

MARCH 2022 | ISSUE TWO

ENDOWMENT & FOUNDATION second annual survey

In the fourth quarter of 2021, Meketa Investment Group surveyed a group of endowments and foundations to understand what changes were made during 2021, with a particular focus on what impact COVID - 19 had on operations and investment decision-making.

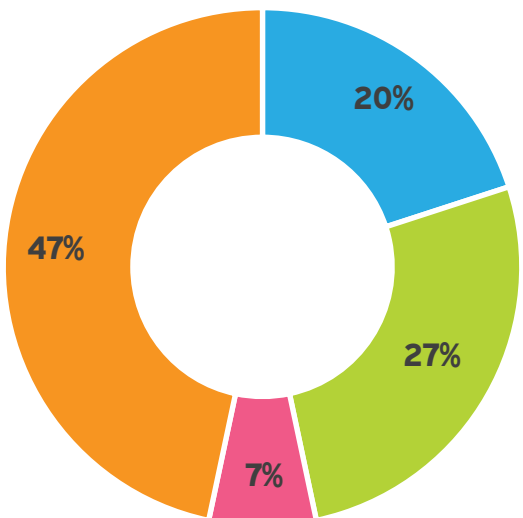
ENDOWMENT & FOUNDATION COMMITTEE MEMBERS

Larry Witt, Chair
Ted Benedict
LaRoy Brantley
Isabella Gentile
Ghiane Jones
Aaron Lally
Mary Mustard
Paola Nealon
Casey Saterlee
Laura Wirick

RESPONDENTS

Responses came from a broad range of institutions: private foundations, community foundations, higher education endowments and other non-profits.

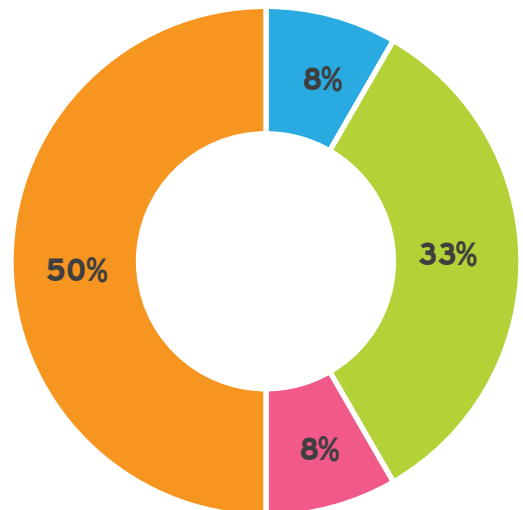
- Investment staff ranged from zero (outsourced) to six, with a median response of two investment staff.
- Nominal return targets for these organizations varied significantly (some targeting under 6% nominal, others greater than 7.5%).
- Roughly two-thirds of the organizations have not changed their return target in the past three years (since 2018).



- Less than \$50 million
- \$51 million - \$250 million
- \$251 million - \$1 billion
- Greater than \$1 billion

FIGURE 1
WHAT ARE YOUR TOTAL INVESTABLE ASSETS?

Source: Meketa Investment Group 2021 Survey.



- Less than 6%
- 6-6.9%
- 7-7.49%
- 7.5-8.49%

FIGURE 2
WHAT IS YOUR NOMINAL RETURN TARGET?

Source: Meketa Investment Group 2021 Survey.

DONATIONS

Donations were up in 2021 versus 2020.

→ The average annual donation rate is less than 5% of portfolio value.

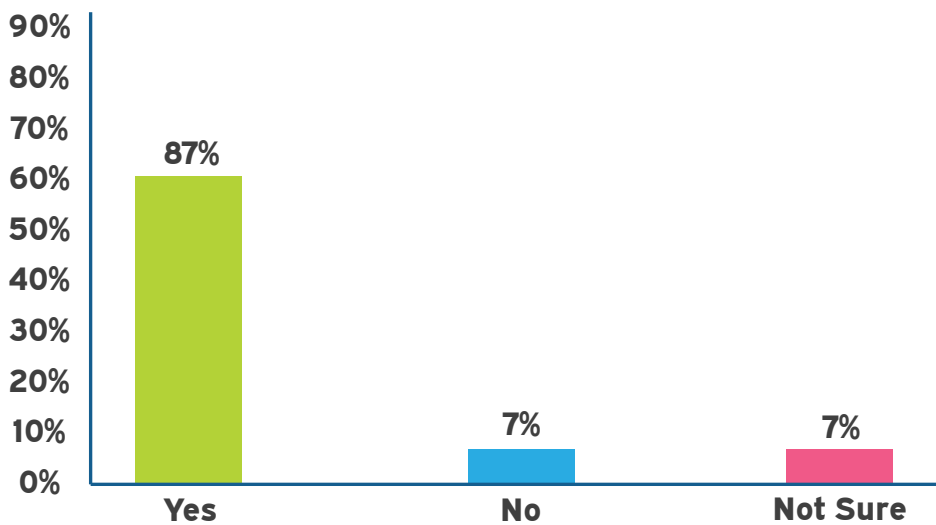


FIGURE 3
WERE DONATIONS
HIGHER (OR TRACKING
TO BE HIGHER) IN 2021
VS. 2020?

Source: Meketa Investment Group
2021 Survey.

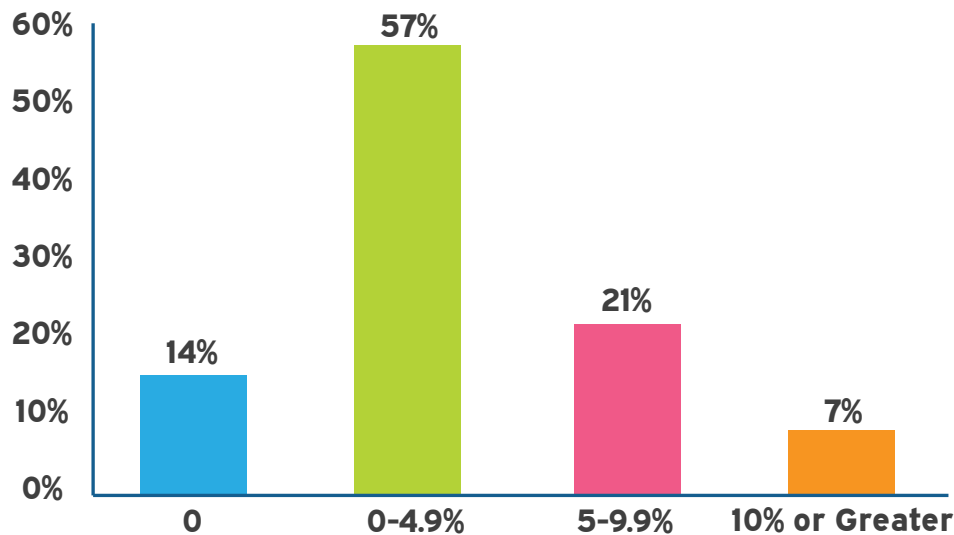


FIGURE 4
IN AN AVERAGE YEAR
WHAT PERCENTAGE OF
YOUR PORTFOLIO VALUE
DO YOU RECEIVE IN
DONATIONS?

Source: Meketa Investment Group
2021 Survey.

VIRTUAL ENVIRONMENT

Most investment staff have returned to the office, but Investment Committee meetings are often still virtual.

- 80% of respondents are offering a hybrid working arrangement.
- Close to 90% of organizations plan to allow committee members to participate virtually for the foreseeable future.
- Meeting frequency was unchanged from last year, with three to four meetings per year as the most common answer.

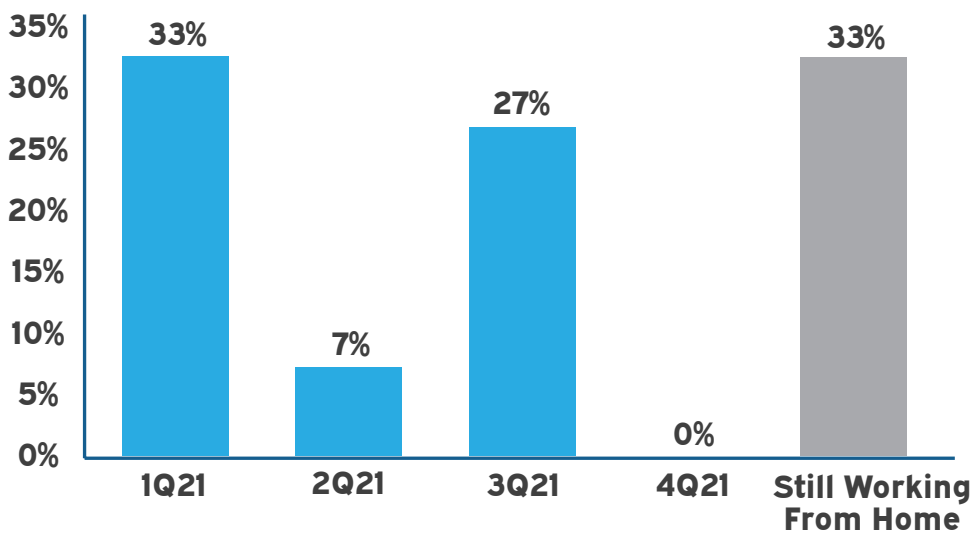


FIGURE 5
WHEN DID YOUR INVESTMENT STAFF RETURN TO WORK IN THE OFFICE?

Source: Meketa Investment Group 2021 Survey.

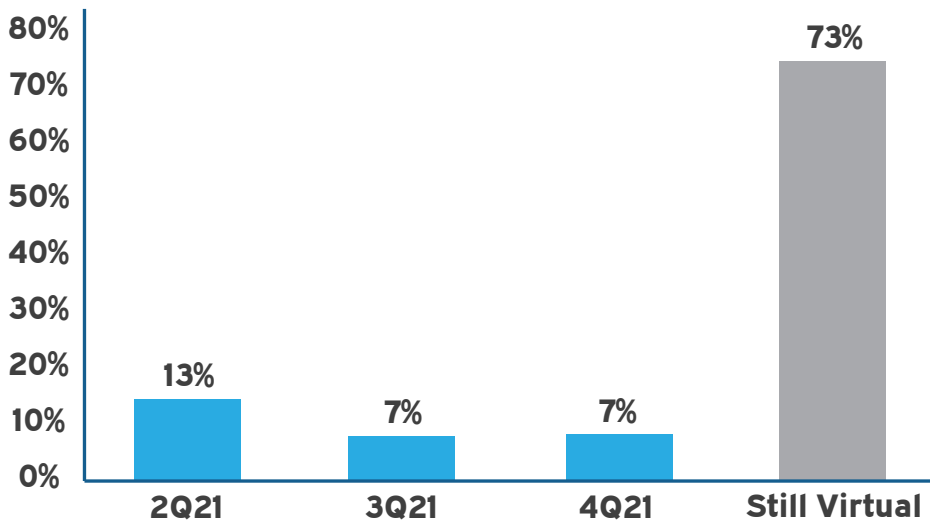


FIGURE 6
WHEN DID INVESTMENT COMMITTEE MEETINGS RETURN TO IN-PERSON?

Source: Meketa Investment Group 2021 Survey.

VISITORS AND VACCINES

Most organizations are allowing visitors to the office and not requiring staff to get vaccinated.

→ Roughly one-third of organizations were not allowing visitors as of the fourth quarter of 2021.

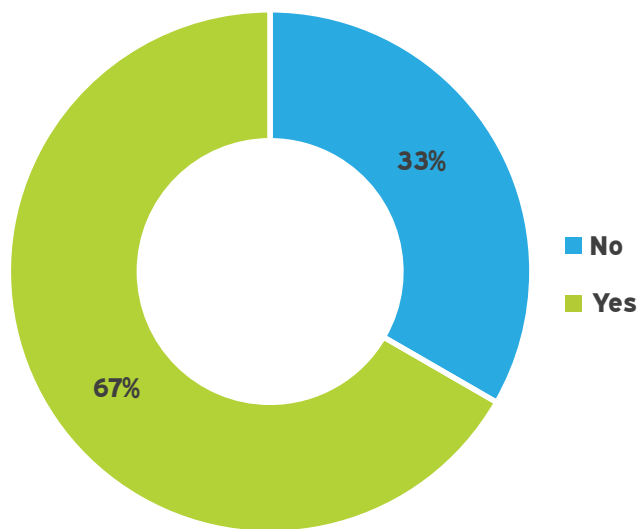


FIGURE 7
ARE YOU ALLOWING VISITORS IN THE OFFICE?
Source: Meketa Investment Group 2021 Survey.

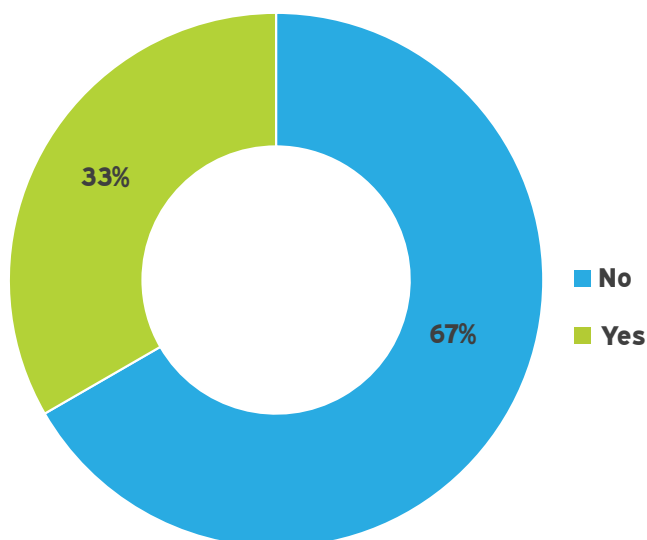


FIGURE 8
ARE EMPLOYEES OF YOUR ORGANIZATION REQUIRED TO GET VACCINATED?
Source: Meketa Investment Group 2021 Survey.

SPENDING RATE

Most institutions have a spending rate between 4-5%.

→ The most common methodology used to calculate spending rate was a rolling average.

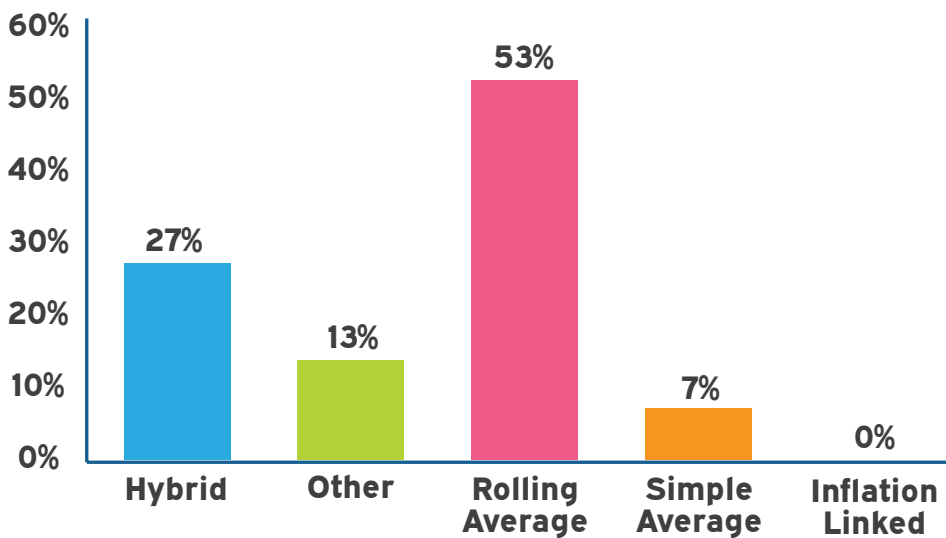


FIGURE 9
WHAT SPENDING RATE METHODOLOGY DO YOU USE?

Source: Meketa Investment Group 2021 Survey.

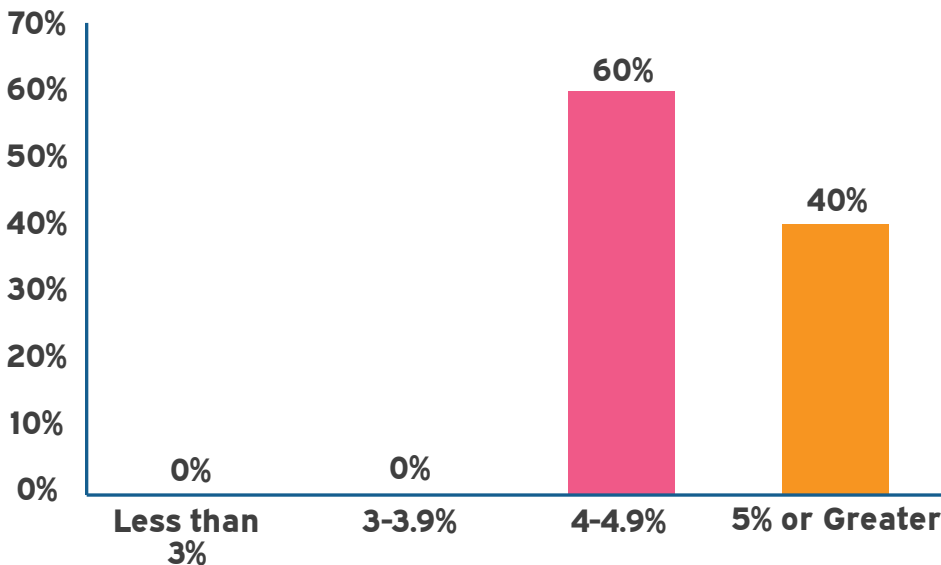


FIGURE 10
WHAT IS YOUR CURRENT SPENDING RATE?

Source: Meketa Investment Group 2021 Survey.

INVESTMENT APPROACH

Most organizations have not made meaningful changes.

- Incorporation of ESG principals into investment approach is mixed. Roughly half of the respondents have incorporated ESG principals into their investment approach.
- Most are maintaining status quo on private market commitments or slight increase.
- Half of the organizations have not conducted an external advisor search in the last 5 years.

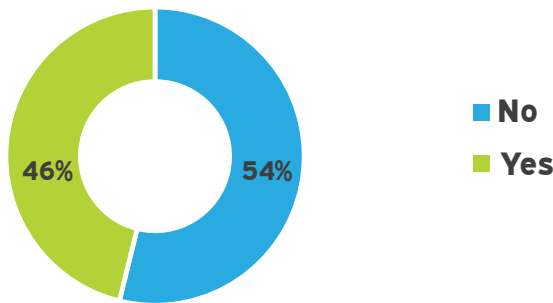


FIGURE 11
DO YOU INCORPORATE ESG PRINCIPALS INTO YOUR INVESTMENT APPROACH?

Source: Meketa Investment Group 2021 Survey.

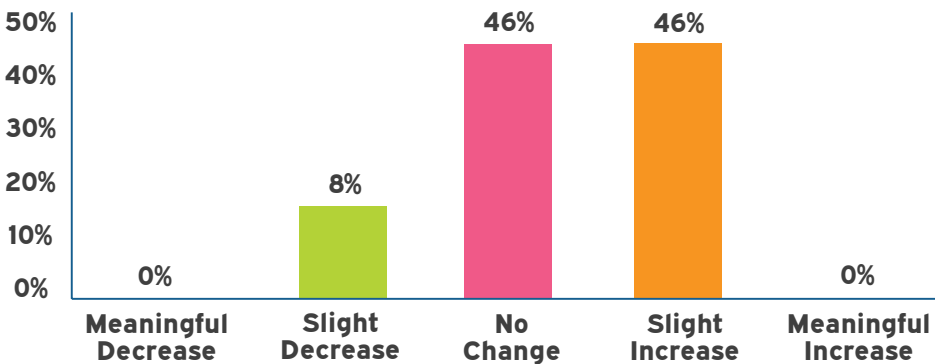


FIGURE 12
DO YOU PLAN TO INCREASE/DECREASE PRIVATE MARKET COMMITMENTS THIS YEAR/NEXT YEAR?

Source: Meketa Investment Group 2021 Survey.

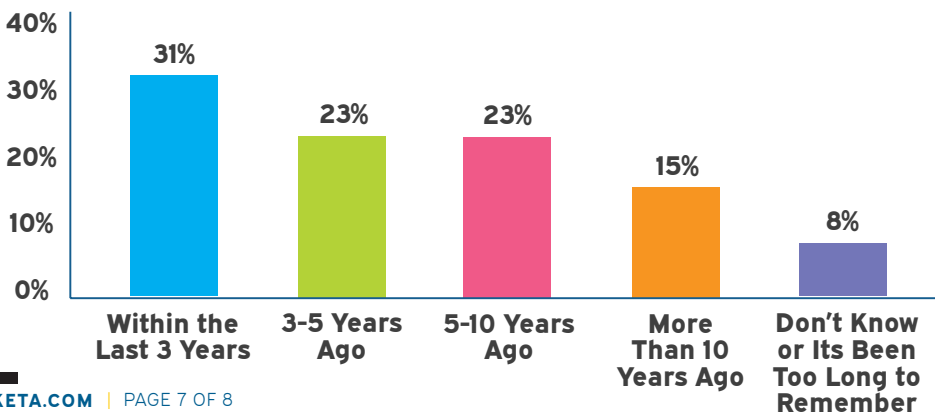


FIGURE 13
WHEN WAS THE LAST TIME YOU CONDUCTED AN EXTERNAL INVESTMENT ADVISOR SEARCH?

Source: Meketa Investment Group 2021 Survey.

DISCLOSURE

- Survey was conducted in December 2021.
- The survey was sent to Meketa's endowment and foundation clients as well as other institutions in the industry.
- Respondents were a mix of higher education endowments, private foundations, community foundations, and other non-profits.
- Fifteen institutions responded.
- Conclusions are based on results from survey answers.
- Not all participants answered every question.
- Charts may not sum to 100% due to rounding.

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