

# Triangle Community Foundation

## Investment Management: An Overview of the Foundation's Investment Practices



Investment Brochure

A Guide for Charitable Funds

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# Investing for the Future



## Investment Philosophy

Triangle Community Foundation's investment philosophy is intended to protect the value of charitable funds while they are being held for future distribution. The Foundation's investment portfolio is made up of diversified pools managed by specialized investment managers. Selection of an investment pool will vary depending on the timeframe for giving, level of diversification desired, and charitable goals of the donor.

**Endowed funds** are permanent funds invested for the long-term in a diversified portfolio of publicly traded stocks, bonds, real estate, private equity, hedge funds and cash. Endowed funds are operated under a spending policy set by the Foundation and guided by the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA). Currently up to 5% of an endowed fund's value is available for distribution in the form of grants on an annual basis.

**Nonendowed funds** are also invested for the long-term, but do not have a limitation on distributions and therefore have cash flow needs requiring greater flexibility.

## Investment Purpose and Goals

The Investment Committee and its Investment Advisor implement a sound investment policy for the Foundation that results in the most suitable investments for each type of investment portfolio. A key goal is to achieve investment returns that are high enough to permit annual distributions from endowment funds while generating real, net-of-inflation results that will maintain the purchasing power of the underlying funds across generations.

### Goals

- **earn long-term returns sufficient to exceed inflation and grant distributions.**
- **earn returns that meet targeted performance benchmarks.**
- **achieve these results while taking prudent levels of risk.**

# Investment Oversight

The Foundation has a Finance Committee composed of board members having specific experience and expertise in financial management and operations. Further, there is an Investment Committee consisting of experienced career investment professionals. This group sets investment objectives, selects investment managers assigned to particular portions of foundation portfolios, and monitors performance with the goal of achieving targeted returns while maintaining an appropriate level of risk.

An Investment Advisor works with the Investment Committee to identify potential money managers for consideration of the committee. Together, the Investment Committee and Investment Advisor develop sound investment policy and appropriate asset allocations for each of the investment portfolios.

## The Board of Directors

The Board provides oversight of the investments and directs the staff to apply the investment policies it has adopted as described above.

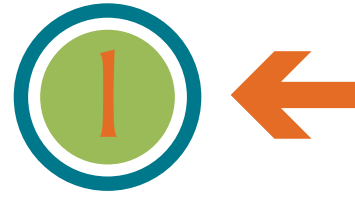
## Foundation Staff

The staff performs accounting and treasury management, including the allocation of gains and losses from an investment pool to individual funds participating in that investment portfolio, initiation of money transfers between investment accounts, overall enterprise financial oversight, and fund reporting.



## Investment Committee

The Investment Committee establishes asset class allocations within the investment portfolios, selects institutional investment managers for each asset allocation within the portfolios, participates in quarterly Investment Committee meetings, and monitors monthly performance reports.



### Investment Advisor: Colonial Consulting

Perform due diligence and analysis on investment managers, provide investment recommendations to Investment Committee, participate in quarterly Investment Committee meetings, and provide daily administrative support to the Foundation.



### Investment Custodian: State Street

Perform securities transaction processing and settlement (brokerage), provide custody and recordkeeping of investment assets, account for daily and monthly priced holdings, and provide monthly account reporting and reconciliations.



### Institutional Investment Managers

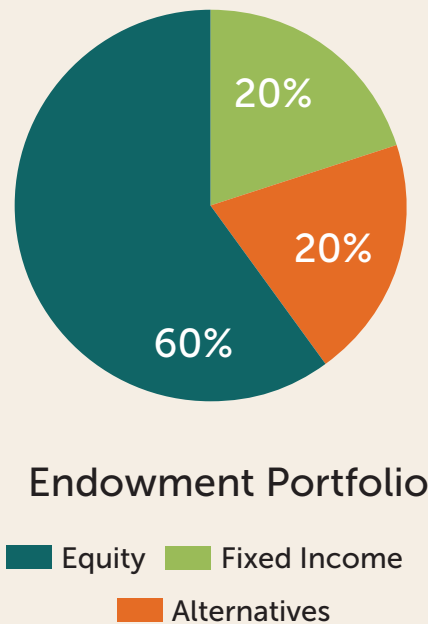
Manage investments for a specific asset class within an investment portfolio, employ appropriate expertise for selecting appropriate investments within that asset class, and meet or exceed the strategic goals for the particular investment class strategy.

# Investment Offerings

*Triangle Community Foundation is pleased to offer donors the opportunity to select an investment pool for their funds. The Foundation retains final discretion regarding investment decisions. Donors should consider how the timeframe for giving can support their charitable goals. Investment options include:*

## Endowed Investment Portfolio

Under our present investment strategy, the Foundation has one endowed portfolio. Because we can predict the cash distributions required of endowed funds (5%), assets in the Endowed portfolio can be invested in a greater range of asset classes, some of which are less liquid than others, to help balance risk and return more effectively.

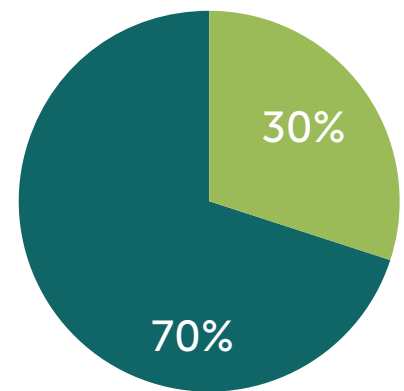


Endowment Portfolio

Equity Fixed Income Alternatives

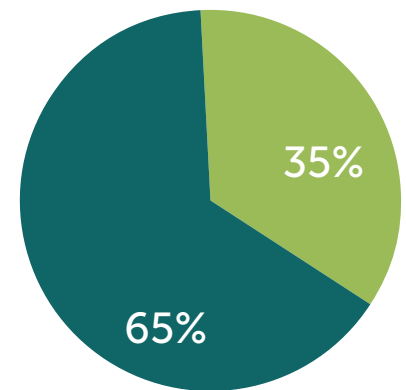
## Nonendowed Investment Portfolios

Nonendowed funds may choose between several portfolios. The Equity Oriented Portfolio is similar to the Endowed portfolio, but does not have any exposure to alternative investments. Because there is no limitation on distributions from nonendowed funds, there is a need to maintain liquidity. Nonendowed fundholders have the opportunity to change their investment option once a year.



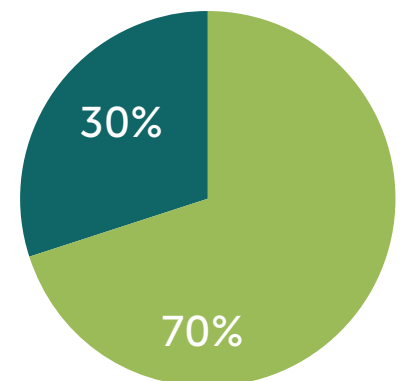
Equity Oriented Portfolio

Equity Fixed Income



Socially Responsible Portfolio

Equity Fixed Income

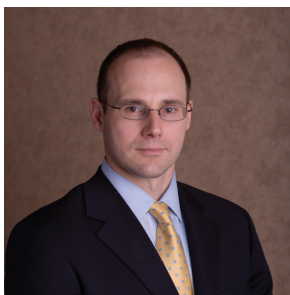


Fixed Income Oriented Portfolio

Equity Fixed Income

# Investment Committee

## Investment Advisor



### **Brian Crawford,** Senior Consultant and Principal, Colonial Consulting

Brian has served in senior investment research positions throughout his career, including a number of years at Bank of America. In 2005, Brian joined Colonial Consulting and serves as the primary contact for Triangle Community Foundation. Colonial Consulting was founded in 1980 and the majority of its clients are endowments or foundations, including more than 30 community foundations. Colonial Consulting advises over \$33 billion in assets.

## Investment Chair



### **Mark Kuhn,** President, Kuhn Advisors, Inc.

Mark served in a number of positions within Duke University for over 20 years, including as Director of Public Securities at Duke Management Company. In 1993, Mark started Kuhn Advisors, an investment advisory firm. Mark is a North Carolina CPA; he currently serves on Triangle Community Foundation's Board of Directors and chairs the Investment Committee. He currently volunteers on boards and committees for other organizations.

## Committee Members



### **Sheldon Fox,** Chief Operating Officer, KDI Capital Partners, LLC

Sheldon is the portfolio manager for KDI's Value Preservation Strategy, a hedged strategy that the firm began offering to investors in 2009. Sheldon joined KDI in 2004, after serving almost five years as chief financial officer of two bank holding companies, CCB Financial Corporation and its successor by merger National Commerce Financial. Sheldon is a CPA and spent the first sixteen years of his professional career with KPMG, LLP in Raleigh. He specialized in serving companies in the financial services industry and was admitted to the firm's partnership as a tax partner in 1993. Sheldon also serves on a number of other boards and committees.



### **Wayne Morgan,** Chief Investment Officer, Novant Asset Management

Wayne founded Tanglewood Asset Management and served as president from 2002 to 2007, was Senior Vice President and Head of Fixed Income for Wachovia Asset Management from 1997 to 2002, and was Director of Investments for UNC-Chapel Hill from 1984 to 1997. In 2007, Wayne became Chief Investment Officer of Novant Asset Management, a registered investment adviser that manages the investment assets of Novant Healthcare. Wayne is a Chartered Financial Analyst and serves on a number of other boards and committees.



**Angela Moss,**  
**Director of Public Investments, UNC Management Company**

Angela joined UNC Management Company in 2006 and is currently the Director of Public Investments. Prior to joining UNCMC, Angela was a Co-Portfolio Manager and Research Analyst for Hale and Dorr Wealth Advisors in Boston, MA. Before Hale and Dorr, she worked in investment banking at Bank of America Securities, and at Leerink Swann & Co. where she assisted in origination, structuring and execution of corporate finance transactions and advisory services, including mergers and acquisitions, restructurings, and equity offerings. She began her career in Boston at Pricewaterhouse Coopers as a consultant to investment firms. She is currently the Chair of the East Carolina University Alumni Association Board and its Investment Committee.



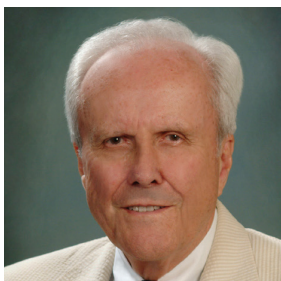
**Edwin Poston,**  
**Managing Partner, TrueBridge Capital Partners**

Edwin is co-founder and Managing Partner of TrueBridge Capital Partners. Prior to TrueBridge, he was one of two managing directors at The Rockefeller Foundation in New York, where he served as the head of private equity. While involved across the entire portfolio, he was particularly focused on private assets including building and managing the foundation's venture capital and buyout portfolios, both domestically and internationally. Edwin is a honorary Kauffman Fellow, and is chair of the finance committee for the Board of Directors of the College of Arts and Sciences at UNC-Chapel Hill.



**Scott Schoedler,**  
**Vice President of Finance, Burroughs Wellcome Fund**

Scott came to the Burroughs Wellcome Fund from the Rockefeller Foundation in New York, where he was Senior Asset Manager, Marketable Securities for the Foundation's \$2.2 billion endowment. His prior financial experiences include Unisys Corporation and NCR Corporation. Scott is currently Vice President of Finance of Burroughs Wellcome Fund, a private foundation established to advance the bio medical sciences by supporting research and other scientific and educational activities.



**Peyton Woodson,**  
**Vice Chair, FHI Foundation**

Peyton was Chair and CEO of both a domestic and an international group of insurance companies in his 32 year career in the industry. Peyton is currently a member of several foundation boards and investment committees. He is a past chair and director of Triangle Community Foundation and is currently a member of its Leadership Council.

# Foundation Staff



## Lindsay Harrell, Controller

As Controller, Lindsay Harrell is responsible for the operation and safeguarding of the Foundation's accounting records. Prior to joining the Foundation, Lindsay was a Senior Accountant at Cherokee Investment Partners for the private equity funds. She also worked as an Audit Senior Associate and Project Team Specialist at PricewaterhouseCoopers.



## Robert Naylor, Chief Financial Officer and Director of Administration

As Chief Financial Officer and Director of Administration, Robert Naylor is responsible for the investing, budgeting, auditing, and reporting functions of the Foundation. Robert brings with him over 20 years of experience in national and international financial, accounting, and administrative operations in the United States, Canada and Western Europe. He previously held the position of Chief Financial Officer at Cherokee Investment Partners for over 10 years, and served as CFO at Illumelex and Dataflow, as well as Controller at Cherokee Sanford Group. He has worked as a Senior Auditor at Deloitte and Touche as well as McGladrey & Pullen.



## Anne Wolf, Accountant & Human Resources Associate

Anne Wolf is the Accountant and Human Resources Associate for the Foundation. She is responsible for maintaining the General Ledger and all Human Resources management. Anne has worked in public accounting in Durham for more than 10 years. During that time, she worked with several nonprofit entities in the Triangle. Prior to entering the field of accounting, she was a laboratory technician. She and her husband are both Veterans.

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