






## Donor Advised Fund Investment Options

**Endowed Donor Advised Funds:** The Community Foundation invests endowed Donor Advised Funds in its endowment pool. This provides funds of all sizes with the benefits of diversification and the ability to maximize returns. Our endowment investment strategy is overseen by the Community Foundation's investment committee with the assistance of independent investment consultant, NEPC, LLC.

**Non-endowed Donor Advised Funds:** Donors to non-endowed Donor Advised Funds may recommend one of five investment strategies. Each one is based on the degree of market risk (i.e., change in value) and rate of return that is consistent with the amount and timing of grants the donor plans to recommend.

**Investment Strategy Options for Non-endowed Funds\***  
(All strategies are subject to market fluctuations)

**Appropriate for**  
(All strategies allow current grant distributions)

<b>Money Market</b>  100%	<b>100% Money Market</b> (Default investment strategy)	Fund invests in high-quality, low-risk instruments to provide liquidity and preserve capital.	Donors who plan to recommend full distribution of funds in 12 months or less.
<b>Conservative</b>  25%                      75%	<b>75% Fixed Income</b> (Short-Term Bond) <b>25% Equity</b> 6% Large Cap Growth 6% Large Cap Value 10% International 3% Small Cap	Moderately low-risk, capital-preservation strategy that offers potential for yields higher than money market.	Donors planning a relatively short distribution timeline – 1 to 2 years.
<b>Balanced</b>  50%                      50%	<b>50% Fixed Income</b> (Intermediate Bond) <b>50% Equity</b> 12.5% Large Cap Growth 12.5% Large Cap Value 20% International 5% Small Cap	This moderate-risk strategy seeks to preserve capital and provide for growth.	Donors planning to recommend grant distributions over 2 to 5 years.
<b>Growth</b>  75%                      25%	<b>25% Fixed Income</b> (Core/Core Plus) <b>75% Equity</b> 17.5% Large Cap Growth 17.5% Large Cap Value 30% International 10% Small Cap	Moderately aggressive strategy that seeks long-term capital growth with a degree of capital preservation.	Donors planning distributions over a period of about 5 years or more.
<b>All Equity</b>  100%	<b>100% Equity</b> 25% Large Cap Growth 25% Large Cap Value 40% International 10% Small Cap	An aggressive all equity strategy that seeks long-term capital growth. Fluctuations in fund asset value must be tolerated.	Donors planning a long-term distribution timeline – over 7 years or more.

\*Underlying American Funds mutual funds used in the above allocations are: American Funds Money Market Fund; Fixed Income – Short-Term Bond Fund of America, Intermediate Bond Fund of America, and Bond Fund of America; Large Cap Growth – AMCAP; Large Cap Value – American Mutual Fund; Small Cap – Small Cap World Fund; International Equity – EuroPacific Growth Fund. Allocations and underlying funds are subject to change.

**Investment Strategy Changes:** Donor advisors can recommend a change in investment strategy on an ongoing basis by contacting the Community Foundation.

**Custom Investment Strategy:** Donors with endowed or non-endowed funds of \$1 million or more may request approval to utilize a separate investment manager and custom investment strategy while there are donor advisors to the fund. Please contact us for more information about this option.

## About Fees

There are no transaction fees to establish or make contributions to your Community Foundation Donor Advised Fund, to recommend a change in investment pools or to request grant distributions to charities from your fund.

Each Donor Advised Fund pays an annual administrative fee (minimum of \$250) and its pro-rata share of investment management fees for the investment strategy in which it is invested. All fees are charged automatically to the fund and do not require additional payment by the advisor to the fund.

### Administrative fees

A nominal administrative fee is charged to each Community Foundation Donor Advised Fund. This fee is paid from the fund in 12 monthly installments and does not require additional payment by the founder/donor advisor to the fund. This fee is subject to review and revision by the Board of Trustees of the Community Foundation. For non-endowed Donor Advised Funds, the annual administrative fee (minimum annual fee of \$250) is tiered as follows:

<i>Asset Value</i>	<i>Annual Administrative Fee</i>
• Funds under \$25,000 in value	• Flat fee of \$250
• Funds of \$25,000 or more in value	
- Up to \$500,000 in value	1.00%
- Next \$500,000 (between \$500,001 and \$1 million)	.75%
- Value above \$1 million	.50%

For endowed Donor Advised Funds, the annual administrative fee (minimum annual fee of \$250) is 0.50 percent of the average value of the fund. Negotiated administrative fees may be available for non-endowed and endowed funds of \$1.5 million or more in value.

### Investment management fees

Non-endowed Donor Advised Funds: The investment management fee for each strategy is based on the expense ratios of the underlying mutual funds utilized. All non-endowed Donor Advised Funds are invested in pools consisting of no-load mutual funds. Annual investment fees for each investment strategy are approximately: 39 bps\* for Money Market; 65 bps for Conservative; 70 bps for Balanced; 76 bps for Growth and 79 bps for All Equity. These fees may change if there is a change in the asset allocation strategy or the underlying mutual funds. Please contact us if you would like to know the current expense ratios for our investment strategies.

Endowed Donor Advised Funds: Each endowed Donor Advised Fund is charged its prorated share of the annual investment fee for the endowed investment pool. This fee is approximately 70 bps of the fund value.

Custom Investment Strategy: Custom invested funds, both endowed and non-endowed, pay their direct investment costs.

Please note that the American Funds may provide compensation to a financial adviser whose client establishes or maintains a donor advised fund with the Community Foundation for Southeast Michigan ("Community Foundation"). As of January 2012, the American Funds is not providing any compensation to financial advisers whose clients may have a Community Foundation donor advised fund that is invested in the Money Market investment strategy. The American Funds is providing financial advisers with a 25 bps initial commission and a 25 bps trailing commission (after 12 months) for Community Foundation donor advised funds that are invested in the other available investment strategies. However, it should be noted that: (i) the compensation provided to financial advisers is within the sole control of American Funds; (ii) the compensation is netted from the stated investment fee; and (iii) as such, does not result in an additional fee or charge to the donor advised fund.

\* This is the published expense ratio which is currently (June 2014) being covered/waived by the fund manager.