

## **Investment Management FAQs**

### **How are Hampton Roads Community Foundation funds invested?**

Our funds are primarily permanent funds invested for long-term growth to benefit our region now and in the future. As a permanent institution, our investment horizon is longer than that of individuals. Our objective is to earn, on average, a net return that will exceed our spending policy for grants, inflation and the cost of administration.

### **Who is on your investment committee?**

Our committee members are all volunteers who are wise Hampton Roads investors who care about our region's future. John O. "Dubby" Wynne, our board's vice chair, heads the investment committee. He is retired from Landmark Communications Inc. Other members are John Fain of Fain Enterprises LLC, Guy R. "Rusty" Friddell III of Landmark Communications Inc., Paul O. Hirschbiel Jr. of Eden Capital LLC and treasurer of our board, and Timothy B. Robertson of Bayshore Enterprises LLC.

### **How are your funds invested?**

On July 1, 2011 we started partnering with Spider Management Company of Richmond, Virginia, which works with more than 20 other nonprofit endowments. Spider manages approximately \$2.8 billion in assets as of June 30, 2011. Established as a wholly-owned subsidiary of the University of Richmond to manage its own endowment, Spider began managing the assets of non-affiliated non-profits in 2008. Its partners include the Community Foundation Serving Richmond and Central Virginia, which is the largest non-affiliated non-profit partner.

Our board and investment committee changed in 2011 from a consultant investment model to an outsourced chief investment officer model. This change was made to offer consistency in long-term management and oversight of our \$200-million plus endowment. Our previous investment consultant, Hammond Associates of St. Louis, performed well for us over the years -- particularly during the recent recession. However, our investment committee believes the new investment model will provide even better long-term returns for the Foundation. Investing with Spider gives us access to fund managers only available to large investors. Our goal in working with Spider is to increase our Foundation's ability to put more grants and scholarships to work in our community.

### **Why did you move to an outsourced CIO Model?**

Our investment committee studied various models and decided a more turn-key approach to investments would work better for the Foundation and its fund holders. With this model our investment committee is heavily involved in oversight of performance but relies on Spider for actual investment decisions.

### **How was Spider Management Company chosen?**

In 2011 we issued a request for proposal to more than a dozen firms providing the outsourced chief investment officer model. From the six firms responding, our investment committee selected three finalists to extensively evaluate and interview. Spider was chosen because of its track record, the excellent fit it provides with our foundation's goals and its ability to link us to like-minded investors who also want to preserve capital while growing their endowments.

**Will this change in investment approach affect your fund holders?**

No. Fund holders will still have online access to view their fund balance using Fund Express. Our returns will be available on our website and will be posted quarterly. Information will also be published in our annual report.

**Were any local firms considered to manage your funds?**

There are currently no firms in Hampton Roads that provide the outsourced chief investment officer model so none of the firms submitting proposals were from our region.

**Do you expect better returns from Spider?**

Yes. Our goal is to keep increasing our endowment so we can award more grants and scholarships and offset inflation. Spider's goal is the same as our foundation's -- preserve capital while achieving good returns year after year. As of June 30, 2011 Spider invests its portfolio with approximately 140 managers – none responsible for more than 3 percent of the portfolio. With Spider our endowment is in the following buckets – equity, private equity, absolute return, real estate and real assets, and cash.