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GOELZER
INVESTMENT MANAGEMENT

Developing a Game Plan – Identifying Risks, Preparing in Advance
Challenges for Foundations in a High Inflationary Environment

PRESENTED BY:

Janet Sweet, CFA, CAIA
SENIOR CONSULTANT
INSTITUTIONAL ADVISORY SERVICES



Developing a Game Plan: Identify the Risks, Prepare in Advance

PROCESS FOR DEVELOPING A GAME PLAN

<i>1</i> <i>Identify the Risk</i>	<i>2</i> <i>Quantify the Impact</i>	<i>3</i> <i>Identify Mitigation Strategies</i>
Define the Risk What will disrupt your objectives: <i>Short-term & Long-term</i>	Examine the potential outcomes Evaluate the importance: Magnitude of damage Likelihood of occurrence	How to respond effectively to each scenario What steps are required to resolve the issue or meet the need What resources are needed Who is involved

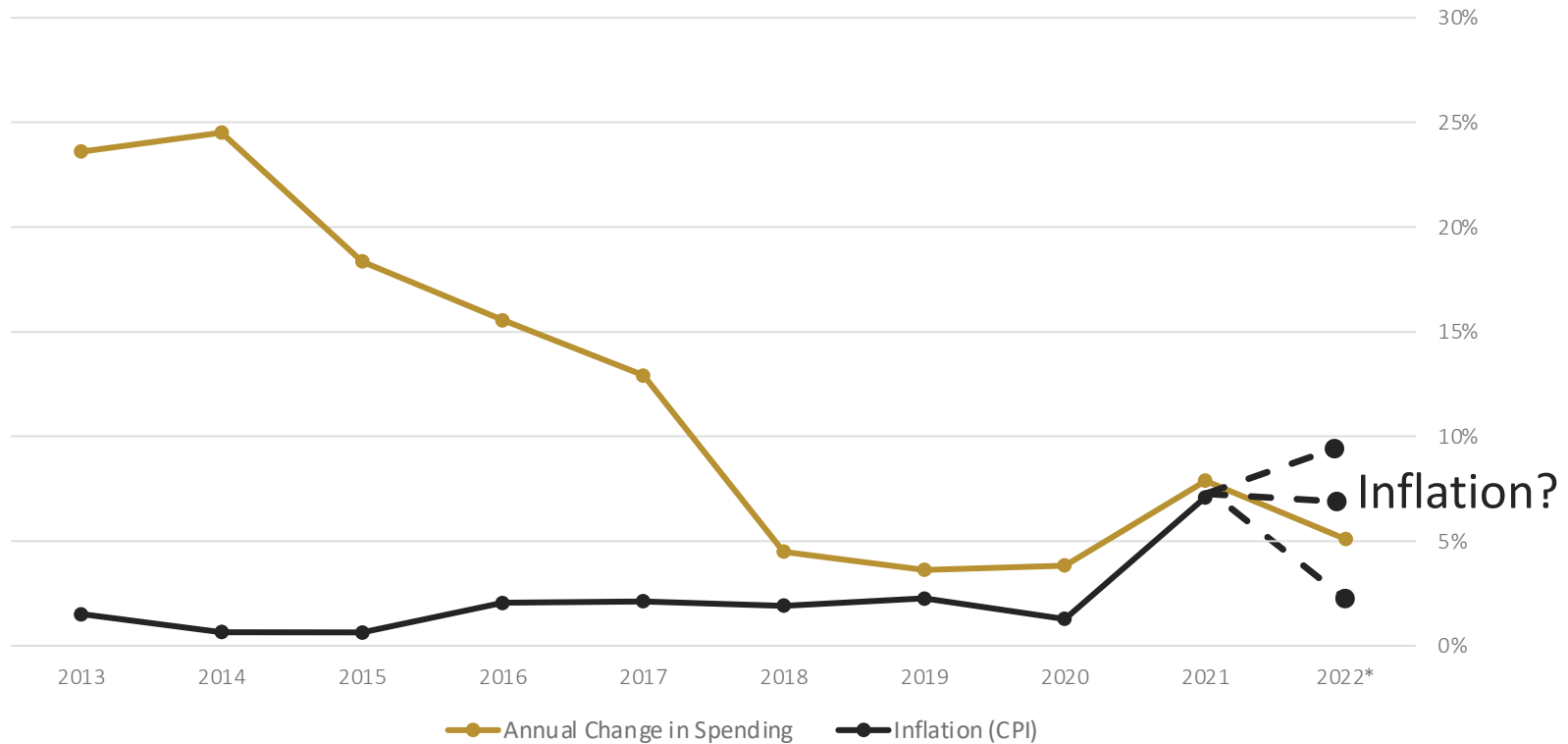
Goelzer helps Foundations make informed decisions when facing uncertainty by developing a comprehensive plan that weighs the potential outcomes of the choices they face.



Challenges for Foundations in a High Inflationary Environment

🏠 Spending Policy Impact

Foundations with Income-only or Hybrid spending policies will struggle to keep pace with high inflation in the short-term. Even total return spending policies based on market values may not keep up with rising costs in the near term. Particularly those Foundations using a 20-quarter smoothing policy in place as 2017 a strong year for returns is replaced by an unknown, and so far negative, 2022 market.



Increases in real, inflation-adjusted spending have been decreasing over the last several years. High inflation erodes the spending impact of a Foundation.

Challenges for Foundations in a High Inflationary Environment

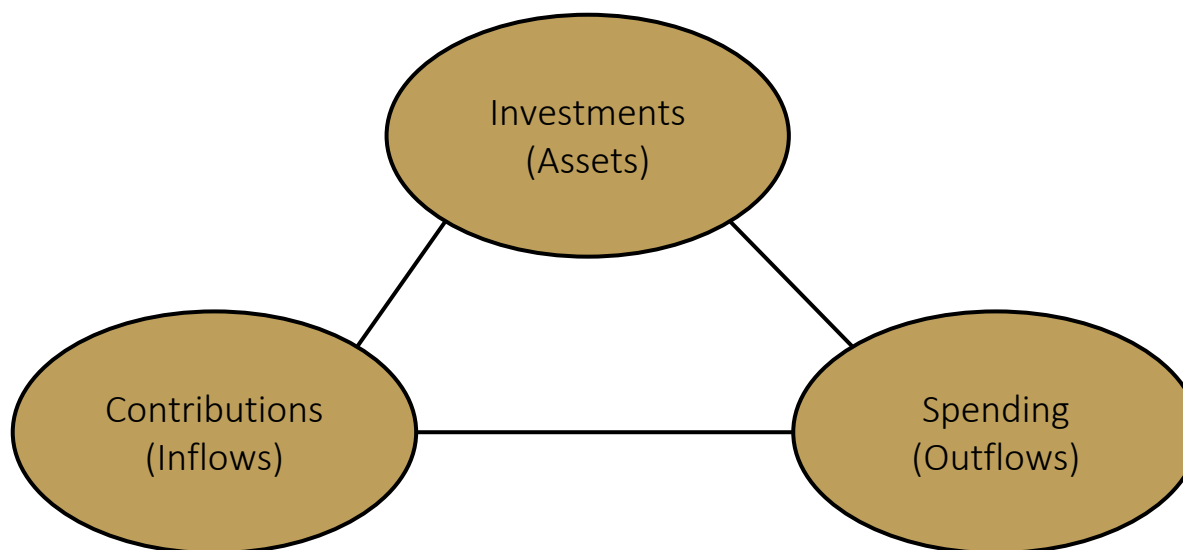
🏠 **Greater Need in the Community**

Even if allowable spending keeps up with Inflation, the potential for greater need in the community is also increasing as those at or near the poverty-level in the community are facing higher food, transportation, and housing costs resulting in a greater insecurity. This is further impacted as certain government spending programs expire or wind down.

🏠 **Donations**

Donors are also seeing prices increase, including housing as mortgage rates rise and within travel and entertainment sectors as they rebound from Covid shutdowns. Those donors with a fixed income component to household income will be hesitant to contribute as they look for ways to stretch their income. Additionally, economic uncertainty could impact donors' willingness to give.

Focusing on each element of a comprehensive investment program is essential for success.



Goelzer assists Foundations in establishing goals and objectives for each component of the Investment Program.



Challenges for Foundations in a High Inflationary Environment

❖ **Foundation Operating Expenses Rising and Staffing Struggles**

Foundations are also experiencing the effects of higher prices for their own operations. Supply-chain disruptions have made certain goods and equipment more expensive and staff, who are watching their own living expenses increase are requiring higher wages. Not-for-Profits who operate on tight budgets to begin with, have fewer options for cutting back.

The shortage of workers and the demand for higher pay makes it challenging for not-for-profit organizations to compete with private companies who can afford to offer more attractive wages and benefits. Staff turnover is likely to be higher and positions harder to fill, causing disruptions in day-to-day operations.

Unlike Corporations who can more easily manage the impact of inflation by passing rising costs on to their customers, a Not-for-Profit bears the brunt of inflation on both sides of cash flow statement.

A recent Forbes article sites a Study conducted by Nonprofit HR that found:

- *45% of Not-for-Profit employees indicated that they will seek new or different employment in the next 5 years.*
- *Of that, 49% said that Nonprofits do not pay enough*

Foundations need a stable partner who can assist with the day-to-day operational needs of the organization



Goelzer Serves as a Reliable Extension of Your Staff

🏠 Assistance with Donor Communication & Development Support

- Planned Giving Presentations and Webinars
- Meet with Wealth Advisors who consult with Donors
- Donor Gift Processing
- Assist with Communication Materials

• Assistance with Cash Flow Management

- Cash Flow monitoring and modeling
- Distribution-Matched Portfolios
- Scenario Analysis

🏠 Assistance with Audit Reporting

- Provide requested information in a timely fashion
- Coordination efforts among required parties

• Customized Training and Education Boards, Committees, Staff, and Donors

- Provide Staff training and education services
- Education of Fiduciary Duties and Responsibilities
- Specialized Topics: ESG/DEI Investing, IPS Considerations, etc.

• Customized Reporting and Assistance with Web-Content

Goelzer serves as a valuable resource in supporting development, consulting on fiscal policies, and Staff training and education



Goelzer Institutional Advisory Services

- ❖ **Independent, fee-only, and accountable advisory firm ensuring we are bound to work in your best interest.**
 - Serve along-side clients as a co-fiduciary
 - Fee-only firm removes potential conflict of interest. We receive no commissions or manager referral fees.
- ❖ **Our OCIO approach to investing saves committees time and allows them to focus on more important priorities.**
 - We are proactive in managing portfolios and effectively communicate to committees to maximize their time.
- ❖ **Offer a customized solution, tailored to each clients' needs, goals, and their unique risks and circumstances.**
 - Not a mass generated solution
- ❖ **Provides a solution to today's challenging investment environment with a diversified, liquid and semi-liquid, non-traditional investment strategies.**
 - Goelzer Liquid Non-Traditional
 - Goelzer Alternative Fixed Income
 - Private Equity
 - Private Real Estate
 - Private Credit
- ❖ **Offer assistance as an extension of your staff via our Strategic Partnership initiative.**
 - We care about the communities in Indiana and are willing to provide support when needed.
- ❖ **Provide timely and relevant education to Boards, Committees, and Staff**
 - Does your IPS need a check up?
 - Alternative Investments Virtual Chat Sessions
 - ESG and Impact Investing
 - Onboarding education for new Board, Committee, or Staff members



Disclosures

This presentation is designed to provide educational and/or general information and is not intended to provide specific legal, accounting and / or tax advice. For specific advice on these aspects of your overall financial plan, you should consult your professional advisors.

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Goelzer Investment Management is a fee based Registered Investment Advisor providing investment counsel to numerous private individual and institutional investors with regard to many facets of the investment process from reviewing existing investment holdings to implementing portfolio strategy and monitoring investment results.

Investment accounts are not insured by any federal government agency, nor guaranteed, and may lose value. Investment results are gross of fees but net of commissions. Results do not reflect deduction of advisory fees. Client returns will be reduced by such fees and other expenses it may incur in the management of its accounts. Past performance does not guarantee future results.

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