

commonfund/*ocio*

Outsourced CIO Services



access

performance

values

THE COMMONFUND APPROACH TO OCIO IS TO VIEW A NONPROFIT INSTITUTION NOT MERELY THROUGH AN INVESTMENT-RELATED, OR EVEN FINANCE-RELATED, KEYHOLE. RATHER, OURS IS AN APPROACH THAT ADDRESSES WIDE-RANGING INSTITUTIONAL FACTORS THAT EXTEND WELL BEYOND INVESTMENT MANAGEMENT.

An Outsourced Chief Investment Officer (OCIO) relationship begins with taking the time to understand the institution as a whole, not just its finances. This means asking about more than returns and risk profiles, more than limitations and budgets, more than asset pools and portfolio management. It means beginning the conversation (and the engagement) farther up the operational food chain—gaining an understanding of mission, strategic goals, business issues and concerns, and the role of the asset pool.

In short, our approach is a total institutional partnership that one might expect to have within the organization's own internal offices. We become an extension of the investment office by:

- Taking accountability for investment performance, ongoing oversight and risk management
- Attending quarterly Investment Committee or Board meetings to review the portfolio and capital markets and facilitate strategic discussions about investment policy.
- Answering questions regarding investment management
- Assisting in any required education to the board and/or investment committee

FIVE KEYS TO OUR APPROACH

Commonfund addresses five key areas that are critical to a successful OCIO relationship.

FOCUS SQUARELY ON NONPROFITS

Each nonprofit has its own strategic needs, objectives and mission. It is the OCIO's responsibility to conduct the due diligence to determine the interplay among those factors, understand issues and develop a strategy to meet objectives.

Commonfund has focused principally on nonprofits for over 50 years, offering guidance on spending methodologies, donor management, debt management, grantmaking and other issues, in addition to investment management and advice. Deep nonprofit experience enables us to proactively ask the right questions and intuitively recognize problem areas that general practitioners may overlook. For example:

- **Operating assets** If an institution's operating assets are part of the endowment or fund-raising pool, a "liquidity stress test" can guard against cash flow issues and ensure a smooth spending payout formula—which can, in turn, dictate a portfolio's asset allocation.
- **Cash flows** As an example, private and community foundations often make multi-year grants in support of their mission and constituents. It is critical to understand and consider these cash flows when constructing the investment portfolio as it can impact choice of investment vehicle, liquidity terms and asset allocation. Further, it is critical to understand the growing role of donor advised funds and the potential complexities of multiple investment pools. Further, operating charities and cultural organizations typically have revenue sourced from members, donors and visitors that also must be considered in the broader financial picture of the organization.
- **Debt** An institution's debt covenants may materially affect long-term investment planning. We can manage an investment portfolio that may be impacted by diversified debt timing, structures and maturities.
- **Physical plant and technology** Upgrades and improvements to buildings and technology can impact long-term plans. We have the capability to assist our clients in evaluating the financial impact of such projects.

COMMONFUND OCIO KEY FACTS*

117
INVESTORS

74
ENDOWMENT

40
FOUNDATION

3
HEALTHCARE

\$16.0
BILLION IN ASSETS UNDER
MANAGEMENT

36
NUMBER OF INVESTMENT
PROFESSIONALS

26
AVERAGE YEARS OF
INDUSTRY EXPERIENCE FOR
SENIOR TEAM MEMBERS

6
GLOBAL OFFICES

**As of September 30, 2024
See important disclosures*

REVIEW POLICY DESIGN AND COUNSEL ACCORDINGLY

An OCIO approach helps achieve institutional objectives by moving beyond investment policy and addressing components such as:

- **Risk management**, including maintaining a risk/return profile to achieve stated objectives, and rebalancing the portfolio as internal and external conditions dictate; and
- **Budgeting**, including contributing to the budget process through analysis of liquidity, spending and payout patterns.

CONSTRUCT A CUSTOMIZED, COST-EFFICIENT PORTFOLIO

Portfolio construction hinges on multiple factors, including long-term investing goals, liquidity needs, in-house resources and other institutional mandates. In aggregate, those variables will dictate the components of not only the portfolio, but the total investment program.

Would an institution benefit from separate accounts, hiring individual, dedicated managers? Institutional commingled funds, passive index funds, and/or exchange-traded funds (ETFs)? The decision drivers are not just financial. With a total institutional perspective to the portfolio construction process, a portfolio can be constructed by use of the most efficient investment vehicles.

COLLABORATE WITH ALL INSTITUTIONAL FUNCTIONS

An OCIO interacts with institutional functions beyond investments and with key contacts beyond the investment committee. *A budgeting discussion, for example, may entail working directly with the finance and advancement offices, determining how they campaign for and take stewardship of new assets.*

An OCIO relationship also extends to back-office duties, with substantial resources and capabilities that go well beyond investment management and can address other key organizational issues, such as capital planning and debt management, grantmaking and cash flow analysis.

For example, Commonfund offers a team of operations and custody professionals who can collaborate with the custodian of your portfolio assets, handle capital calls and work with auditors.

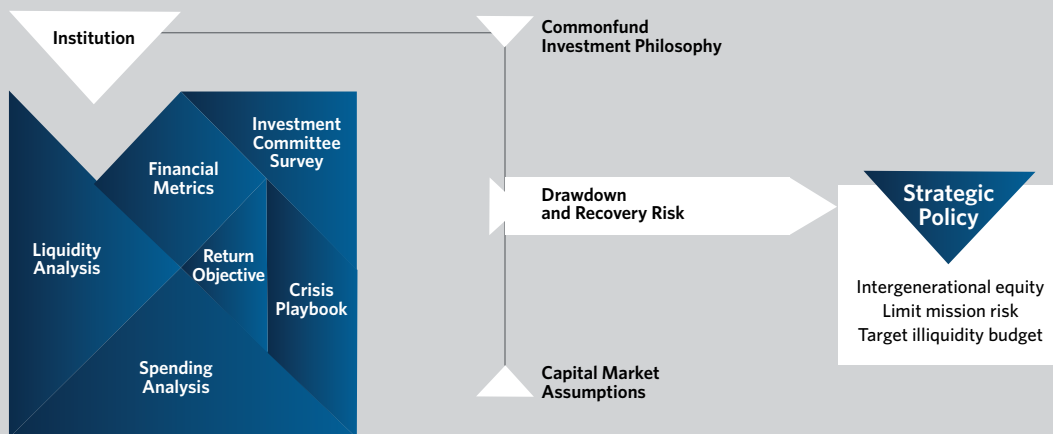
MONITOR TRENDS AND PROVIDE THOUGHT LEADERSHIP

The marketplace changes. So do institutional circumstances and needs. Strategies require adaptation and enhancement over time. By virtue of a decades-long history in the non-profit arena, Commonfund remains on the cutting edge of market and industry trends.

Working in concert with Commonfund Institute—the focal point for the firm’s educational and professional development activities, research programs, publications and communications—we conduct ongoing research and alert clients to our findings on a regular basis. This is critical in implementing an investment policy, because it informs strategies, asset allocation and policy goals.

STRATEGIC POLICY IS FURTHER INFORMED BY OTHER INPUTS

Our approach relies on multiple inputs and a drawdown and recovery risk framework



COMMONFUND'S DIFFERENTIATED STRENGTHS

FLEXIBILITY AND INDEPENDENCE

Commonfund's OCIO model emphasizes flexibility, for a fully customized solution that meets the specific needs of an organization. Clients are not restricted by a specific platform or a short list of approved internal funds or managers who meet overarching criteria for a wide-ranging client roster. Portfolio construction will include a wide array of high quality managers with a variety of structures.

PERFORMANCE TRANSPARENCY

With so many new providers in the outsourcing space, it is crucial to evaluate track records and determine how much discretion will be exercised on your behalf. Commonfund's performance metrics are representative of actual

discretionary portfolios, and shown net of all fees, including advisory, manager, custodial, legal, transaction and reporting services.

PRIVATE EQUITY CAPABILITIES

CF Private Equity has a 35+ year history of providing leading investment solutions to institutions in Global Private Equity, Venture Capital, Real Assets and Sustainability, enhanced with co-investments and secondaries. Having an internal private capital platform provides our clients unique benefits including customization, costs and access that few other OCIO providers can match.

EXPERIENCE IN ALTERNATIVE STRATEGIES

Alternative strategies comprise an ever greater share of institutions' investment portfolios. At Commonfund, we entered alternative investment strategies early and offer:

- Tenured team with extensive alternatives investment management experience
- Expertise to understand how nuances of alternatives' positions impact portfolios under specific market conditions
- Highly credentialed quant analysts, with both CFAs and investment management experience, supported by in-house systems
- Consolidation of all underlying positions to quantify concentrated risks

FOCUS ON RISK MANAGEMENT

Commonfund has been a leader in managing risk, engaging in enterprise-wide risk management that spans across all firm functions, including operations, legal and compliance. Among the resources we put to use for clients: real-time risk monitoring and management programs and procedures; a dedicated and independent risk management team; and forward-looking stress testing and portfolio modeling.

RESPONSIBLE INVESTING INTEGRATION

Many factors may impact the long-term performance of your investments; that's why it's important to responsibly approach every decision regarding your funds. Our investment programs are designed to enhance your financial resources while taking into account, where appropriate or practicable with respect to a particular investment,

the potential effects of environmental, social, and governance (ESG) factors. These are at the core of the United Nations' Principles for Responsible Investment (PRI). Commonfund is proud to be a signatory to the PRI since 2013.

STABILITY AND SOLIDITY

Commonfund maintains substantial capital reserves to support our business efforts. We have invested in building our internal teams of investment, risk and quantitative analytical specialists, as well as the infrastructure needed to support these initiatives for clients.

COMMITMENT TO STEWARDSHIP

Our Commonfund Institute, among the nation's most trusted sources for relevant, useful and proprietary data, analysis and governance practices, makes our clients more successful – and makes us more successful investors.

OUR COMPETITIVE ADVANTAGES

PROPRIETARY ASSET ALLOCATION MODEL

EXTENSIVE DATABASE OF ENDOWMENT AND FOUNDATION OPERATING METRICS

INVESTMENT PLATFORM

PRIVATE EQUITY PLATFORM

NONPROFIT PARENT ORGANIZATION

INTEGRATED BACK OFFICE

OUR INVESTMENT PHILOSOPHY

A model of long-term investing

THREE PRINCIPLES OF CAPITAL STEWARDSHIP

EQUITY BIAS HIGHER ALLOCATION TO GROWTH ASSETS	LIQUIDITY PREMIUM PRIVATE INVESTMENTS IN PURSUIT OF A RETURN PREMIUM	DIVERSIFICATION RISK MANAGEMENT THROUGH PRUDENT PORTFOLIO CONSTRUCTION
<ul style="list-style-type: none"> ▪ Needed to achieve long-term return objective ▪ Mission and portfolio risk mitigation is key 	<ul style="list-style-type: none"> ▪ Leverage portfolio's perpetual time horizon ▪ Premium not guaranteed; manager access is essential ▪ Ability vs. willingness 	<p>Across asset classes:</p> <ul style="list-style-type: none"> ▪ Growth, deflation-hedging, inflation-hedging, etc. <p>Within asset classes:</p> <ul style="list-style-type: none"> ▪ Geographies, sectors, risk premia, economic factors, etc.

A FLEXIBLE APPROACH TO PORTFOLIO CONSTRUCTION

At Commonfund we construct custom portfolios using all independent, third-party investment managers sourced from around the world and across all asset classes. Based on your needs, preferences and risk profile, we can include active managers, passive investments and various vehicles. Our goal is to create a portfolio with the right mix of manager access and cost efficiency to meet your objectives and support your mission.

	DIRECT MANAGER INVESTMENTS	COMMINGLED VEHICLES	THIRD-PARTY FUNDS	THIRD-PARTY INDEX FUNDS/ETFS
EQUITIES	■	■	■	■
FIXED INCOME	■	■	■	■
CREDIT	■	■	■	■
HEDGE FUNDS	■	■		
REAL ESTATE	■	■		■
PRIVATE EQUITY		■		
REAL ASSETS AND SUSTAINABILITY		■	■	■

Note: Investment vehicle and program options are dependent on investor eligibility and other factors.



NEW YORK, NY	TEL (646) 348-9201
SAN FRANCISCO, CA	TEL (415) 433-8800
LONDON, UNITED KINGDOM	TEL +44 020 8126 1628
BEIJING, CHINA	TEL +86 10 8509 8706
DARIEN, CT	TEL (203) 563-5490
15 OLD DANBURY ROAD WILTON, CT 06897	TEL 888-TCF-MAIN TEL (203) 563-5000 WWW.COMMONFUND.ORG

There is no legal or regulatory term defining “OCIO” or “outsourced chief investment officer” services, and the meaning of such term varies from one individual to another. Accordingly, such services have been defined for purposes hereof to mean the management of an institution’s long-term or operating reserves or other assets pursuant to an investment management agreement executed between a registered investment advisor and such institution (or, in certain limited circumstances, with a fund or separate account structure intended to achieve comparable objectives).

References in this brochure to “Commonfund”, “we” or “our” are to The Common Fund for Nonprofit Organizations, Commonfund OCIO, Inc., CF Private Equity, Inc., Commonfund Securities, Inc. and/or one or more affiliates thereof, as the context requires.

The information provided in this brochure is for general information purposes only and is not an offer to sell or a solicitation of an offer to buy any securities, options, futures, or other derivatives related to securities in any jurisdiction. This brochure is also not an offer or solicitation to participate in any particular trading strategy. All Commonfund investment funds are offered only by means of detailed offering memoranda and related disclosure materials. Potential investors should read all such materials with care prior to investing. Certain Commonfund funds impose various eligibility requirements (see www.commonfund.org). Securities are distributed by Commonfund Securities, Inc., a member of FINRA. Advisory services are provided by Commonfund OCIO, Inc. and CF Private Equity, Inc.