For more information about how The Dayton Foundation can help you help your clients, please call Joseph B. Baldasare, Vice President of Development, at (937) 225-9954, or visit us online at www.daytonfoundation.org.
Understanding the Philosophy and Objectives of The Dayton Foundation’s Investment Strategy

Continued from page 1

Global Fixed Income is intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities, and can be categorized as interest rate sensitive and credit sensitive.

Real Assets are intended to insulate the portfolio from inflation shocks and provide a source of non-correlating returns with other asset categories. This area includes public investments in real estate, natural resources (e.g., commodities), and infrastructure (e.g., power generation or mid-stream energy Master Limited Partnerships “MLPs”).

Finally, Diversifying Strategies are intended to provide diversification from systematic market risk, with the primary determinant of returns typically derived from manager skill (alpha) rather than the market (beta). Sub-categories include both liquid and semi-liquid non-directional strategies that seek low correlations to the public equity and fixed income markets.

Investment Portfolio Options

Within its Investment Policy Statement, The Dayton Foundation has established guidelines and procedures for how to invest. There are allowances as to how much may be invested in the respective categories. Today, the targets are generally 70% to global equity, 20% global fixed income and 10% diversifying strategies.

Although diversification may be the basis of the Foundation’s portfolio, it is understood that some donors and their financial advisors are more comfortable with other approaches or desire special considerations. The Dayton Foundation has adopted addendum strategies to accommodate these instances.

Socially Responsible, Conservative Investment, Broad Large Cap & Fixed Income, Fixed Income and the new Catholic Values, among others, are included in these addendum strategies.

The unique structure of a Socially Responsible Portfolio seeks separate consideration in identifying appropriate investments that meet the selected socially responsible criteria. The asset allocation for the Conservative Investment Portfolio requires additional exposure to fixed-income assets to reduce the overall volatility of the portfolio and increase the generation of income. The Broad Large Cap & Fixed Income Portfolio is not required to have international and small-cap equity exposure.

This portfolio follows the specified investment guidelines and restrictions of The Dayton Foundation’s Investment Policy Statement but utilizes an asset allocation dedicated to large cap equities and fixed income. As the name suggests, the asset allocation targeted for the Fixed Income Portfolio is 100% exposure to fixed income investments within the parameters of The Dayton Foundation guidelines.

The Catholic Values Portfolio is designed to adhere to the United States Conference of Catholic Bishops Socially Responsible Investment Guidelines and excludes investments in companies that are involved in activities that run counter to the Catholic faith.

For over 25 years, FEG has been empowering institutions, including The Dayton Foundation and more than 50 other community foundations across the country, to achieve their goals through superior investment performance, objective insights and research. During this time, FEG has partnered with financial intermediaries to leverage resources toward all parties meeting their respective missions and desired outcomes.

To learn more about The Dayton Foundation investment strategies, contact Joseph Baldasare, vice president of Development for The Dayton Foundation, at (937) 222-0410 or at jbaldasare@daytonfoundation.org.

Note: Solutions will differ from case to case. The above does not constitute professional financial or tax advice.

W. Quincy Brown is a vice president and consultant with Fund Evaluation Group. He provides investment strategy review, investment policy statement construction and revision, investment manager implementation, and review and ongoing performance monitoring among other services to nonprofit organizations. He also has been a featured presenter at industry conferences, including the Council for Advancement and Support of Education Conferences and Philanthropy Ohio.