



Ann Arbor Area Community Foundation

Investment Oversight & Performance

At the Ann Arbor Community Foundation, we take our fiduciary responsibilities seriously.

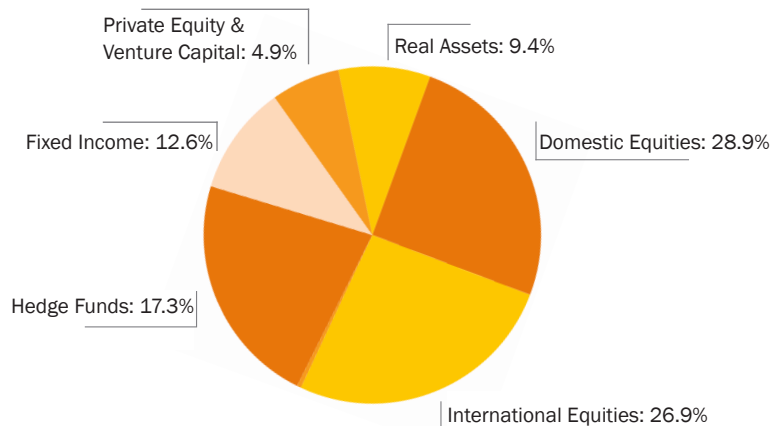
As a public trust, it is incumbent upon AAACF to provide good stewardship of the gifts entrusted to us. A sound long-term investment strategy and a prudent spending policy ensure our charitable funds will continue to grow and be able to generate a consistent level of grant support each year adjusted for inflation, even amidst market volatility. To accomplish that, AAACF's investment goal is to produce a return over time that is equal to or greater than AAACF's spending policy plus the rate of inflation.

To ensure proper oversight of our investment activities, we maintain a multi-tiered system to oversee our investment portfolio, performance and management:

- ✦ **AAACF's Board of Trustees has ultimate responsibility in overseeing the prudent investment of our assets.** They review investment performance monthly, and meet directly with AAACF's professional investment consultant, Prime Buchholz & Associates, once a year. AAACF's Board of Trustees also sets the Community Foundation's Investment & Spending Policy and target asset allocation guidelines.
- ✦ **AAACF's Investment & Finance Committee meets quarterly with our professional investment consultant to closely monitor AAACF's portfolio and investment performance.** In addition, this highly qualified group of local finance and investment professionals meets regularly to review and assess the Community Foundation's fiscal policies, investment strategy, and budget performance.
- ✦ **AAACF's professional investment consultant, Prime Buchholz & Associates,** reports monthly on the performance and investment strategies of all fund managers. The firm also provides AAACF advice on its Investment & Spending Policy and education on investment strategies for each asset class. Founded in 1988, Prime Buchholz is a full-service independent investment advisory firm, with more than \$33 billion under management. Approximately 90% of its 260+ clients are nonprofits and include public and private foundations, educational endowments, cultural and faith-based organizations, and corporate and public pensions.

Investment Returns (Annualized)			
	1 year	3 years	5 years
AAACF	16.4%	7.0%	8.0%
Benchmark	16.3%	6.6%	7.7%

Asset Allocation at 12/31/17



Investment & Fund Managers

Investment Consultant: Prime, Buchholz & Associates, Inc. Portsmouth, NH

Fee: .25% first \$20 million; .10% next \$50 million; .05% over \$70 million; \$10,000 annual discount

Equity Managers:

ASSET TYPE	MANAGER	FEES
DOMESTIC EQUITIES		
All Cap Core	Vanguard Total Stock Fund	0.04%
Large Cap Core	Adage Capital Management	0.50%*
INTERNATIONAL (DEVELOPED) EQUITIES		
Global All Cap Value	Kiltearn Global Equity	1.00%
Mid Cap	Highclere International SMID Cap	1.25%
Small Cap	Acadian Asset Management	0.75%
Mid/Large Value	Dodge & Cox Intl. Stock Fund	0.64%
INTERNATIONAL (EMERGING MARKET) EQUITIES		
Emerging Value	Dimensional Fund Advisors - Emerging Market Value	0.56%
Emerging Markets Core	Eaton Vance (Parametric) Emerging Markets	0.95%

Fixed Income Managers:

ASSET TYPE	MANAGER	FEES
Bond Index	Vanguard Intermediate U.S. Treasury	0.10%
	Vanguard Total Bond Market Index	0.05%
Corp Bonds	Loomis Sayles Investment Grade Fixed Income Fund	0.55%
Global Bonds	Colchester Global Fixed Income Fund	0.60%

Alternative Managers:

* Plus incentive fees based on performance.

ASSET TYPE	MANAGER	FEES
Private Equity	Commonfund Capital Private Equity Partners VI LP and VII LP, Wilton, CT	0.65%*
	Landmark Equity Partners XIV LP and XV LP, Simsbury, CT	1.00%*
	Siguler Guff Distress Opportunity Fund IV, New York, NY	1.00%*
Venture Capital	Northgate Venture Partners III, Danville, CA	1.00%*
	Legacy Venture VI, Palo Alto, CA	1.33%*
	Commonfund Capital Venture Partners VIII LP, Wilton, CT	0.50%*
Funds-of-Funds	Blackstone Partners, New York, NY	1.25%*
	Pointer Management, Chattanooga, TN	1.50%*
Absolute Return Funds	Anchorage Capital Partners Offshore, Ltd, New York, NY	1.50%*
	Blackrock Strategic Income Opportunity Fund, New York, NY	1.07%
	FPA Crescent Fund, Los Angeles, CA	1.07%
	Och Ziff Overseas Fund, Ltd, New York, NY	2.00%*
Multi-Strategy Funds	Taconic Offshore Opportunities Fund, Ltd, New York/London	2.00%*
	Eton Park Overseas Fund, Ltd, New York/London	0.08%*
Real Assets	AEW Global Property Securities, Boston, MA	0.70%
	Denham Commodity Partners Fund VI LP, Boston, MA	2.00%
	Newlin Energy Partners LP, Princeton, NJ	1.00%
	NGP Natural Resources Fund XI LP, Irving, Texas	1.50%
	Strategic Commodities Fund, New York, NY	1.10%
	Vanguard Inflation Protected Securities, Valley Forge, PA	0.12%*