



Asset Stewardship

Effective stewardship of philanthropic assets is key to the Maine Community Foundation's ability to fulfill its mission of building charitable funds to strengthen Maine communities. Our investment goal is to preserve and enhance the real value of these assets over time.

The Investment Program at the Maine Community Foundation

The Maine Community Foundation is known for its financial strength and prudent investment strategies. Through its Primary Investment Portfolio, the foundation offers donors and nonprofit organizations access to institutional investment strategies and management normally available only to large investors. The foundation employs multiple professional investment managers with experience in specialized sectors of the investment markets. Donors and nonprofit organizations can capitalize on the benefits of this multi-manager, diversified investment approach.

The Maine Community Foundation adheres to the standards and practices described in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed by the Maine State Legislature in 2009. The act encourages long-term investment strategies that mitigate portfolio value fluctuations resulting from sudden shifts in interest rates and market valuations.

Investment Committee Oversight

Members of the Maine Community Foundation's Investment Committee have extensive experience in business, investments, and financial services. The committee sets investment strategy, hires outside professional managers, and monitors investment performance against industry benchmarks.

Maine Community Foundation Investment Committee Members

- **Peter Rothschild** (Committee Chair), private investor
- **Forrest Berkley**, retired Partner and current board member, Grantham, Mayo, VanOtterloo & Co., LLC
- **Jean Deighan**, President, Deighan Associates
- **Martha Dumont**, Managing Director, CreditSights
- **Elizabeth R. Hilpman**, Partner, Barlow Partners
- **Maggie Keohan**, Vice President, Goldman Sachs
- **John B. Sullivan**, President, Portland Global Advisors

The foundation also benefits from the expert counsel of independent investment advisors. They are Elizabeth Cohen, John Train, and Robert Rothschild.

Cambridge Associates - Investment Consultants

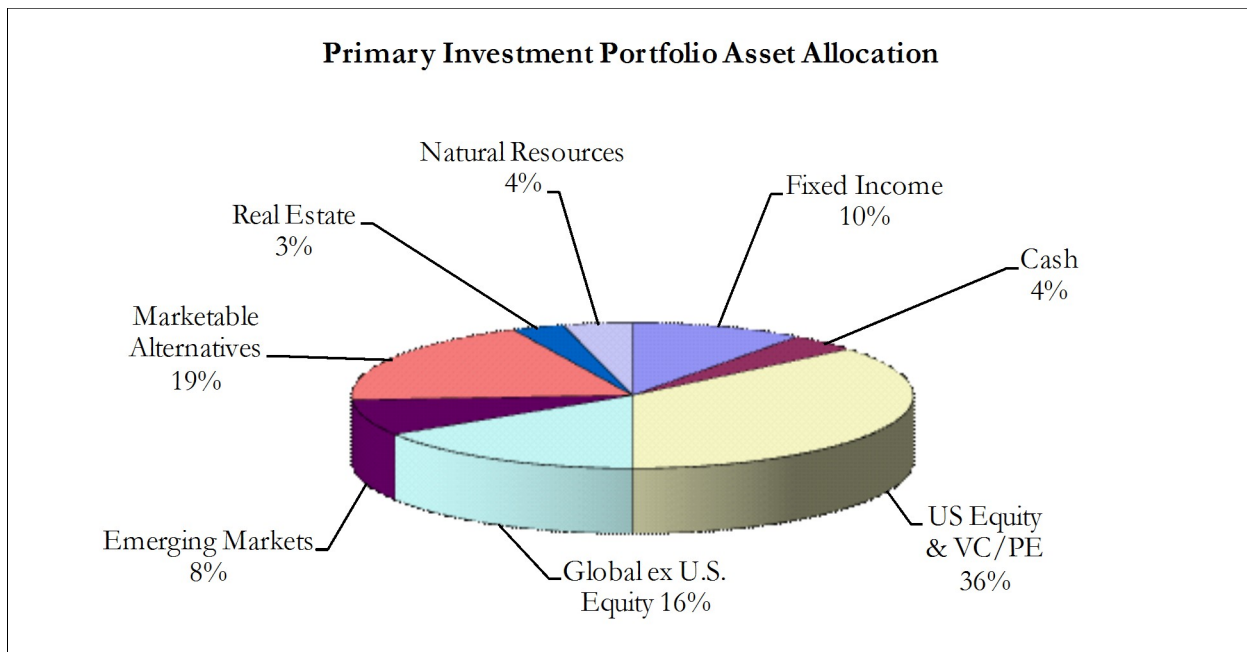
Cambridge Associates, LLC, of Boston works with the Investment Committee to monitor the investment performance of individual managers and advise the committee on investment strategy, asset allocation, and manager selection. The firm is one of the nation’s leading investment consultants, serving a distinguished client base of over 900 colleges, universities, and foundations.

Maine Community Foundation Investment Staff

Trained as a certified public accountant, James Geary, Vice President and Director of Investments, is an experienced financial executive who has served as a corporate controller and bank trust officer. For the past seven years, Jim has worked directly with the community foundation’s Investment Committee, Cambridge Associates, and all of the individual investment managers.

Investment Strategy

The Maine Community Foundation investment strategy calls for a portfolio diversified across U.S. and international asset classes. The foundation’s investment policy seeks a diversified portfolio in order to maximize investment returns at acceptable levels of risk. The foundation also uses multiple investment managers in major asset classes to further diversify its holdings. As of March 31, 2012, the assets of the foundation were allocated by asset type as follows:



Managing Investments

Managers are chosen for their expertise in managing specific asset classes and their proven ability over time to deliver favorable investment results. As of March 31, 2012, the managers of the Primary Investment Portfolio and their respective asset expertise were:

U.S. Equity

Vanguard Index Fund
State Street Global Advisors
DSM Capital Partners
Eagle Capital
Edgewood Management
D.F. Dent & Company
Gardner, Russo & Gardner
Lone Cascade, LP
Schneider Capital Management
Eaton Vance Investment Managers
GoodHaven Capital Management
Kestrel Investment Management

Venture Capital/Private Equity

Commonfund Capital, LP
Legacy Venture
TIFF (The Investment Fund for Foundations)

Marketable Alternatives

Conatus Capital
Davidson Kempner Institutional Partners
Abrams Capital Partners
Stark Investment, LP
Elliot International Limited
Fernwood Associates

Global ex U.S. Equity

Mondrian Investment Partners
State Street Global Advisors
Hansberger Global Investors

Emerging Markets

Lone Dragon Pine, LP
City of London

Natural Resources

Commonfund Capital, LP
Park Street Capital
State Street Global Advisors

Real Estate

Metropolitan Real Estate Equity Partners
State Street Global Advisors

Fixed Income

PIMCO
State Street Global Advisors

Cash

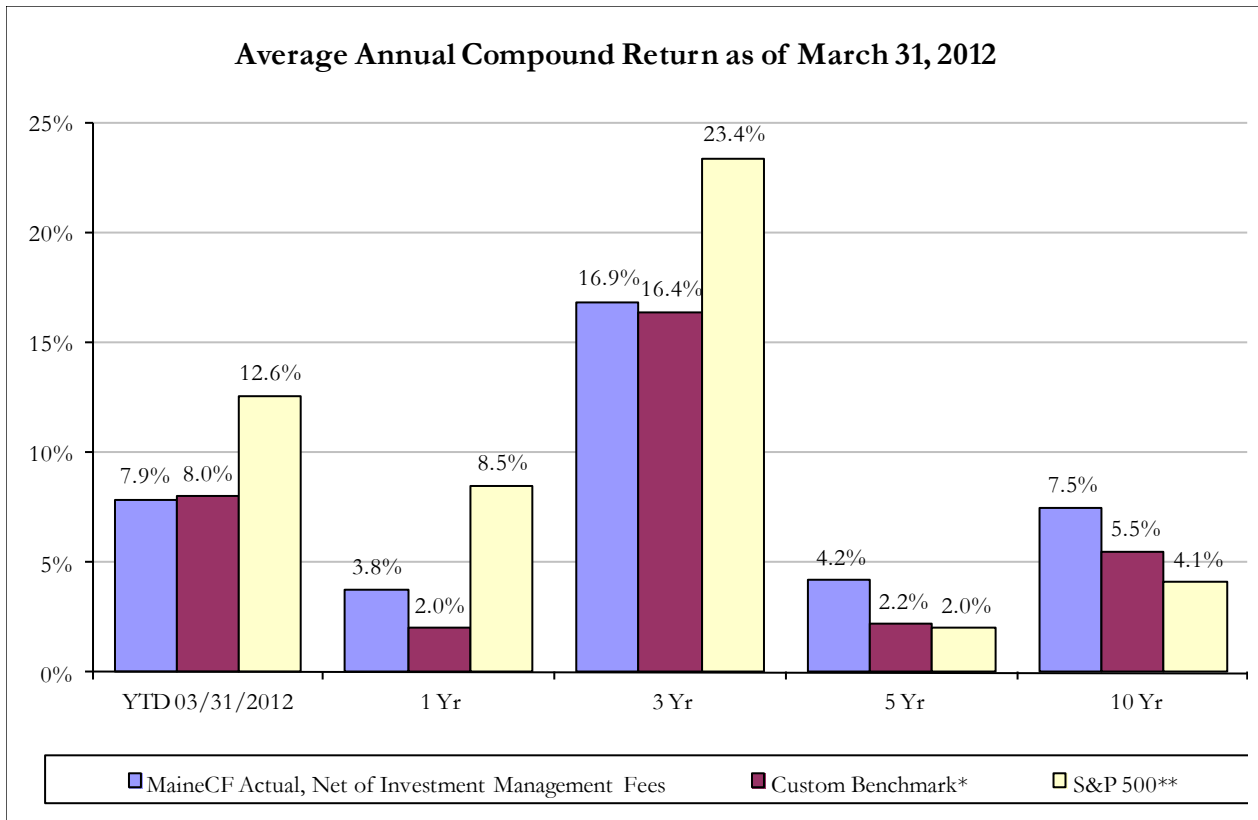
UBS
Machias Savings Bank

The investment results of each manager are regularly monitored by the foundation's Investment Committee and Cambridge Associates, our investment consultants. The performance of each manager is measured against a specific benchmark appropriate to the specific asset class and a peer group of investment managers with a similar strategy.

Investment Performance

The return of the Primary Investment Portfolio for the five years ended March 31, 2012, was 4.2%, which compares favorably to the Maine Community Foundation’s custom benchmark* designed to reflect its asset mix over time. In the difficult investment market environment of the past five years, the return on the Primary Investment Portfolio was in the top quarter of nonprofit portfolios monitored by Cambridge Associates. The foundation also ranked in the top 5 percent of approximately 100 community foundations recently reporting their three-year, five-year, seven-year, and ten-year investment results.

The following chart provides the year-to-date, one-, three-, five-, and 10-year annualized returns for the foundation’s Primary Investment Portfolio, net of investment management fees, as they compare to the community foundation’s custom benchmark.*



* From 12/31/1993 to 9/30/2005, the benchmark was 55% Wilshire 5000 Index, 30% Barclays Capital Aggregate Bond Index, 15% Morgan Stanley Country Index World except U.S. Starting 10/1/2005, the benchmark is 35% Wilshire 5000, 15% MSCI World ex U.S., 5% MSCI Emerging Markets, 10% Real Assets Blend (30% DJ REIT Index, 25% Goldman Sachs Commodity Index, 25% MCSI World Natural Resources Index, and 20% BC U.S. TIPS index); 20% HRFI (Hedge Fund Research Inc) Composite; 15% Barclays Capital Government Bond Index. The benchmark is created assuming monthly rebalancing between indexes.

** The S&P 500 is only shown as a unit of measure against a commonly referenced U.S. Equity Index

The illustration represents past performance and does not guarantee future results.