investments?

- <1: 38%
- 1: 34%
- 2: 18%
- 3: 10%

64 responses
How many members serve on your finance/investment committee?

Average Investment Committee Size by Organization Size
(Number of People)

<table>
<thead>
<tr>
<th>Organization Size (in millions)</th>
<th>Number of People</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$50 million</td>
<td>6.8</td>
</tr>
<tr>
<td>$50- $100 million</td>
<td>7.1</td>
</tr>
<tr>
<td>$100-$500 Million</td>
<td>8.1</td>
</tr>
<tr>
<td>&gt;$500 Million</td>
<td>11.0</td>
</tr>
</tbody>
</table>

67 responses

Endowment and Foundation Survey Results
### GOVERNANCE | COMMITTEE TERMS

**How long are finance/investment committee terms?**

- 1 Year: 21%
- 2-3 Years: 47%
- 4-5 Years: 16%
- 6-10 Years: 16%

64 responses

**What limitations are in place for the number of terms?**

- 1 term: 68%
- 2 terms: 14%
- 3 terms: 14%
- >3 terms: 4%

67 responses

**How are your board terms structured?**

- Staggered: 20%
- Uniform: 80%

66 responses
What was your targeted spending rate in 2017?

- < 3.0%: 10%
- 3.0%-4.0%: 7%
- 4.0%-5.0%: 35%
- 5.0%-6.0%: 37%
- 6.0%-7.0%: 5%
- > 7.0%: 7%

60 responses
How did your 2017 actual spending compare to your target?

- Equal: 68%
- Lower: 19%
- More: 13%

68 responses

How often do you report on actual spending relative to policy to the board?

- Quarterly: 47%
- Annually: 39%
- Monthly: 10%
- Other: 4%

69 responses

Is asset performance presented with spending when reported to the board?

- Yes: 88%
- No: 12%

68 responses

“Other” responses include semi-annual and those with no spending policy
Who is responsible for monitoring/reporting spending policy?

- Staff: 72%
- Board/Committee: 71%
- Consultant: 12%
- Asset Manager: 9%
- Other: 1%

68 responses
How do you plan to change your spending policy?

- **Increase Target**: 4% (This Year), 9% (Last Year)
- **No Change**: 71% (This Year), 78% (Last Year)
- **Decrease Target**: 12% (This Year), 9% (Last Year)
- **Change Methodology**: 4% (This Year), 3% (Last Year)
- **Other**: 4% (This Year), 6% (Last Year)

69 responses
What type of spending policy do you use?

- Moving average (i.e., spend a predefined percentage of assets based on calculation of a moving average; 12 or 20 quarters are commonly used periods)
- Simple (i.e., spend a predefined percentage of assets from the annual market value)
- Other
- Hybrid (i.e., combine two or more calculation methodologies, such as simple and inflation-based)
- Inflation-based (i.e., grow the previous years’ spending annually by an inflation factor, such as CPI, or a mission-specific benchmark)
- Corridor (i.e., establish ceilings and floors that constrain the outcomes of simple, inflation-based, or moving average policies)

68 responses
If you use a moving-average calculation, what time period do you use to calculate spending?

- **Quarterly**: 62% (34 responses)
- **Annual**: 38% (34 responses)

Type of annual moving average:
- 3-year Moving Average: 23% (13 responses)
- 5-year Moving Average: 8% (13 responses)
- Other: 69% (13 responses)

Type of quarterly moving average:
- 20-quarter Moving Average: 81% (21 responses)
- 12-quarter Moving Average: 19% (21 responses)
- Other: 0% (21 responses)
What do the majority of your organization's expenditures support?

- Program Activities: 62%
- Grantmaking: 3%
- Other: 35%

Most prevalent “other” response was Scholarships

68 responses
Which of the following platforms do you use to promote fundraising?

- Website: 94%
- Facebook: 72%
- Email: 72%
- Twitter: 30%
- LinkedIn: 22%
- Instagram: 9%
- Other: 13%

62 responses
Which of the following platforms do you use to promote fundraising?

Platform Adoption by Organization Size

Respondents from smaller organizations noted a higher usage of platforms like email and Facebook in fundraising activities. Most “Other” responses were related to mail.
Which of the following platforms do you use to accept donor funds?

- **Check**: 95%
- **Credit/Debit Card**: 87%
- **Online Payment**: 82%
- **Cash**: 76%
- **In-kind Donation**: 61%
- **PayPal**: 31%
- **Other**: 10%
- **Apple Pay**: 3%
- **Venmo**: 2%

"Other" responses included Will, Estate, Trust, Endowment, Annuity, National NAW Platform, Stocks/Bonds, and Wire Transfer.

62 responses
Of the 53 responses to this survey question, the majority of fundraising comes from unrestricted donors.

Organizations dedicated towards educational efforts were the most likely to receive donations directed towards specific initiatives while religious organizations were more likely to receive donor-advised funds.
Fundraising by Mission

Educational
- 49% Unrestricted Donors
- 39% Restricted Donors
- 8% Gift Annuities
- 4% Donor-advised Funds
- 0% Charitable Grants
- 3% Government Support/Grants

Charitable
- 56% Unrestricted Donors
- 23% Restricted Donors
- 13% Gift Annuities
- 5% Donor-advised Funds
- 3% Charitable Grants
- 1% Government Support/Grants

Religious
- 58% Unrestricted Donors
- 25% Restricted Donors
- 14% Gift Annuities
- 1% Donor-advised Funds
- 1% Charitable Grants
- 1% Government Support/Grants

Fundraising Source Average Percentage

Mission Type
- Unrestricted Donors
- Restricted Donors
- Gift Annuities
- Donor-advised Funds
- Government Support/Grants
- Charitable Grants

54 responses
What investment vehicles do you use in the portfolio?

- Mutual Funds: 80%
- ETFs: 58%
- Separately Managed Accounts: 43%
- Individual Securities: 41%
- Collective Trusts or Funds: 27%
- Limited Partnerships: 25%
- Other: 5%

Percent of Respondents with Vehicle Type

81 responses
What investment vehicles do you use in the portfolio?

- **Mutual funds**
  - <$25 million: 82%
  - $25 - $50 million: 67%
  - $50 - $100 million: 91%
  - >$100 million: 82%

- **ETFs**
  - <$25 million: 56%
  - $25 - $50 million: 52%
  - $50 - $100 million: 64%
  - >$100 million: 59%

- **Collective investment trusts or funds**
  - <$25 million: 35%
  - $25 - $50 million: 33%
  - $50 - $100 million: 36%
  - >$100 million: 35%

- **Limited partnerships**
  - <$25 million: 29%
  - $25 - $50 million: 19%
  - $50 - $100 million: 27%
  - >$100 million: 29%

- **Individual securities**
  - <$25 million: 18%
  - $25 - $50 million: 29%
  - $50 - $100 million: 45%
  - >$100 million: 35%

- **Separately managed accounts**
  - <$25 million: 24%
  - $25 - $50 million: 38%
  - $50 - $100 million: 36%
  - >$100 million: 35%

81 responses
Who provides sub-accounting for restricted/endowed assets?

- **Internal Staff**: 74%
- **Accounting Firm**: 20%
- **Software Program**: 14%
- **Custodian**: 14%
- **Third-Party Administrator (TPA)**: 2%
- **Other**: 2%

65 responses
Who provides custody services for your portfolio?

- Independent from Consultant/Asset Manager: 52%
- Bundled with Asset Manager: 31%
- Bundled with Consultant: 15%
- Other: 1%

67 responses
What type of consultant do you utilize?

- Registered Investment Adviser: 53%
- Investment Manager: 40%
- No Consultant: 4%
- Bank: 1%
- Broker/Dealer: 1%

68 responses
What are the discretionary services provided by your consultant?

- Manager Selection: 84%
- Strategic Asset Allocation: 72%
- Tactical Asset Allocation: 68%
- Security Selection: 48%
- Other: 4%

25 responses
On a scale from 1 (extremely low) to 5 (extremely high), please rank your concerns regarding your asset pool.

- Return Expectations: 64 responses
- Market Volatility: 64 responses
- Equity Valuations: 63 responses
- Spending: 64 responses
- Interest Rates: 64 responses
- Investment Expenses: 64 responses
- Inflation: 64 responses
- Liquidity: 62 responses

1-Extremely low concern  2-Low concern  3-neutral  4-High concern  5-Extremely high concern
56 Survey Participants disclosed their outlook on the impact of tax reform on fundraising efforts.

Optimism was most concentrated among religious organizations, while pessimism was higher on a proportionate basis for charitable and educational organizations.

Common answers among the ‘Unsure/Too Early/Other’ category included planning around the ‘lumping’ of multiple years of donations.

A common narrative within the ‘Little-to-No’ Impact category was that the organization did not engage in fundraising.
Respondents noted their views of the impact of recent tax legislation on fundraising.

### Outlook by Nonprofit Type

- **Public supported through donations**: 16% Positive, 13% Little-to-No Impact, 13% Unsure/Too Early To Tell/Other, 2% Negative
- **Supporting organization**: 2% Positive, 2% Little-to-No Impact, 2% Unsure/Too Early To Tell/Other, 2% Negative
- **Corporate**: 5% Positive, 2% Little-to-No Impact, 2% Unsure/Too Early To Tell/Other, 7% Negative
- **Independent**: 7% Positive, 2% Little-to-No Impact, 7% Unsure/Too Early To Tell/Other, 9% Negative
- **Private operating**: 9% Positive, 2% Little-to-No Impact, 2% Unsure/Too Early To Tell/Other, 9% Negative
- **Family**: 2% Positive, 0% Little-to-No Impact, 2% Unsure/Too Early To Tell/Other, 2% Negative

### Outlook by Mission

- **Charitable**: 3% Positive, 26% Little-to-No Impact, 26% Unsure/Too Early To Tell/Other, 44% Negative
- **Educational**: 0% Positive, 25% Little-to-No Impact, 25% Unsure/Too Early To Tell/Other, 50% Negative
- **Religious**: 22% Positive, 33% Little-to-No Impact, 44% Unsure/Too Early To Tell/Other, 22% Negative

56 responses

Statutory Public responders elected not to answer this question.

Endowment and Foundation Survey Results
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