

## How does the investment performance impact the Foundation's ability to provide grants to the community?

The Foundation's spending policy and investment strategy are designed to work together to preserve the inflation-adjusted value of the portfolio over a long time horizon. The Hartford Foundation aims to achieve investment returns that preserve the long-term purchasing power of the endowment after grants and administrative expenses have been paid. We measure portfolio progress toward this goal by comparing it to the Consumer Price Index plus 5 % (CPI+5 %). The Consumer Price Index is a broad measure of the level of inflation and the 5% refers to the spending rate around which our spending policy is designed.

From September 1996, when systematic measurement of the Foundation's investment returns commenced, through December 2014, the Corporate Portfolio has returned 7.9 % per year, net of investment management fees. The Trust Portfolio produced a net return of 7.4 % annualized over that period. These returns compare with the aforementioned current purchasing power goal of 7.7 % per annum over the same timeframe.



**Hartford Foundation**  
FOR PUBLIC GIVING

Together for good.™

10 Columbus Boulevard, 8th Floor  
Hartford, CT 06106  
860-548-1888 / [www.hfpg.org](http://www.hfpg.org)

Non profit  
Organization  
U.S. Postage  
PAID  
Hartford, CT  
Permit No. 1017

### Address Service Requested

#### Hartford Foundation for Public Giving:

Putting philanthropy into action to create lasting solutions that result in vibrant communities within the Greater Hartford region.

To sign up for Giving Advice, go to [www.hfpg.org/givingadvice](http://www.hfpg.org/givingadvice).

To access the Planned Giving Design Center, a free, comprehensive, online resource for professional advisors, visit <http://www.hfpg.org/pgdc>.

### Connect with us...

Learn more about the Hartford Foundation and area happenings, and add your voice at:



[www.twitter.com/hartfordfdn](http://www.twitter.com/hartfordfdn)  
[www.facebook.com/hartfordfoundation](http://www.facebook.com/hartfordfoundation)



# GIVING ADVICE

A Resource for Professional Advisors

## Understanding the Hartford Foundation's Investment Objectives and Strategy



**Hartford Foundation**  
FOR PUBLIC GIVING

**INTERVIEW WITH ALISON GRANGER,  
CHIEF INVESTMENT OFFICER  
AT THE HARTFORD FOUNDATION**

**How does the Hartford Foundation manage its investments?**

The Hartford Foundation for Public Giving is the steward of a sizable endowment intended to benefit the Greater Hartford community. The Foundation's Board of Directors and Investment Committee oversee the management of the endowment. Our Investment Committee currently has seven members and is chaired by Board member Bob Goldfarb. Our Board chair, Yvette Meléndez, also serves on the committee in an ex-officio capacity. Each of our committee members resides in our region, possesses an understanding of the Foundation's investment objectives and constraints, and contributes his or her own sophisticated knowledge and expertise in one or more aspects of the institutional investment business. Our collective goal is to preserve the long-term purchasing power of the endowment, as well as to provide funds for current grants and expenses, by achieving **long-term investment results** that exceed the Foundation's spending policy plus the rate of inflation.

In formulating our investment strategy, we consider past and expected future performance of available asset classes. To enable the Foundation to continue to achieve our long-term investment goal and minimize downward swings in the portfolio's value, the Foundation's investment philosophy emphasizes **portfolio diversification**. The Foundation's current asset strategy for the Corporate Portfolio, for example,



**MEMBERS OF THE  
HARTFORD FOUNDATION'S  
INVESTMENT COMMITTEE**

- Robert B. Goldfarb\*, Chair
- David Marks
- Yvette Meléndez\*^
- JoAnn H. Price\*
- David M. Roth
- Cynthia Steer
- John Wright

Investment Advisor:  
Michael Miller, Colonial Consulting, LLC

\* MEMBER OF BOARD OF DIRECTORS  
^ EX-OFFICIO

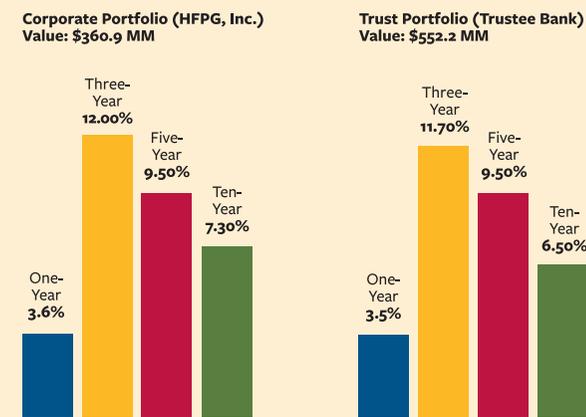
includes a 62% allocation to equities, 28% to fixed income, and 10% to return-enhancing strategies which include, but are not limited to, private equity, venture capital and hedge funds. This asset allocation is determined by the Foundation's Investment Committee and reviewed by the Board; it is subject to annual review. Investing on a global basis enables the Foundation to expand the investment opportunities available to it while also reducing the risk that overexposure to one particular market will impair investment results.

Outside investment professionals, selected and monitored by the Investment Committee and the Trustee Bank, manage the endowment. We seek to hire investment management firms offering a team of **highly-experienced investment professionals with a coherent investment philosophy**. Our ideal active investment manager specializes in a particular market segment, employs a disciplined investment process involving thorough proprietary research, and thoughtfully limits the amount of client assets they manage to a size that enables them to consistently achieve superior long term investment results. The Foundation retains investment managers we believe are superior in their ability to assess the risk assumed versus the investment return available in the securities purchased and the portfolios constructed for the Foundation.

As of the end of 2014, the endowment assets were invested by 32 professional investment management firms.

**What happened to the Hartford Foundation's investments in 2014?**

The U.S. equity markets continued to set new highs in 2014, resulting in a double-digit gain and marketing the sixth straight year of positive returns. The S&P 500 rose 13.7%, outperforming small-cap equity indices and those measuring the performance of international equities. The Barclays Capital Aggregate Bond Index,



\* These annualized investment returns are net of investment management fees. The dollar values shown in the table are unaudited.

a broad measure of the US bond market, gained 6% for the year, led by a decline in US Treasury yields. The Citi World Government Bond Index in dollar-hedged terms performed even better with a 2014 return of 8.35%. This fall in yields, the opposite of what most analysts had forecast for the year, came against the backdrop of stable global growth but significantly lower inflation than had been anticipated. In unhedged terms, the index declined by -0.5% during the year.

After two years of strong absolute and relative performance of the Hartford Foundation's Corporate portfolio, 2014 was a year of consolidation and one in which the weakness of foreign currencies impacted portfolio returns significantly. During 2014, the Corporate portfolio posted an investment return of 3.6%. The Trust portfolio advanced 3.5%. This compares with the aforementioned rise of 13.7% in the S&P 500 index, declines of 4.9% and 2.2% in the MSCI EAFE index and MSCI Emerging Market equity index, respectively, and an advance in the Barclays Capital Aggregate Bond Index of 6%.

**Our collective goal is to preserve the long-term purchasing power of the endowment, as well as to provide funds for current grants and expenses, by achieving long-term investment results that exceed the Foundation's spending policy plus the rate of inflation.**

To discuss any of the topics covered in this issue or other ways charitable giving can help your clients, please contact Deborah Rothstein, J.D., senior philanthropic services officer at 860-548-1888 x1019 or drothstein@hfp.org.

We advise you to seek your own legal advice in connection with gift and planning matters. The Hartford Foundation does not provide legal or tax advice.

