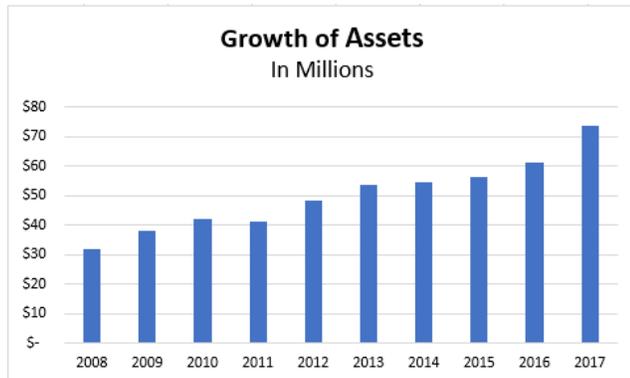




The Foundation

Established in 1951, the Community Foundation of the Holland/Zeeland Area is a nonprofit, 501(c)(3) community corporation created by and for the people of the greater Holland and Zeeland area. Our mission is to create lasting positive change. We work to build a permanent community endowment that supports high impact charitable projects, to help donors achieve their charitable goals, and to lead and partner in community level initiatives.



Performance Objective

The primary objective of the investment policy is to provide for long-term growth of principal and income within reasonable risk tolerances to enable the Foundation to make grants on a continuing and consistent basis. The total net return should at a minimum exceed the Consumer Price Index plus 5% on an annual basis. The focus is on reasonable and consistent long-term capital appreciation with the primary emphasis placed on maintaining real growth of assets net of inflation and fees.

Investment Strategy

The Foundation has adopted an investment strategy emphasizing broad diversification. Diversification helps to reduce portfolio volatility (variability of returns) and maximize investment returns at appropriate levels of risk over time. Donors to the Foundation are assured that their funds are prudently and professionally managed.

Prime, Buchholz & Associates, Inc.

The Foundation has retained Prime, Buchholz & Associates, an independent investment consultant, for the purpose of assisting the Foundation in developing and attaining the fund objectives. Prime Buchholz assists in establishing objectives, offers alternative models for asset allocation, identifies appropriate managers or funds, and produces timely quarterly reports that monitor performance of individual managers against similar managers as well as performance of the funds against objectives and appropriate indices.

Investment Management

With the assistance of Prime Buchholz, the Foundation strives to identify “best-in-class” investment managers to carry out the investment strategy. Use of multiple investment managers also contributes to the diversification of the portfolio. Current managers include:

Large Cap Equity:

Vanguard S&P 500 Index
T. Rowe Price Growth
Dodge & Cox Value

Mid/Small Cap Equity:

Vanguard Mid Cap Index
Victory Sycamore Established Value
William Blair Small/Mid Cap Growth

International Equity:

Vanguard Developed Markets Index
American Funds EuroPacific Growth
Sanderson International Value
Parametric Emerging Markets

Private Equity:

Landmark Equity Partners
Park Street Capital
Riverstone Global Energy & Power
Greenspring Global Partners
Summit Partners Growth Equity
American Securities Partners
The Resolute Fund

Private Real Assets – Metropolitan Real Estate Partners

Public Real Assets:

Seaport Global Property Securities
iShares S&P Natural Resources

Fixed Income:

Colchester Global Investors
Baird Aggregate Bond
Oaktree Capital High Yield

Hedge Funds:

Weatherlow Offshore
FPA Crescent
Varde Investment Partners Offshore

Portfolio Custodian and Cash Reserve - US Bank

The performance of each investment manager is measured against a benchmark appropriate to the managers’ asset class as well as a peer group of managers with like investment styles. Each manager is also monitored closely to assure that returns are achieved without unexpected levels of risk.

Spending Policy

A foundation's spending policy determines how much of the investment portfolio will be available for distribution and how much will be retained for reinvestment. The Foundation utilizes a total return approach, consistent with the applicable standard of conduct set forth in the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA). The expenditure is calculated as a percentage of the total market value of the funds over a trailing 12 quarter period ending September 30. The Board gives due consideration to donor intent and standards allow principal, income and capital appreciation in excess of what is necessary to preserve the long-term purchasing power of the fund to be allocated to support Foundation programs. The Foundation generally limits its annual spending (grants and administrative fees) to no more than 5% of the 12 quarter average market value of each fund.

Investment Committee

The 2018 Investment Committee is made up of Foundation trustees, staff, and community representatives (CR).

Jim Wiersma, Chair, Trustee	Patrick Gaughan (CR)	Mike Goorhouse, staff
Scott Spoelhof, ex-officio	Steve Butler (CR)	Rashelle Wynegar, staff
Haans Mulder, Trustee	Shawn Pacanowski (CR)	
Brett Docter, Trustee	Dale Sowders (CR)	

Fees and Expenses

The fees and expenses incurred to invest the Foundation's portfolio total approximately 0.98% as of 6/30/18 (not including fees and expenses of certain underlying investments in real estate and hedge strategies). This includes investment management, custodial bank, and investment consulting fees. In addition to the above, the Foundation charges an administrative fee for fiduciary oversight and internal/external fund accounting and reporting. A copy of the Foundation's Administrative Fee Schedule is available upon request.

Asset Allocation

The Foundation has adopted a long-term target asset allocation intended to meet with investment objectives of the fund over time. This allocation includes traditional strategies (US and Foreign equities and fixed income), Private Equity, and Flexible Capital which includes alternative and real asset strategies (hedge, real estate, energy). Use of these strategies is common among endowment and foundation portfolios today.



Investment Performance

The one-year return on the Foundation's investment portfolio for the 12-month period ending June 30, 2018 is 9.4%. The average annual return for the three-year period is 6.2%, five-year period is 6.6%, seven-year period is 5.7%, and ten-year period is 4.2%.

