

# ENDOWMENTS & FOUNDATIONS

# WHO WE ARE.

If you are responsible for the investment affairs of an endowment or foundation—as a board member or as a member of an investment committee—your task has grown more difficult in recent years. You face more complex capital markets, tougher oversight by regulators, higher expectations by donors and lower expected market returns. And if you are grappling with a constrained budget, you may be struggling to build up the internal resources that you need to effectively address this challenging investment environment.

For more than 20 years, Brown Advisory has partnered with endowments and foundations to help them achieve ambitious investment and organizational objectives.

As a privately owned, independent investment firm, Brown Advisory is built on a shared purpose and common DNA.

*In everything we do, we strive to be:*

## Client first.

Helping clients get “there” defines our mission.

## Colleague driven.

Integrity, excellence and inclusivity guide our way.

## Community focused.

We have a responsibility for our collective future.

## Culture led.

A shared passion and commitment leads to client success.





# How We Partner with **Endowments & Foundations.**

## **High-Conviction Investment Approach**

We are long-term investors with a view; our robust open architecture platform allows us to custom tailor portfolios to our clients' needs.

## **Performance**

Using our bottom-up, fundamental investment philosophy, we strive to deliver on the highest levels of investment performance over a full market cycle on behalf of our clients.

## **Collaborative Policy Advice**

First we listen. Then we bring our best thoughts to the table as we help clients develop investment policies that seek to address the concerns of the board and other stakeholders.

## **Client Service**

We are able to provide customized reporting, in-person meetings based on client needs, online access to investment data and expedient response times to client inquiries.

## **Strategic Advice**

We offer counsel on a wide range of topics beyond traditional investment advice, including strategic planning, values-based investing, governance, donor engagement and planned giving.

## **Fiduciary Responsibility**

We seek to relieve investment committees of some of the heavy fiduciary burden weighing on them. We serve clients in a variety of ways, from fully discretionary relationships to situations where we act in a more consultative role.



# Our Investment Philosophy.

**Our investment philosophy, rooted in a fundamental, bottom-up research process, seeks to deliver outperformance through active asset allocation and manager selection over a full market cycle. As value-conscious investors, our approach is methodical and built around your organization's needs and objectives.**

As your investment partner, we believe it is our duty to develop a comprehensive understanding of your organization's circumstances and goals.

With a clear understanding of your organization's objectives, we can help you develop or refine your investment policy statement to reflect these goals.

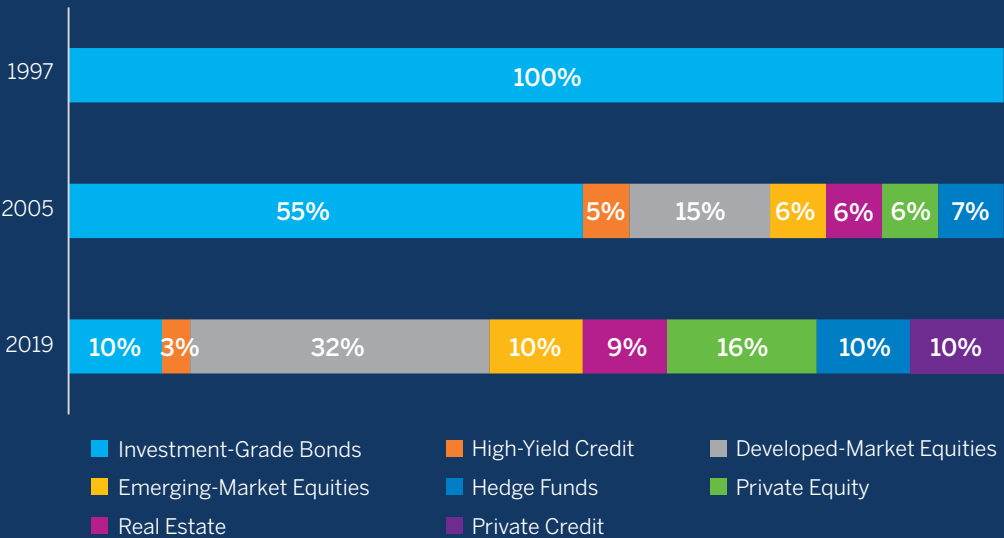
We review your organization's investment policy statement annually to ensure that it aligns with your evolving goals.

# INCREASED COMPLEXITIES.

In 1997, if you wanted to build a portfolio capable of earning a 7.0% return, little allocation effort was needed—you could simply buy investment-grade bonds. Twenty years later, a far more complex and risky portfolio is required to pursue that same result.

We believe our robust open architecture platform, experience in alternatives and ability to offer solutions to clients of all sizes makes us well-positioned to help clients address these increased complexities.

Portfolios Poised to Earn Long-Term Returns of 7.0%—Various Time Frames  
Allocation by asset class (%)



Source: BLOOMBERG. This analysis is not intended to be a guarantee of future results. It is not representative of an actual portfolio. Asset allocations could change depending on risk tolerance, investment objective and assets available for investment. The relationship team will customize portfolios to meet the guidelines, requirements and risk tolerance of our clients. The information provided in this is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular investment strategy, including whether or not to buy, sell or hold investments in any asset class mentioned. It should not be assumed that investments in such asset classes have been or will be profitable. Estimated performance of the Brown Advisory proposed portfolio is based on the internal research of our Investment Solutions Group and Private Equity team. The estimated volatility is based on the historical volatility of the indexes presented on the disclosures page in the back of this book. Estimated returns as of September 30, 2021 and are updated annually. The estimated returns are representative of a hypothetical portfolio and asset allocation. Rebalancing is set at semi-annual. This performance output does not include any cash flows in or out of the portfolio and past performance is not indicative of future results. Performance source: BLOOMBERG. Brown Advisory Analysis. Please see the end of this presentation for important information.

# Our Client-Driven Approach to **Endowments & Foundations.**

New Board Member Orientation	Customized Reporting and Investment Reconciliation	Audit and Tax Coordination
Collateral Lending	Subaccounting Support	Charitable Vehicle Management
Coordination with External Advisors	Grant Administration	Donor Engagement
Account Administration	Educational Support	Stock Gift Processing

Our client service team complements investment management and strategic advice with customized support for endowments, foundations and other nonprofit organizations.



# WHY WE ARE WELL-EQUIPPED TO SERVE YOU.



## **Strategic Advice for Endowments and Foundations**

- Investment committee members and board members are largely volunteer positions—our strategic advisors are an extension of your efforts.
- Our strategic advisory team helps our clients think through complex issues beyond the investment portfolio, including governance, board education, donor development and planned giving, spending rate planning and debt management.

## **Long-Term Commitment to Mission-Aligned Investing**

- We understand the nuance involved with building a mission-aligned investment portfolio and can help clients think through a variety of options while educating key stakeholders.
- Building mission-aligned investment portfolios can be done in various ways. We are able to meet our clients' mission-aligned investing needs by offering advanced screening capabilities, performance-driven investment strategies, comprehensive reporting and impact investment solutions that align clients' investment portfolios with their mission and values.



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To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Private investments mentioned in this article may only be available for qualified purchasers and accredited investors. All charts, economic and market forecasts presented herein are for illustrative purposes only. Note that this data does not represent any Brown Advisory investment offerings. Investment Grade Bonds - **Bloomberg Barclays Aggregate Bond Index** is an unmanaged, market-value weighted index composed of taxable U.S. investment grade, fixed rate bond market securities, including government, government agency, corporate, asset-backed and mortgage-backed securities between one and 10 years. High-Yield Credit - **Bloomberg Barclays U.S. Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Developed Markets - The **MSCI ACWI ex USA® Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries\*. With 1,856 constituents, the index covers approximately 85% of the global equity opportunity set outside the US. Emerging markets - The **MSCI Emerging Markets® Index** captures large and mid-cap representation across 23 Emerging Markets countries. With 834 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Private Equity - **Cambridge Associates Fund of Funds Benchmark** is based on data compiled from nearly 700 institutional-quality fund of funds. Real Estate - The **FTSE NAREIT® Equity REIT Index** is a broad-based free-float weighted index consisting of real estate investment trusts (REITs), calculated based on price and total return methodologies, both real time and end-of-day. The index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs. FTSE is a registered trademark of the London Stock Exchange Group PLC ("LSE Group"). NAREIT® is a registered trademark of National Association of Real Estate Investment Trusts®. Hedge Funds - **HFR® Equity Hedge Index**: Contains Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short. Private Credit - **Cliffwater Direct Lending Index (CDLI)** seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The CDLI Total Return Index includes three components: Income Return, Realized Gain/Loss, and Unrealized Gain/Loss. It is not possible to invest directly in an Index. Bloomberg Barclays Indices are trademarks of Bloomberg or its licensors, including Barclays Bank PLC. MSCI indexes and products are trademarks and service marks of MSCI or its subsidiaries. © 2019 Hedge Fund Research, Inc. - All rights reserved. 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