



CAPTRUST Unveils Third Annual Endowment & Foundation Survey

RALEIGH, N.C. – March 9, 2021 – CAPTRUST Financial Advisors (CAPTRUST) today released the findings from its annual Endowment & Foundation Survey, highlighting the unique needs of nonprofits with long-term investment assets between \$10 million and \$250 million. The firm surveyed 171 organizations, including private foundations focused on religious, educational, and other charitable missions.

The survey was conducted in August and September 2020 and included questions around the impact of COVID-19, return objectives, fundraising, and portfolio risk, among others. When considering the impact of the global pandemic, the same proportion of nonprofits (31 percent) reported a suspension or termination of programs and services as those that identified an increase in programs and services, highlighting the critical services that many of these organizations provide (e.g., soup kitchens and churches).

“Many nonprofits had to balance the challenges of the current environment, but these organizations are rising to the occasion by continuing to serve their constituencies,” said Grant Verhaeghe, senior director, endowment and foundation practice leader at CAPTRUST. “The reality is that the pressures on each type of organization are unique, but despite that, there are some commonalities as they work together to meet the needs of the communities they serve.”

When it comes to investments, about a third of respondents (31 percent) are currently utilizing environmental, social, and governance (ESG); impact; or mission-aligned strategies. Nearly half of organizations not allocating to such investments (47 percent) indicate those strategies have not even been considered. Other reasons cited for not moving forward with one of these strategies is lack of a defined solution (23 percent) and complexity (16 percent), while expense (3 percent) and lack of



manager track record (2 percent) were less of an issue.

“In past years of the survey, we had typically seen a greater adoption of ESG, impact, and mission-aligned investing among organizations with fewer assets. Now, larger organizations with more complex sets of stakeholders are catching up with their smaller peers,” said James Stenstrom, endowment and foundation director at CAPTRUST.

For nonprofits that use ESG, impact, or mission-aligned investing, more than three-quarters (78 percent) rely on negative screening, meaning they omit companies with business practices that do not align with their ethics rather than looking for organizations that exhibit desirable characteristics. Additionally, while ready-made ESG products continue to proliferate, 83 percent of organizations utilize custom strategies—at least in part—to fit their priorities.

For organizations’ overall asset allocations, two-thirds leverage tactical asset allocation. Those doing it internally—with the help of an investment committee, board of directors, and staff—consistently underperformed those leveraging an external party, such as an investment advisor or an outsourced chief investment officer.

“Seventy-one percent of organizations surveyed rely on internal investment committees or a board of directors to determine their tactical asset allocations,” said Stenstrom. “Especially in times of market volatility, there can be an advantage to working with dedicated, outside resources for investment advice, and we continue to see a greater number of nonprofits moving toward those services.”

The 2020 Endowment & Foundation Survey dives into a number of additional topics, including asset allocation, spending policy, and performance trends. The full findings can be found [here](#).

About CAPTRUST

Founded in 1997 in Raleigh, North Carolina, CAPTRUST is an independent registered investment advisor with a mission to enrich the lives of its clients, colleagues, and communities through sound financial advice, integrity, and a commitment to service beyond expectation. The firm provides investment management, financial planning, and income and estate tax compliance and consulting services for individuals and families. For retirement plan sponsors, endowments, foundations, and religious entities, CAPTRUST offers investment advisory services, fiduciary support, provider analysis/fee benchmarking, and participant advice. With more than 800 employees across more than 50 locations nationwide, CAPTRUST oversees more than \$60 billion in assets under management and \$600 billion in assets under advisement (as of February 15, 2021).

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