

ENDOWMENT & FOUNDATION: first annual survey

EXECUTIVE SUMMARY

In late December 2020, Meketa Investment Group surveyed a group of endowments and foundations to understand what changes were made during 2020, with a particular focus on what impact COVID - 19 had on operations and investment decision making.

2020 SURVEY

**ENDOWMENT & FOUNDATION
COMMITTEE MEMBERS**
Laura Wirick, Co-Chair
Larry Witt, Co-Chair
Ted Benedict
LaRoy Brantley
Aaron Lally
Mary Mustard
Casey Saterlee

RESPONDENTS

Respondents came from institutions representing a broad range of investable assets (approximately \$30 million on the low end to \$7 billion on the high end).

- Roughly half of responses came from Meketa clients.
- The majority of respondents had less than five investment staff. The most common answer was two investment staff.
- The most common nominal return target was in the 7.0% - 7.5% range.

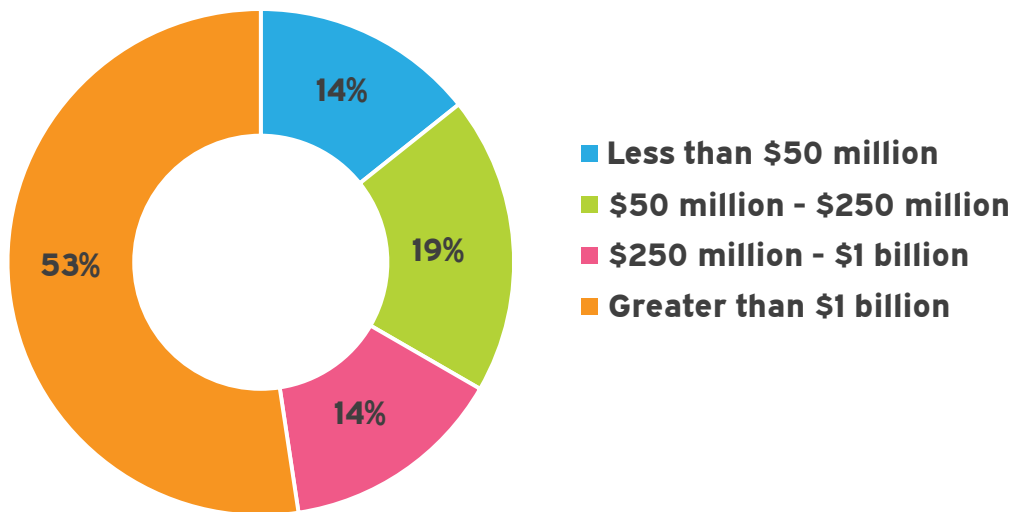


FIGURE 1
WHAT ARE YOUR TOTAL INVESTABLE ASSETS?

Source: Meketa Investment Group 2020 Survey.

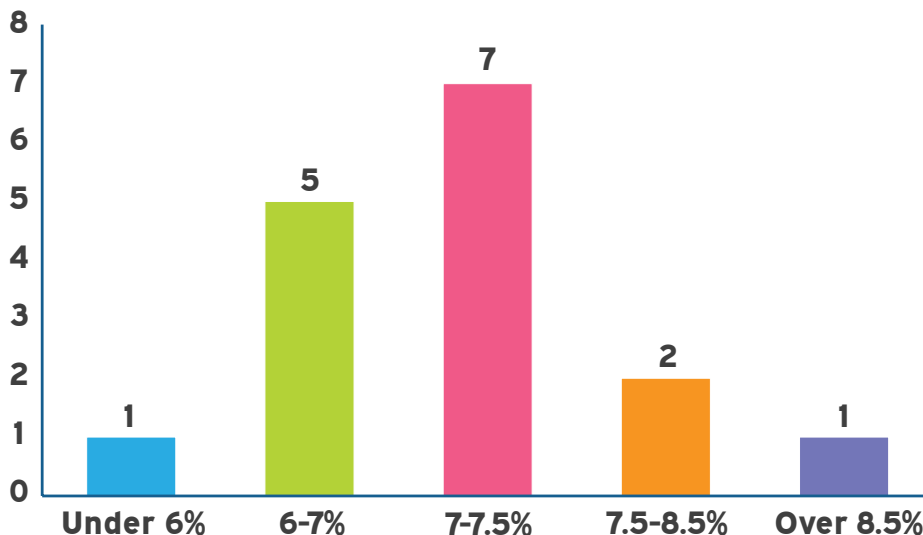


FIGURE 2
NOMINAL RETURN TARGET

Source: Meketa Investment Group 2020 Survey.

DONATIONS

Unsurprisingly, most institutions received less in donations as a result of COVID – 19.

→ The biggest decrease was felt by those institutions that historically received more than 10% in annual donations.

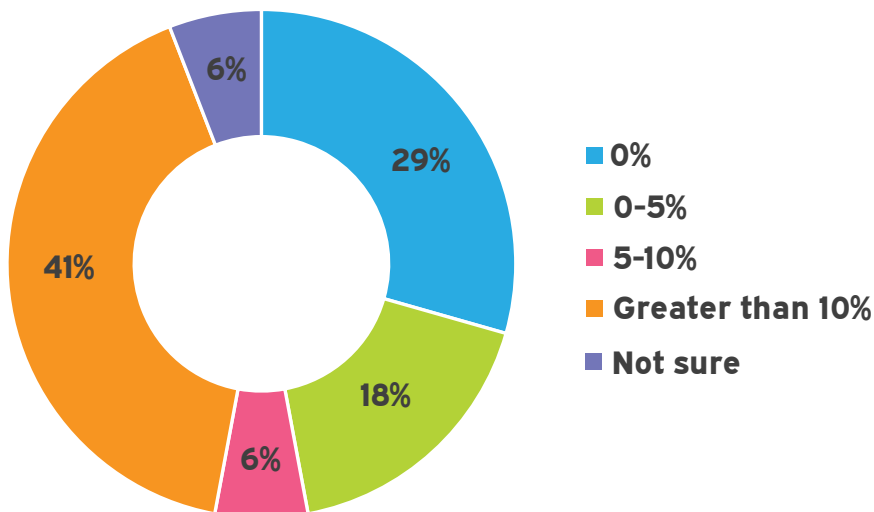


FIGURE 3
IN AN AVERAGE YEAR
WHAT % OF YOUR
PORTFOLIO VALUE
DO YOU RECEIVE IN
DONATIONS?

Source: Meketa Investment Group
2020 Survey.

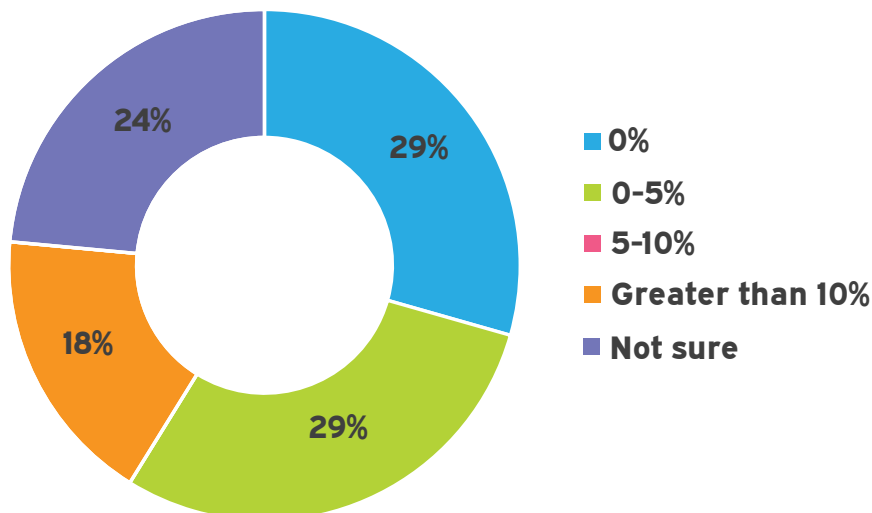


FIGURE 4
DUE TO COVID-19, WHAT
% OF YOUR PORTFOLIO
VALUE DID YOU RECEIVE
IN DONATIONS IN
CALENDAR 2020?

Source: Meketa Investment Group
2020 Survey.

SPENDING RATE

Most institutions do not expect to make any changes in annual spending rate.

→ The most common spending rate is between 4-5%.

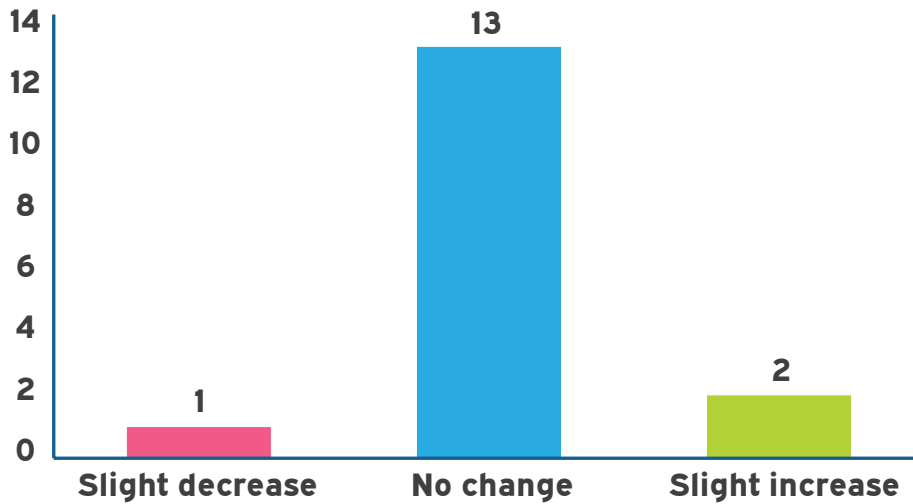


FIGURE 5
EXPECTED CHANGE IN SPENDING RATE DUE TO COVID-19?

Source: Meketa Investment Group 2020 Survey.

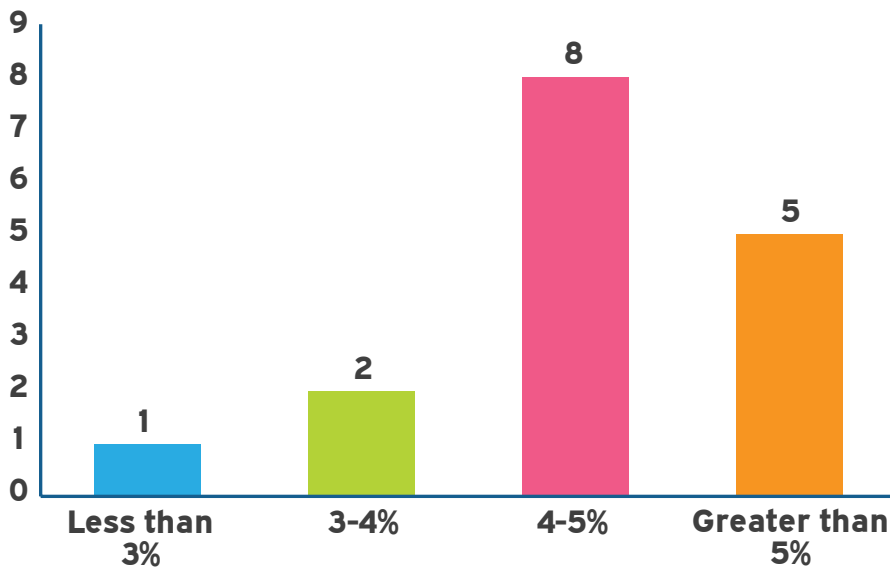


FIGURE 6
WHAT IS YOUR CURRENT SPENDING RATE?

Source: Meketa Investment Group 2020 Survey.

VIRTUAL ENVIRONMENT

The vast majority of investment staff was still working from home at the end of 2020.

- No respondents were holding in-person investment committee meetings at the end of 2020.
- Formal investment meeting frequency was essentially unchanged despite the increased market volatility and transition to virtual environment.
- Four meetings per year was the most common frequency.

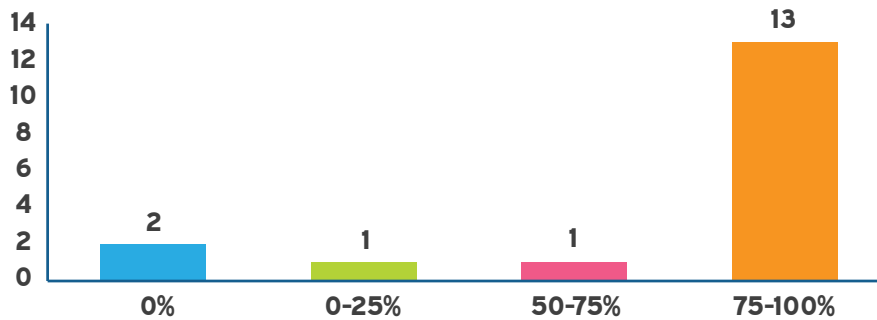


FIGURE 7
WHAT PERCENTAGE OF YOUR INVESTMENT STAFF IS STILL WORKING FROM HOME?

Source: Meketa Investment Group 2020 Survey.

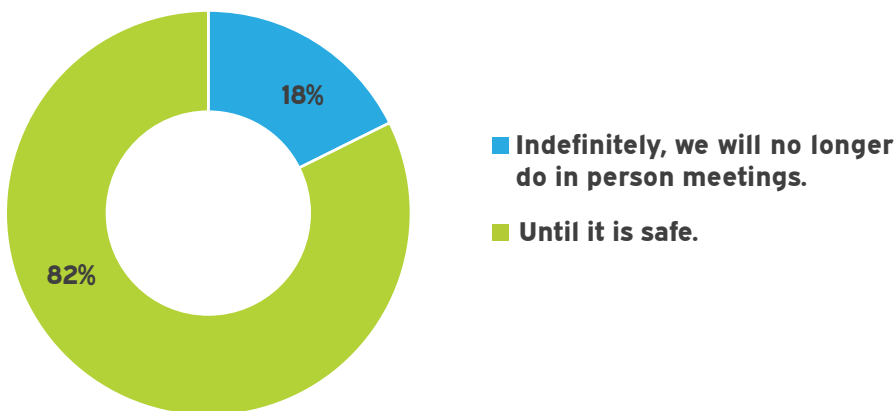


FIGURE 8
HOW LONG DO YOU PLAN TO CONTINUE WITH VIRTUAL MEETINGS?

Source: Meketa Investment Group 2020 Survey.

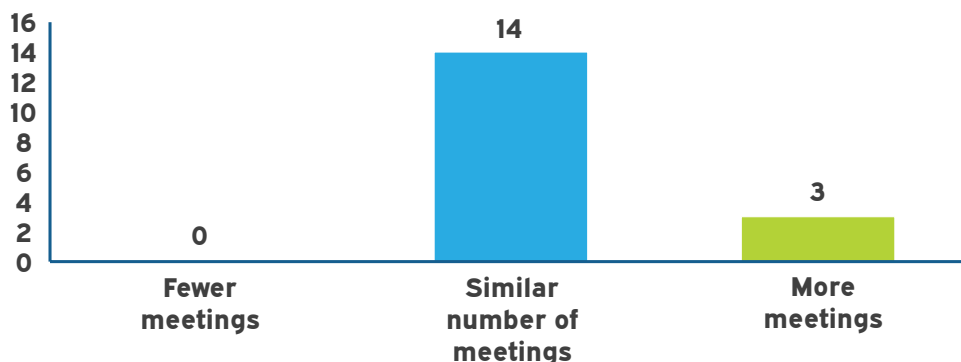


FIGURE 9
MEETING FREQUENCY CHANGE DUE TO COVID-19?

Source: Meketa Investment Group 2020 Survey.

INVESTMENT APPROACH

Most respondents made no changes or only slight changes (rebalancing, opportunistic investments, de-risking) to their investment portfolio during 2020.

- None of the respondents anticipate a decrease in private market commitments going forward.
- Despite the increased market volatility in 2020, COVID-19 did not change respondents opinion on the use of an OCIO or the delegation of investment authority.

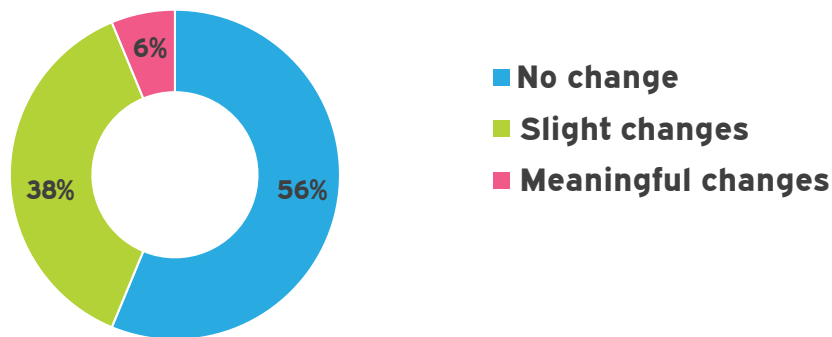


FIGURE 10
CHANGES TO PORTFOLIOS DUE TO COVID-19.

Source: Meketa Investment Group 2020 Survey.

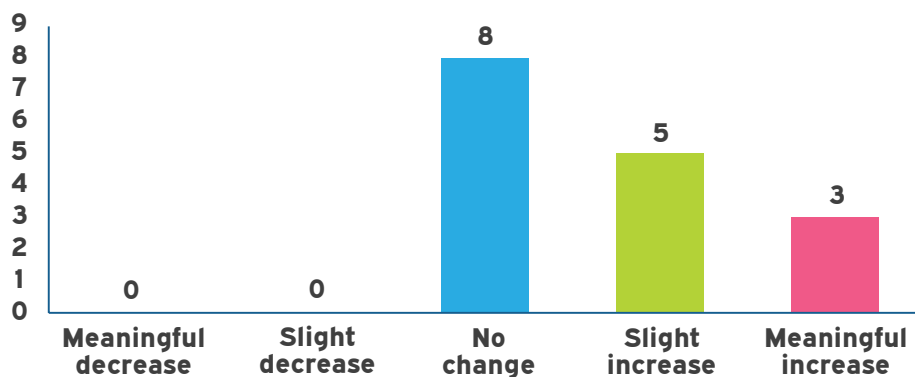


FIGURE 11
DO YOU PLAN TO INCREASE/DECREASE PRIVATE MARKET COMMITMENTS THIS YEAR/NEXT YEAR?

Source: Meketa Investment Group 2020 Survey.

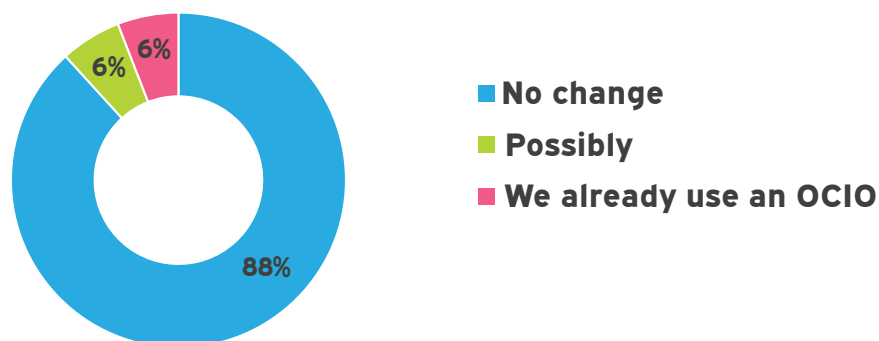


FIGURE 12
HAS COVID-19 CHANGED YOUR OPINION ON THE USE OF AN OCIO OR THE DELEGATION OF INVESTMENT AUTHORITY TO AN EXTERNAL ADVISOR?¹

Source: Meketa Investment Group 2020 Survey.

¹ This question does not address if respondents had positive or negative opinion of OCIO, simply if their thinking changed as a result of market environment in 2020.

DISCLOSURE

Disclosure Information

- Survey was conducted in December 2020.
- Conclusions are based directly off of results from survey answers.
- Twenty one institutions responded.
- Not all participants answered every question.
- Respondents were a mix of higher education endowments, private foundations, community foundations, and hospital endowments.