Investment Program Guide
SUSTAINING AND GROWING YOUR GIFT
Oregon Community Foundation manages funds for the long-term. Your fund will grow over time through a diversified investment strategy.

“I tell my clients what I believe: OCF is a well-run organization that will be a good steward of their money.”

KATHY EVANS
ATTORNEY, SALEM
Since 1973 Oregon Community Foundation has been a careful and strategic steward of charitable funds for Oregon donors.

Our investment strategy combines assets of endowed charitable funds for investment. Each fund benefits from the strength of a large, pooled portfolio.

The result for donors? A high-quality, diversified investment management with reasonable fees and costs.

The result for Oregon communities? More than $1.2 billion in grants and scholarships awarded to thousands of nonprofits and students.

Together, we’re transforming generosity into measurable impact.

“IT’s one thing to give money, and it’s another thing to monitor it and make sure it’s spent wisely. I think OCF excels in those areas.”

DOUG SCHMOR ATTORNEY, MEDFORD
Donors’ confidence in our stewardship of their gifts inspires OCF to manage our investment program with the highest professional standards. The guidance of our Investment Committee, and expert recommendations and acumen of many fund managers, all combine to help us do our job well. All Oregonians benefit from the power of our well-managed philanthropic dollars. Thank you for your trust.
LONG-TERM, SUSTAINABLE SOLUTIONS

OCF invests its endowed funds to provide a stable resource for Oregon that responds to today’s needs while preserving and enhancing the real value of funds for future needs.

SAFEGUARDING AGAINST VOLATILITY

A well-diversified portfolio is fundamental to OCF’s investment strategy to help maximize investment returns and reduce risk and volatility. Our investment committee regularly reviews the asset allocation strategy.

BALANCED DISTRIBUTION

Each year, OCF’s board of directors reviews the distribution rate. A prudent distribution rate helps maintain the funds for future years. Currently the rate is 4.35%. The distribution is calculated by using a 13-quarter trailing average of fund market values.

AN ENGAGED INVESTMENT COMMITTEE

OCF’s investment committee makes recommendations to the board of directors regarding investment policy and strategy, and hires and monitors investment managers. The investment committee includes community volunteers and OCF board members with expertise in investments and business. Cambridge Associates, an international investment consulting firm, assists the committee in its work.

OCF Investment Committee Members as of 5/1/2020

Bill Berg, Chair  Duane McDougall
Peter Bragdon  Garth Nisbet
Sue Naumes  Ron Parker
Karen Harding  William Rutherford
Chris Magaña
Main Investment Pool

The goal of the Main Investment Pool is to provide a stable resource for Oregon that responds to today’s needs while preserving and enhancing the real value of funds for the future.

MAIN INVESTMENT POOL
ANNUALIZED RETURNS
Period Ending 12/31/2019

<table>
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<tr>
<th></th>
<th>OCF</th>
<th>BENCHMARK*</th>
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<tbody>
<tr>
<td>QUARTER</td>
<td>5.9%</td>
<td>5.3%</td>
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<tr>
<td>1 YEAR</td>
<td>18.3%</td>
<td>18.3%</td>
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<tr>
<td>5 YEARS</td>
<td>7.3%</td>
<td>6.8%</td>
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<tr>
<td>10 YEARS</td>
<td>7.4%</td>
<td>6.9%</td>
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*Expected returns if assets had been invested in index funds based on OCF’s asset allocation. Investment returns are net of investment fees.

MAIN INVESTMENT POOL MANAGERS

GLOBAL EQUITY
1607 Capital Domestic Equity Fund
Adage Capital Partners
Artisan Global Value
Dodge & Cox International Stock Fund
Durable Capital Onshore Fund L.P.
Eagle Capital Management
Edgbaston Asian Equity Trust
Gardner Russo Gardner
Generation IM Global Equity
Johnston International Equity II
Kabouter International Opportunities Fund II
Marathon International Equity Strategy
Oldfield Emerging Markets
Renaissance Institutional Equities Fund
Two Sigma Active Extension
Vanguard Institutional Index Fund
Vulcan Value Large Cap
Westwood Emerging Markets Smaller Companies Fund
WGI Emerging Markets Fund

MARKETABLE ALTERNATIVE ASSETS
Arlington Fund — OCF Series
(diversified portfolio of 21 limited partnerships)

PRIVATE CAPITAL
Private Equity Investments (71 limited partnerships)

REAL ASSETS
Parametric Global Natural Resources Index
Seaport Global Property Securities
Vanguard Energy Fund

GLOBAL FIXED INCOME
Income Research + Management
Private Diversifiers (1 Limited Partnership)
Social Impact Pool

OCF’s Social Impact Pool was established in 1991 as an investment option for donors who request that their funds’ assets be invested with social screens applied. Investments in the Social Impact Pool must meet criteria set forth in OCF’s Social Impact Pool Policy.

SOCIAL IMPACT POOL ANNUALIZED RETURNS
Period Ending 12/31/2019

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<tr>
<th>Period</th>
<th>OCF</th>
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<tr>
<td>QUARTER</td>
<td>6.7%</td>
<td>6.8%</td>
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<tr>
<td>1 YEAR</td>
<td>22.9%</td>
<td>22.3%</td>
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<tr>
<td>5 YEARS</td>
<td>9.1%</td>
<td>7.1%</td>
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<tr>
<td>SINCE INCEPTION (2007)</td>
<td>5.6%</td>
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*Benchmark is 70% MSCI ACWI/30% Fixed Income Asset-Weighted Index.” Investment returns are net of investment fees.

SOCIAL IMPACT POOL MANAGERS

BlackRock Dev. Ex. Fossil Fuel Index
Boston Common Asset Management
Breckenridge Capital Advisors Intermediate Sustainable Government Credit
Generation IM Global Equity Fund
Generation IM Asia Fund
Vanguard Intermediate-Term Treasury Fund

SOCIAL IMPACT POOL ASSET ALLOCATION
At 12/31/2019

- CASH 4.1%
- FIXED INCOME 19.6%
- U.S. & GLOBAL EQUITIES 76.3%

Target asset allocation for the Social Impact Pool is 70 percent equities and 30 percent fixed income. Currently, Boston Common Asset Management, Generation IM Global Equity Fund, Generation IM Asia Fund, and BlackRock MSCI World Equity ESG Screened Fund manage the equity portion of this pool. Fixed-income assets are invested in the Breckenridge Capital Advisors Intermediate Sustainable/Gov’t Credit, and Vanguard Intermediate-Term Treasury Fund.

Other Investments

CHARITABLE TRUSTS AND GIFT ANNUITIES

OCF trusts and annuities are administered through TIAA Kaspick with oversight by OCF. TIAA Kaspick manages one of the largest portfolios of planned gifts in the nation and has a proven track record of excellent trust administration with competitive investment returns. For each trust, Kaspick’s investment team develops a broadly diversified portfolio of assets designed to meet the trust’s specific objectives. For more information, visit kaspick.com.

SHORT-TERM INVESTMENT POOL

The basic investment objective of the short-term investment pool is to maximize returns consistent with the safety of principal, liquidity and cash flow requirements. The goal of this pool is to maintain the corpus of the funds for short-term grantmaking and liquidity needs. Generally, wholly expendable funds and funds with an expected duration of eight years or less are invested in this pool.
Power of an Endowed Fund

This chart shows an actual OCF fund that increased in value over 28 years because of OCF's strong investment program and prudent annual grantmaking.

28-YEAR GROWTH OF AN ENDOWED FUND, 1991-2019

FUND ESTABLISHED DECEMBER 1991  $100,000
Note: There were no additional gifts to this fund.

DECEMBER 31, 2019:
ACTUAL FUND VALUE  $192,226
ORIGINAL FUND VALUE ADJUSTED FOR INFLATION $186,438

GRANTS APPROVED 1/1/1992 - 12/31/2019 $201,679
28-YEAR ANNUALIZED INVESTMENT RETURN 8.3%
28-YEAR INFLATION RATE 2.3%

ANNUAL RETURN RANKING OF OCF

This table shows the annual return ranking of OCF compared to 10 major asset classes, an equal-weighted portfolio and the Large Colleges & Universities Mean Return. It illustrates that OCF's investment strategy has resulted in less volatility in returns, resulting in a steady middle position for OCF in comparison to these asset classes.

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ASSET CLASS

ABSOLUTE RETURN (AR)
COMMODITIES (C)
EMERGING MARKETS EQUITY (EM)
EQUAL-WEIGHTED PORTFOLIO (EW)
FIXED INCOME (FI)
GLOBAL EX U.S. EQUITY (GE)
L/S EQUITY HEDGE FUNDS (HF)

LARGE C&U MEAN RETURN (CU)
OCF (OCF)
PRIVATE EQUITY - CA (PE)
REAL ESTATE (RE)
U.S. EQUITY (US)
VENTURE CAPITAL - CA (VC)

Administrative Fees

Through careful management and assistance from volunteers, OCF keeps its expenses low while providing high-quality services to donors and grantees. Each OCF fund pays a proportionate share of the Foundation’s administrative costs, based on an annual fee structure.

CURRENT FEE SCHEDULE

ALL FUNDS (EXCLUDING NONPROFIT ENDOWMENTS)

<table>
<thead>
<tr>
<th>Amount Range</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Up to $2 million</td>
<td>0.95%</td>
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<tr>
<td>$2 million to $6 million</td>
<td>0.85%</td>
</tr>
<tr>
<td>$6 million to $20 million</td>
<td>0.55%</td>
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<tr>
<td>Amounts &gt; $20 million</td>
<td>0.35%</td>
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Scholarship funds are assessed an additional 10% of the dollar amount of scholarships awarded. Other fee arrangements may apply for special grant programs or other services.

NONPROFIT ENDOWMENT FUNDS

<table>
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<tr>
<th>Amount Range</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Up to $1 million</td>
<td>0.50%</td>
</tr>
<tr>
<td>$1 million to $5 million</td>
<td>0.20%</td>
</tr>
<tr>
<td>Amounts &gt; $5 million</td>
<td>0.10%</td>
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</table>

DONOR ADVISED FUNDS

The minimum annual administrative fee for a Donor Advised Fund is $475. Funds with special grant programs are assessed an additional fee of 0.25% (maximum of $25,000 additional fees).

ENDOWED FUNDS VERSUS WHOLLY EXPENDABLE

OCF administers both endowed funds and wholly expendable funds. Endowed funds are expected to last in perpetuity, and are invested in our long-term pools with an appropriate percentage used each year for grantmaking or scholarships. Wholly expendable funds are invested in our short-term pool and all of the value of the fund is available for grantmaking or scholarships.

INVESTMENT MANAGEMENT COSTS

OCF administrative fees do not include investment management costs. OCF's investment returns are stated net of investment management costs.

“OCF is a phenomenal tool for one-stop foundation giving. It’s made charitable giving totally painless.”

-MARK FROHNMAIER
DONOR, EUGENE
Frequently Asked Questions

HOW DOES OCF DECIDE HOW MUCH MONEY IS GRANTED ANNUALLY FROM A FUND?

OCF’s payout rate is set each August with the goal of maximizing annual grant-making to the community while maintaining the purchasing power of the endowment over time. The OCF board of directors annually determines a percentage payout rate for grantmaking from our funds based upon the projected 10-year return. OCF’s current payout rate is between four and five percent of the fair market value of the fund based on a 13-quarter trailing average.

HOW ARE INVESTMENT COSTS ALLOCATED?

As a commingled investment pool, OCF allocates the costs associated with investment management proportionally to each fund. These costs include fees paid for professional management, independent investment consulting fees and legal fees associated with the investment program. Fees of individual managers vary depending on the size of the portfolio and the type of assets being managed.

HOW ARE OCF’S INVESTMENT RETURNS REPORTED?

Returns are reported net of investment management costs and are posted twice per year for the June 30 and December 31 reporting period on the OCF website.

WHAT CHOICES DO DONORS HAVE IN HOW THEIR FUND IS INVESTED?

If a fund is endowed (permanent), a donor can choose to invest it in the Main Investment Pool, the Social Impact Pool, or to allocate it between the two. That allocation decision can be changed at the donor’s request. However, donors cannot change the asset allocation mix within a pool or choose individual investment managers within a pool.

WHAT ARE MARKETABLE ALTERNATIVE ASSETS, AND WHY DOES OCF INVEST IN THEM?

Marketable Alternative Assets include hedge funds, managed futures, commodities and derivatives contracts. OCF invests a small portion of its Main Investment Pool in marketable alternative assets because of their role in dampening volatility inherent in other asset classes.
Contact Your Philanthropic Advisor

**METROPOLITAN PORTLAND AND NORTH COAST**

Michael Achterman  
amchterman@oregoncf.org or (503) 552-3507

Rebecca Bibleheimer  
r bibleheimer@oregoncf.org or (503) 944-2124

Sarah Grace McIlveen  
sgmcilveen@oregoncf.org or (503) 944-2120

**CENTRAL AND EASTERN OREGON**

Julie Gregory  
jgregory@oregoncf.org or (541) 382-1170

**NORTHERN WILLAMETTE VALLEY**

Jenn Columbus  
jcolumbus@oregoncf.org or (503) 779-1927

**SOUTHERN OREGON**

Amy Cuddy  
acuddy@oregoncf.org or (541) 773-8987

**SOUTHERN WILLAMETTE VALLEY AND SOUTH COAST**

Sara Brandt  
sbrandt@oregoncf.org or (541) 431-7099

Jackie Roth  
j roth@oregoncf.org or (541) 431-7099

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**NORTH COAST:**  
Clatsop, Columbia, Lincoln and Tillamook Counties

**METROPOLITAN PORTLAND:**  
Clackamas, Hood River, Multnomah and Washington Counties

**CENTRAL OREGON:**  
Crook, Deschutes, Jefferson, Sherman, Wasco and Wheeler Counties and The Warm Springs Reservation

**NORTHERN WILLAMETTE VALLEY:**  
Marion, Polk and Yamhill Counties

**SOUTHERN WILLAMETTE VALLEY:**  
Benton, Douglas, Lane and Linn Counties

**SOUTH COAST:**  
Coos and Curry Counties

**EASTERN OREGON:**  
Baker, Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, Union and Wallowa Counties

**SOUTHERN OREGON:**  
Jackson, Josephine, Klamath and Lake Counties
The mission of Oregon Community Foundation is to improve lives for all Oregonians through the power of philanthropy.

OCF puts donated money to work for Oregonians—$100 million in grants and scholarships annually. Since 1973, OCF grantmaking, research, advocacy and community-advised solutions have helped individuals, families, businesses and organizations create charitable funds to improve lives for all Oregonians.