

Investment Policies

As an endowment pool comprised of more than 1,000 permanent, named funds, The Rhode Island Foundation's assets are invested to generate an annual return for the support of your charitable goals and the Foundation's charitable programs, initiatives and operations.

Endowment Management

The responsibility for investment management falls to the Foundation's Board of Directors, assisted by the Investment Committee, the Chief Financial Officer and Prime Buchholz & Associates, an independent, nationally recognized investment consultant.

As a financial steward, The Rhode Island Foundation must help ensure that the charitable dollars entrusted to us are available in perpetuity. On the other hand, our sole mission is to serve the community's needs and the charitable goals of our donors. That requires the Foundation to maximize the dollars available today.

Careful investment management is designed to maintain at least the real value of the endowment – the original gift value plus inflation – and to smooth out the ups and downs that result from investing in the securities markets. This is considered necessary to preserve and grow the funds' principal, while providing a dependable source of spending for the Foundation's current operations and programs.

Diversified Asset Allocation

The Foundation is committed to a "total return" philosophy that involves broad diversification and sets high performance standards for investment managers. During the past decade, the Foundation has increased the proportion of equity investments while expanding its portfolio to include emerging markets, alternative investments, and global fixed-income assets. Our investment managers and current asset allocation are noted on the reverse side.

Spending Policy

In addition to careful management of investments, the other key to administering an endowment is to establish a prudent spending policy. Since 1991, the Foundation has limited spending to an average of 5.9% of its market value over the preceding sixteen quarters. This includes fees. Any investment return earned over the spending limit is added to principal, thus increasing the size of the endowment to combat inflation and cyclical down markets.

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Investment Policies, continued

THE RHODE ISLAND FOUNDATION INVESTMENT MANAGERS

Large Cap Core Equity

Adage Capital Partners
State Street Global Advisors

Mid Cap Equity

Cramer, Rosenthal, McGlynn
Artisan Partners
State Street Global Advisors

International Equity

Silchester International Advisors
Marathon-London
State Street Global Advisors

Emerging Markets

Acadian Asset Management

Global Fixed Income

Colchester Global Investors

Domestic Fixed Income

State Street Global Advisors

Alternative Investments

Bain Capital Management
Chisholm Fund Partners LP
Commonfund Capital
Tucker Anthony Private Venture Fund
Forester Capital
Archipelago Partners
BayNorth Realty
Farallon Capital Management
Sankaty Advisors
Bank of America

Charles River Ventures

The Investment Fund for Foundations

CharlesBank Realty

Point Judith Venture

B IV Capital Partners

Denham Capital Management

Wellington Management Company

Sheridan Production Partners

Thomas H. Lee Equity Fund

Convexity Capital

Eton Park Overseas Fund

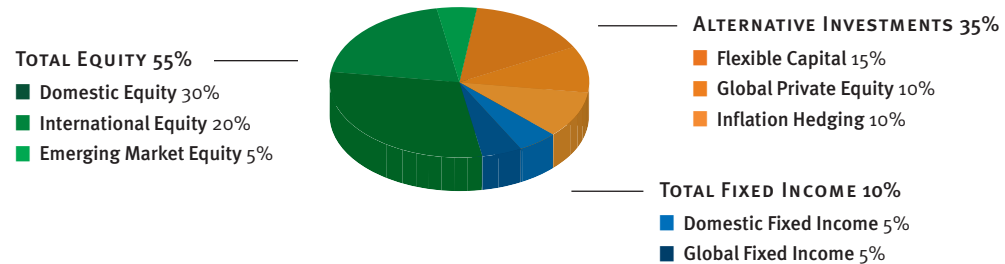
Highfields Capital

ING Global Real Estate Fund

The independent consultant provides a quarterly analysis of each manager's performance.

ASSET ALLOCATION

To help minimize volatility, the funds are broadly diversified across asset classes, investment styles and economies. Target allocations are as follows:



INVESTMENT PERFORMANCE PER ANNUM

Past Performance (as of 9/30/11)

	1 Year	5 Year	7 Year	10 Year
Total Fund	2.4%	2.9%	6.0%	6.6%