

# Berkshire Taconic Community Foundation



*Moving Forward by Giving Back*

# Investing For Good

- Welcome! Jill Gellert, Vice President of Finance and Administration
- Webinar issues: [info@berkshiretaconic.org](mailto:info@berkshiretaconic.org) or 413.229.0370
- Overview of Berkshire Taconic Community Foundation
- Investment process
- Investment policies
- Investment performance review
  - Tom Lupone, Prime Buchholz & Associates
- Investment strategies
  - Ann Goodbody, Investment Committee Chair
- Q&A



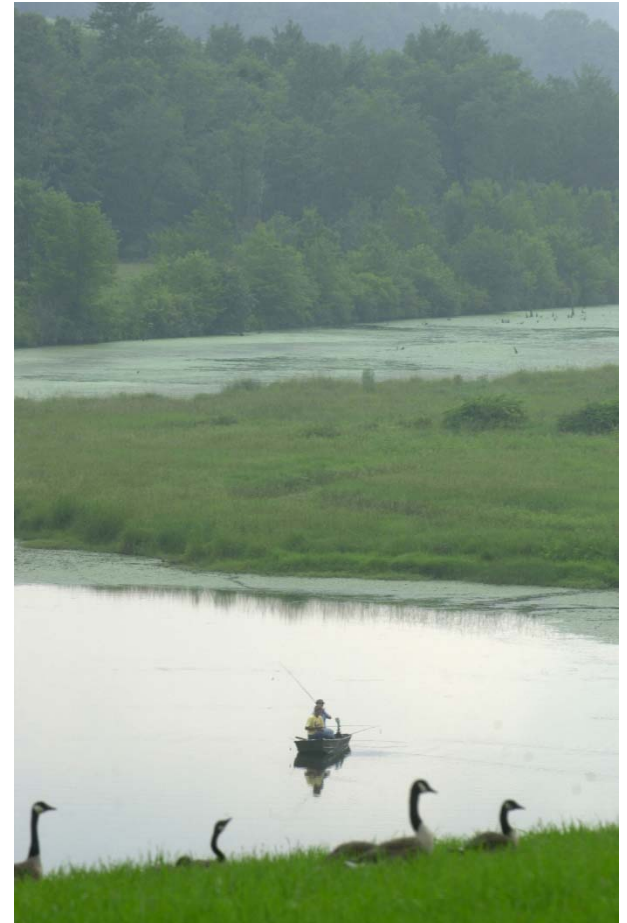
# What is a Community Foundation?

- Tax exempt public charity
- Improve quality of life in a specific geographic area
- Overseen by local volunteer board of directors
- 800 in the USA



# What we do

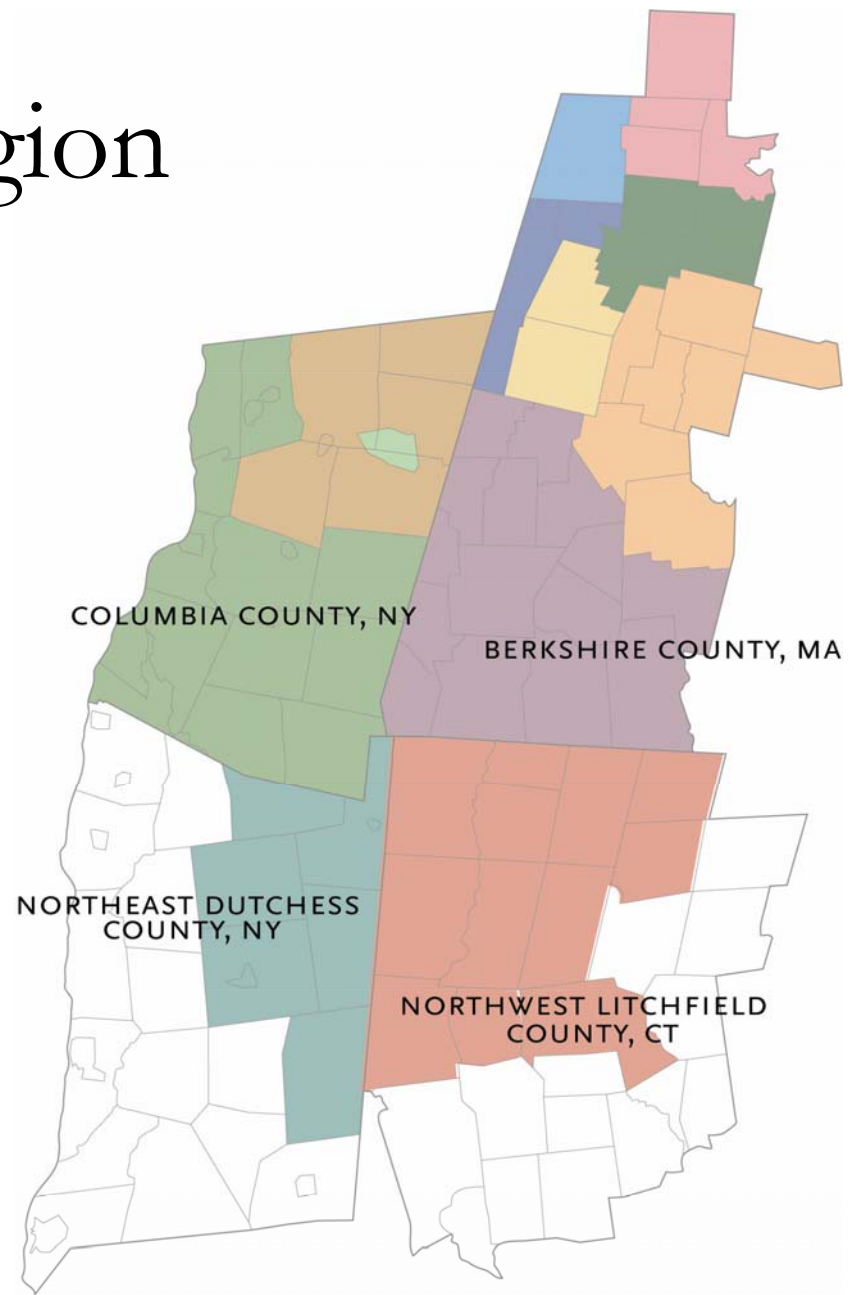
- Connect donors with causes, programs
  - Over 500 funds
- Build permanent charitable funds to respond to local needs
  - \$95 million under management
    - \$35 million here in perpetuity
  - \$90 million distributed since 1987
    - \$7 million distributed in 2010
- Strengthen the capacity of local nonprofits
- Provide regional leadership



# Our Region

Berkshire County, MA  
Columbia County, NY  
Northeast Dutchess County, NY  
Northwest Litchfield County, CT

- 247,800 people
- 3 States
- 4 Counties
- 70 towns and 3 cities
- 2,200 square miles
- 2,000 nonprofits in area



# How our Assets are Invested

## **Managed Pool**

- \$87 million
- 7.1% 15-year annual return
- Endowed funds

## **Income Pool**

- \$502,000
- 6.2% 9-year annual return

## **Money Market Pool**

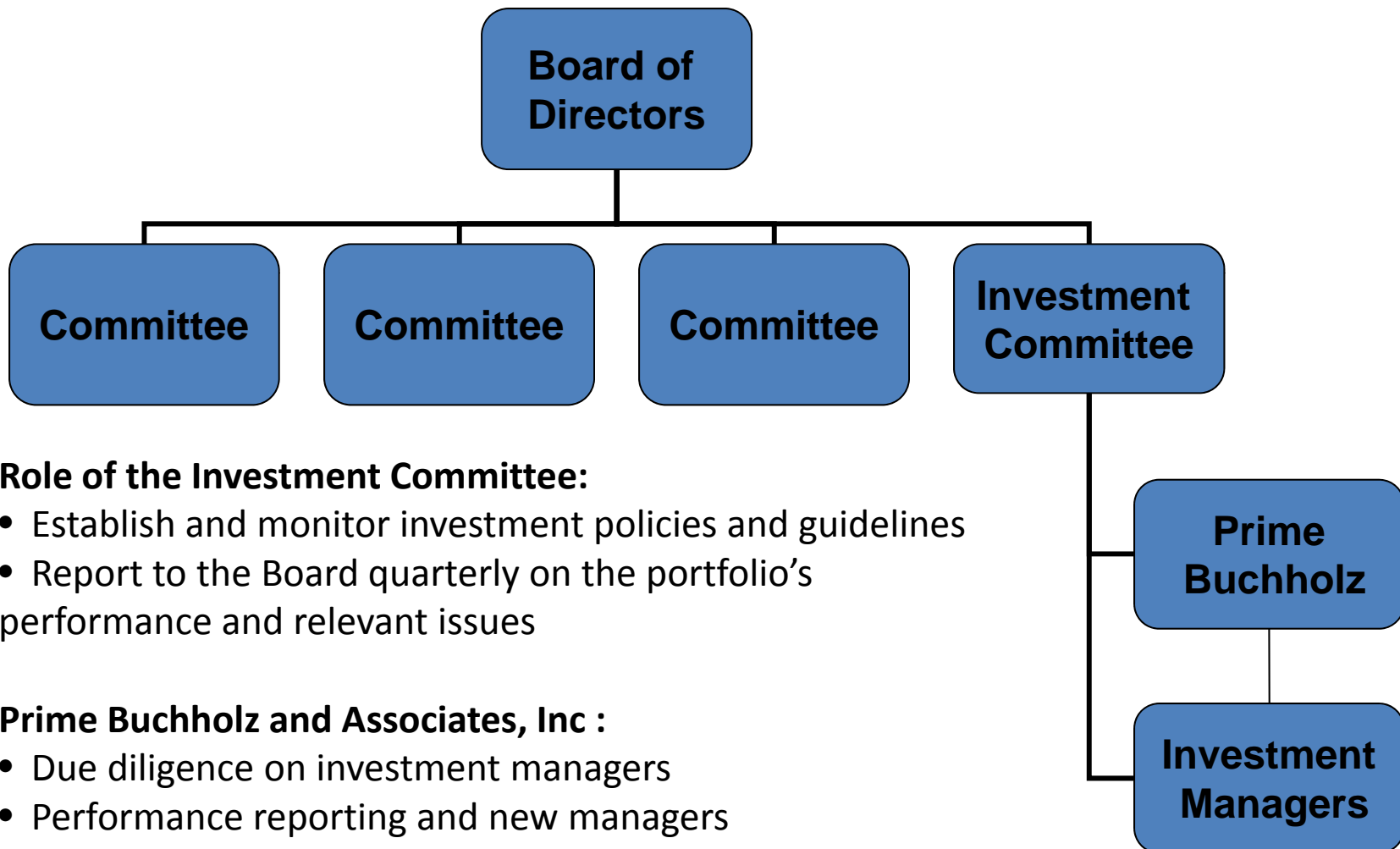
- \$1.5 million
- 2.2% 5-year annual return

## **Socially Responsible Investment Pool**

- \$525,000
- 2.2% 3-year annual return



# Investment Oversight



## Role of the Investment Committee:

- Establish and monitor investment policies and guidelines
- Report to the Board quarterly on the portfolio's performance and relevant issues

## Prime Buchholz and Associates, Inc :

- Due diligence on investment managers
- Performance reporting and new managers

# Investment Committee

Experienced team of professionals with extensive experience in institutional investment who create and guide BTCF investment strategies

## Board Members\*

- Ann Goodbody, Chair
- Neil McCarthy
- Andrew Vickery
- David McCarthy

## Community Advisors\*

- Noha Carrington
- Cornelia Small
- John Tuke

## Staff Contact

- Jill Gellert, VP, Finance & Administration

\*bios available at [www.berkshiretaconic.org](http://www.berkshiretaconic.org)



# Investment Objective

To maximize return while preserving capital and liquidity, and produce consistent and stable growth with acceptable risk

- Long term average annual return goal to cover 4.5% spending, inflation and fees
- Top quartile performance nationwide
- Best in class managers
- Highly diversified portfolio



# Prime Buchholz and Associates, Inc

Introduction

Thomas P. Lupone, Principal

# Prime Buchholz and Associates, Inc.

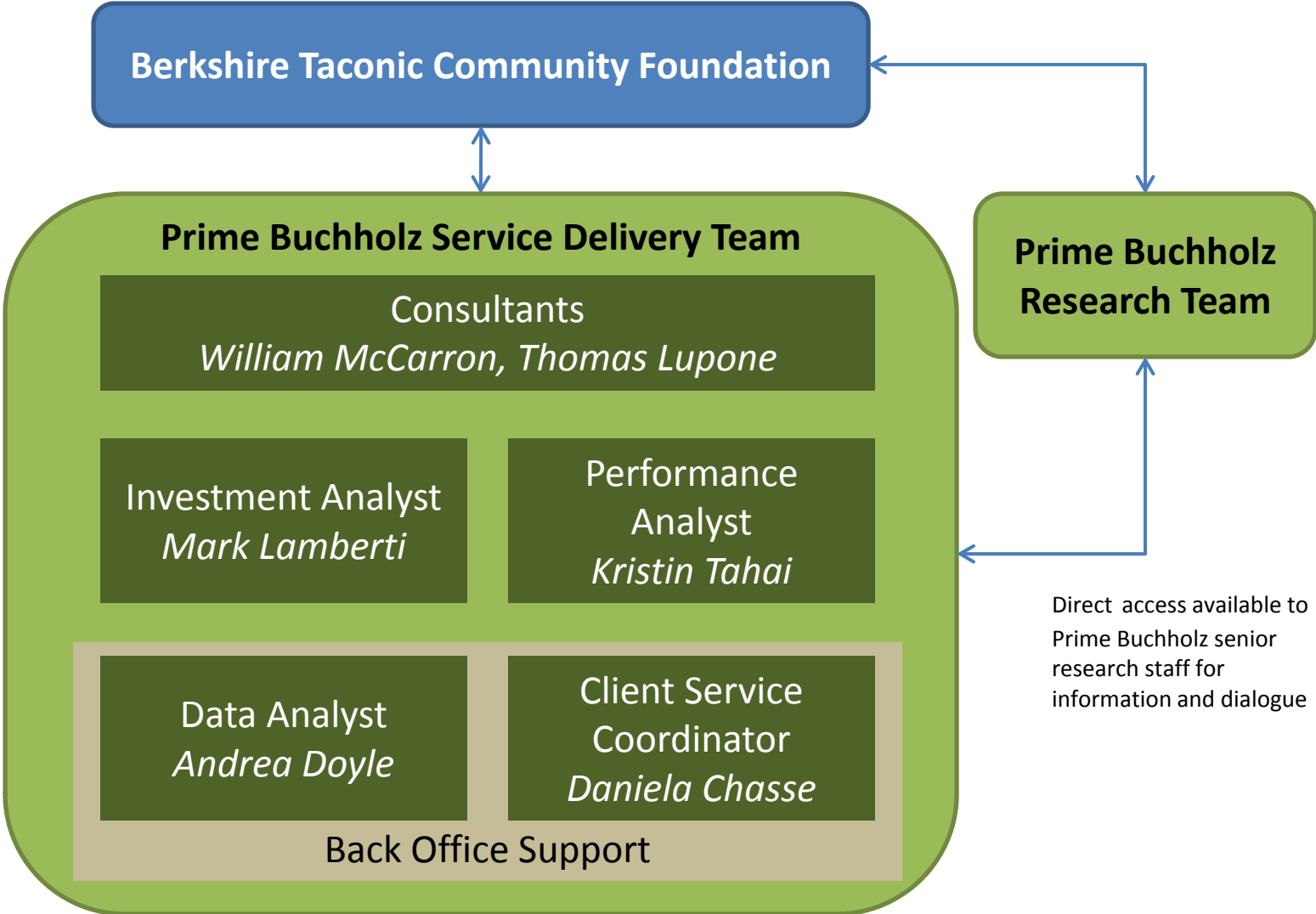
SUMMARY	DIFFERENTIATORS
<ul style="list-style-type: none"> <li>• Full service, independent, institutional investment consulting firm established in 1988</li> <li>• Registered investment advisor with the SEC pursuant to the Investment Advisers Act of 1940, as amended</li> <li>• Headquartered in Portsmouth, NH with offices in Boston and Atlanta</li> <li>• Advise more than 260 full-retainer clients</li> <li>• 100+ employees – approximately 50 experienced investment professionals</li> <li>• Full range of service offerings</li> </ul>	<p><b>Independence</b> Unbiased investment advice; no outside influences; all revenues are derived from services provided to clients’ investment programs</p> <p><b>Experience</b> Principals possess a unique combination of institutional investment experience in investment consulting, client fund management, and institutional finance; Principals average 25 years of experience – no junior consultants</p> <p><b>Stability</b> Firm is Principal-owned; no departure of owner Principals since inception; consultant teams stay constant providing clients a stable and direct relationship with their service team</p> <p><b>Client Service</b> Serve as a comprehensive, open-ended resource; responsive to unique requirements and needs; two assigned principals provide consistency in the investment approach and increased senior-level service coverage</p> <p><b>Value-Added</b> Disciplined investment process designed to control risk through asset allocation, diversification, and rigorous manager selection/evaluation</p>
CLIENTS SERVED	
<ul style="list-style-type: none"> <li>• Educational Endowments</li> <li>• Private and Public Foundations</li> <li>• Corporate and Public Pensions</li> <li>• Cultural and Faith-Based Organizations</li> <li>• Health Care and Insurance</li> <li>• High Net Worth Families</li> </ul>	

# Representative Client List\*

Colleges & Universities	Public & Charitable Foundations	Private Foundations	Community Foundations
<p>Auburn University &amp; Foundation                      Berklee College of Music                      Berry College                      Clark University                      Earlham College                      Furman University                      Ithaca College                      Marquette University                      The University of Georgia                      Foundation                      Worcester Polytechnic Institute</p>	<p>Child and Family Services                      Golden LEAF Foundation                      Maine Sea Coast Mission                      March of Dimes Birth Defects Foundation                      National Association of Attorneys General                      Mission Foundation                      New York City Mission Society                      Save the Children Federation                      Telluride Association                      United States Olympic Foundation                      United Way of Greater Rochester</p>	<p>Amelia Peabody Foundation                      Cameron Foundation                      Camille and Henry Dreyfus                      Foundation                      Charles Hayden Foundation                      Davis Educational Foundation                      J. Bulow Campbell Foundation                      Robert Sterling Clark Foundation                      The Clowes Fund, Inc.                      The John R. Oishei Foundation                      The Reeves Foundation</p>	<p>Ann Arbor Area Community Foundation                      Berkshire Taconic Community Foundation                      Community Foundation of the                      Chattahoochee Valley, Inc.                      Community Foundation for the Ozarks                      Community Foundation of Palm Beach and                      Martin Counties                      Greater Worcester Community Foundation                      Spartanburg County Foundation                      The Boston Foundation                      The Greater Kanawha Valley Foundation                      The Rhode Island Foundation</p>
Independent Schools	Health Care Organizations	Corporate Pensions	Cultural Institutions
<p>Berkshire School                      Choate Rosemary Hall                      Eaglebrook School                      Horace Mann School                      Middlesex School                      Noble and Greenough School                      Perkins School for the Blind                      St. Andrew’s School                      The Loomis Chaffee School                      University School</p>	<p>Albany Medical Center                      Capital Region Health Care                      Catholic Medical Center                      Finger Lakes Regional Health System, Inc.                      HANYS Benefit Services                      Holland Community Hospital                      Lawrence and Memorial Hospital                      Northeast Hospital Corporation                      Southcoast Health System                      Tufts Associated Health Maintenance                      Organization</p>	<p>Albany International Corporation                      American Dehydrated Foods, Inc.                      ConMed Corporation                      Constellation Brands, Inc                      Edwards Angell Palmer &amp; Dodge LLP                      Laclede Gas Company                      Nixon Peabody LLP                      Sheehan, Phinney, Bass &amp; Green PA                      Swisher International, Inc.                      The Conference Board, Inc.</p>	<p>American Bible Society                      Brooklyn Museum                      Currier Museum of Art                      Massachusetts Historical Society                      School of American Ballet, Inc.                      Strong – National Museum of Play®                      The Aldrich Contemporary Art Museum                      The Henry Morrison Flagler Museum                      The Phillips Collection                      Woodrow Wilson Intl. Ctr for Scholars</p>
			<p><b>Private Clients and Family                      Foundations</b></p> <p>Approximately 10% of client base</p>

*\*Representative clients listed are the largest ten clients in a category based on investment size and listed alphabetically, excluding those institutions that have requested anonymity. All private clients are confidential. Our listing of any institution does not imply an endorsement of Prime Buchholz or the services we provide*

# Prime Buchholz/Berkshire Taconic Relationship



# Asset Allocation Modeling Categories

Category	Objective	Exposures
Equity	Growth	Global Public Equity
		Global Private Equity
		Global Long/Short Equity
Credit	Equity market hedge	Domestic Bonds, Non-US Bonds
Multi Strategy	Capitalize on dislocations	Absolute Return/Event-Driven
Inflation Hedging	Protect against ST spikes, LT Inflation	Oil, Gas, Timber, Commodities, TIPS
Liquidity	Liquidity	T-Bills

# Asset Allocation and Investment Policy Ranges

	Lower %	Target %	12/31/10 Allocation %	Upper %
<b>Total Equity</b>	45.0	70.0	<b>62.0</b>	80.0
Global Public Equity	35.0		41.6	50.0
Global Private Equity	5.0		5.6	15.0
Global Long/Short Equity	5.0		14.8	25.0
<b>Credit</b>	5.0	10.0	<b>15.0</b>	25.0
Core Bond, Non-US Credit			15.0	
<b>Multi-Strategy</b>	5.0	10.0	<b>13.6</b>	20.0
Absolute Return/Event-Driven			13.6	
<b>Liquidity</b>	0.0	0.0	<b>2.4</b>	10.0
Cash, T-Bills			2.4	
<b>Inflation Hedging</b>	0.0	10.0	<b>6.8</b>	20.0
Oil, Gas, Timber, Commodities, TIPS			6.8	

# Berkshire Taconic Performance

as of December 31, 2010

BTCF performed in the top quartile for all Foundations

	1 YR	3 YRS	5 YRS
Berkshire Taconic Community Foundation	13.5	2.2	5.9
Broad Policy Index	12.4	-0.9	3.8
Actual Index	10.7	-1.8	N/A
65% S&P 500/35% BC Aggregate	12.5	0.7	3.9
*All Foundations & Endowments – Top Quartile	13.5	1.4	5.3
**All Community Foundations – Top Quartile	13.5	1.1	5.4

\*TUCS (Trust Universe Comparison Service) GROSS returns

\*\*Council on Foundations NET returns

# Performance by Asset Category

BTCF outperformed the benchmarks in every asset category

	1 YR	3 YRS	5 YRS
<b>Domestic Equity</b>	<b>16.9</b>	<b>0.4</b>	<b>3.7</b>
Russell 3000 Index	16.9	-2.0	2.7
<b>International Equity</b>	<b>15.1</b>	<b>-3.1</b>	<b>5.9</b>
MSCI AC World xUS Index	11.2	-5.0	4.8
<b>Flexible Capital</b>	<b>8.5</b>	<b>5.7</b>	<b>9.1</b>
HFRI Fund-of-Funds Index	5.7	-2.5	2.4
<b>Global Private Equity</b>	<b>24.7</b>	<b>4.3</b>	<b>8.2</b>
Venture Economics All PE (Pooled IRR) Index	14.5	-0.4	8.4
Russell 3000 Index	16.9	-2.0	2.7
<b>Total Credit Strategies</b>	<b>11.4</b>	<b>9.7</b>	<b>8.7</b>
Fixed Income Composite Index	8.9	7.8	6.9
<b>Total Inflation Hedging</b>	<b>15.0</b>	<b>-4.4</b>	N/A
Inflation Hedging Composite Index	14.0	-0.6	N/A

# Investment Managers

Global Public Equity	Global Private Equity	Multi Strategy
iShares S&P 500 Index Stralem & Company CRM Midcap Value Select Equity Group Dodge & Cox Thornburg Artio Global Management Mondrian Investment Partners Highclere International Investors Vanguard Emerging Markets	Commonfund Capital Kinderhook Oaktree Capital Management Lexington Capital Partners	Elliott Associates Farallon Capital Management
	Credit	Inflation Hedging
	Pacific Investment Management Co. (PIMCO) Loomis Sayles & Company Ashmore Investment Mgmt	Wellington Vanguard TIPS
Global Long/Short Equity		
Adage Capital Partners Prince Street Fund Steadfast Capital Management		

# Performance Report by Manager

- Each manager is compared to a specific benchmark

For example as of 12/31/10:

	1 MO	QTR	1 YR	3 YRS	5 YRS
<b>PIMCO Total Return Fund</b>	<b>-0.5</b>	<b>-0.9</b>	<b>8.8</b>	<b>9.1</b>	<b>8.0</b>
BC Aggregate Index	-1.1	-1.3	6.6	5.9	5.8

A full report with individual manager performance along with a list of managers is available at [www.berkshiretaconic.org](http://www.berkshiretaconic.org)

# Investment Summary & Conclusions

Investing with the Berkshire Taconic Community Foundation provides access to:

- a well diversified portfolio across all major asset classes
- a group of strong and generally difficult to access investment managers
- ongoing diligence and active monitoring of the portfolio and managers
- a highly experienced and engaged investment committee
- the services of a leading investment advisory firm

# Investment Strategy

## Introduction

Ann Goodbody, Chair, Investment Committee

# Investment Strategy

- 2008-2010
  - Entered crisis with diversified, liquid portfolio
    - held positions but reviewed individual portfolio managers
    - portfolio value dropped precipitously in 2008 and fully recovered within 2 years
  - Post-crisis, modified some allocations and managers considering changing macroeconomic scenarios
- 2011
  - Economic outlook, short and medium term
    - impact of events (Japan, Mideast)
    - budget deficits, inflation
  - Current portfolio strategy

# Wrap Up

## Resources and Questions

# Resources for Fundholders

- Website – [www.berkshiretaconic.org](http://www.berkshiretaconic.org)
  - Historic Performance
  - Investment performance by manager (monthly)
  - Market review (monthly)
  - Investment Committee Member Bios
  - Statement of Investment Policies
  - Manager Listing
- DonorCentral
  - View fund balances and current transactions
  - Investment earnings (monthly)
  - Fund statements (quarterly)
- Quarterly Update

# www.berkshiretaconic.org

Berkshire Taconic Community Foundation - Mozilla Firefox

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http://www.berkshiretaconic.org/Investment/index.shtml

Berkshire Taconic Community Found...

Berkshire Taconic Community Foundation

START A FUND  
MAKE A DONATION  
APPLY: GRANTS/SCHOLARSHIPS  
REGISTER: EVENTS/SEMINARS  
**DONOR CENTRAL LOGIN**  
INTRANET

ABOUT US  
NEWS  
**OUR FUNDS**  
**INVESTMENTS**  
FUND HOLDERS  
WAYS OF GIVING  
PROFESSIONAL ADVISORS  
NONPROFIT ORGANIZATIONS  
HOUSING US

SITE SEARCH:

## Investments

### Welcome

Berkshire Taconic is proud of its strong history of solid investment performance.

Our investment objective is simple: to maximize return while preserving capital and producing consistent and stable growth with acceptable risk.

We currently have four investment pools. Non-endowed funds may be invested in any one of these pools or in a combination of them. Endowed funds must be invested in the managed pool.

Our Investment Committee, which creates and guides our investment strategies, is a team of professionals with extensive experience in institutional investment. Our administrative staff, led by Jill Gellert, vice president of finance and administration, works with our investment consultant, Prime, Buchholz & Associates, Inc., to provide day-to-day oversight.

For more information, contact Jill Gellert, vice president of finance and administration, at 413-239-0270 or [jgellert@berkshiretaconic.org](mailto:jgellert@berkshiretaconic.org)

- [Investment Policy](#)
- [Investment Pools and Performance](#)
- [Investment Managers](#)
- [Investment Committee](#)
- [Managed Pool Current Performance](#)
- [Year End Review](#)

# Questions

Thank you!