

The Power of Endowment

When you create a charitable fund through the Community Foundation of Anne Arundel County (CFAAC), you have the opportunity to benefit the community forever with a permanent endowment. Your gift is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift—and future earnings from your gift, will help pave the paths for a brighter, healthier future by building strong children, families and communities.

Endowed Funds

Donors establishing an endowed fund (sometimes called a permanent fund) may recommend that the funds be invested in the Conservative or Balanced Pools. If no investment selection is made, the default investment for endowed funds is the Balanced Pool, which is CFAAC's primary investment pool.

Endowed funds 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. CFAAC's current spending policy rate is 4% for 2016.

Non-Endowed Funds

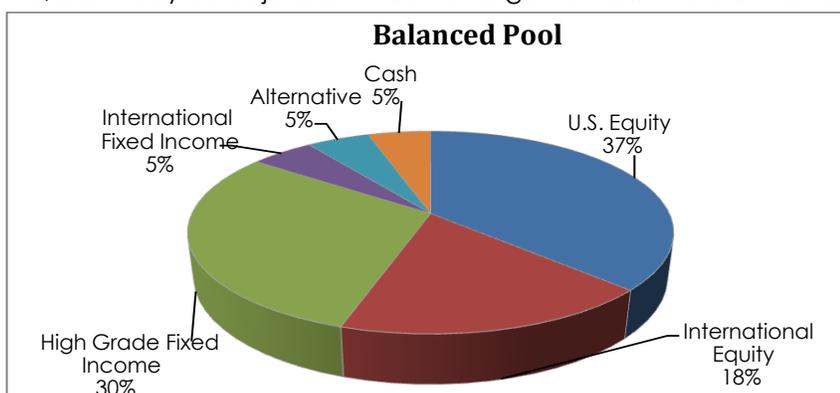
Donors establishing a non-endowed fund (also called expendable funds) may recommend that the funds remain in a cash account, the Preservation Pool, for ultra short-term grantmaking or be invested in the Conservative or Balanced Pools if a longer time horizon is desired. If no investment selection is made, the investment for non-endowed funds is the Preservation Pool.

Investment Pools

Donors establishing a fund at CFAAC, whether the fund is endowed or non-endowed, may select one of our three investment pools. Each of the pools represents an asset allocation strategy. The Preservation Pool is made up cash assets while the Conservative and Balanced Pools offer diversification of asset classes.

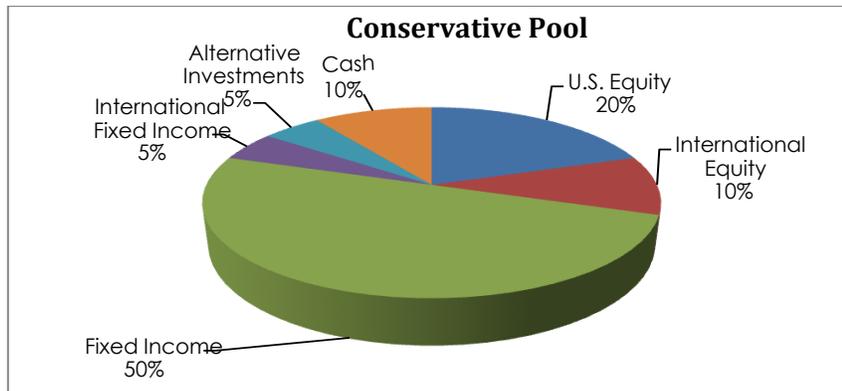
Balanced Pool

The Balanced Pool is the primary investment pool. The current target allocation is 65 percent equities and 45 percent fixed income, but it may be adjusted within the ranges set forth in the Investment Policy Statement.



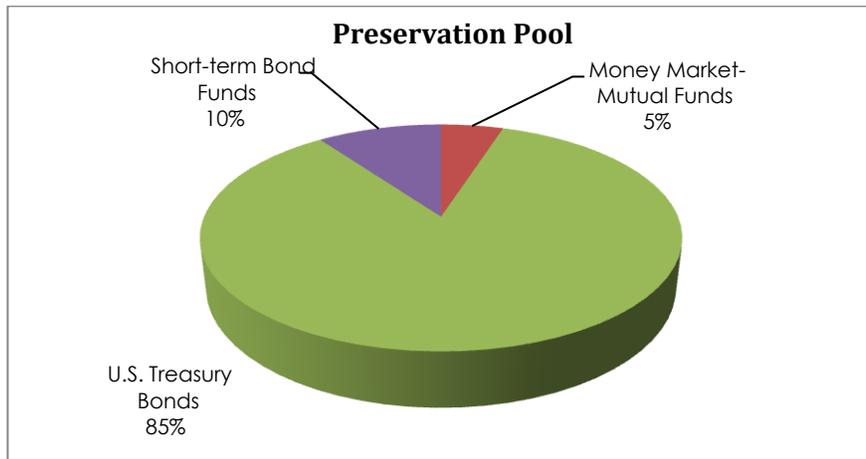
Conservative Pool

If you prefer a more conservative option, you may select the Conservative Pool. This pool is generally targeted at 35 percent equities and 65 percent fixed income.



Preservation Pool

If you establish a non-endowed fund for short horizon grantmaking, this pool is the best option. This pool is a cash account made up of high quality money-market funds, U.S. Treasury Bills, and/or commercial paper maturing in one year or less.



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

Steven Ames, Chair, Treasurer of Board of Trustees, Founder, Ames Fee-Only Financial Planning

Martin Beer, Community Volunteer

Hank Libby, President, Carol M. Jacobsohn Foundation

Margaret Jackson, Financial Advisor, The Baum Jackson Investment Group, RBC Wealth Management

Brad Long, Financial Planner, Long Financial Services, Raymond James

*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