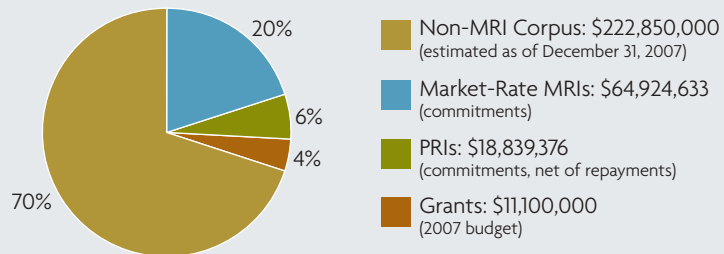


# MISSION-RELATED INVESTING

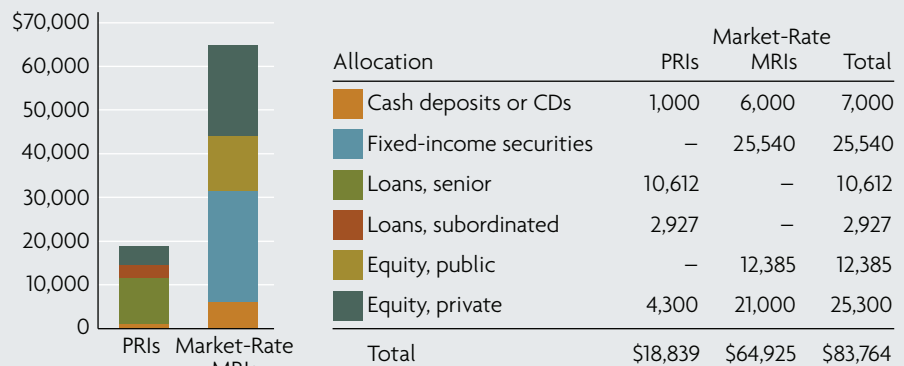
The goal of mission-related investing at the F.B. Heron Foundation is to put the assets of the Foundation to work to increase wealth-creation opportunities for low-income people and communities in the United States. We particularly seek opportunities that leverage our resources with those of other investors.

- ▶ The use of 26% of the Foundation's assets for mission (30% including grants) places it in the top tier of private foundations and other institutional investors.
- ▶ The Foundation's total return for the three years ending December 31, 2007 placed it in the second quartile of the Mellon All Foundation Total Fund Universe.
- ▶ The Foundation was selected as the "Small Nonprofit of the Year" in 2006 by "Foundation & Endowment Money Management," an *Institutional Investor* publication.
- ▶ The Foundation makes mission-related investments (MRIs) across a range of asset classes (deposits, fixed-income securities, senior and subordinated loans, preferred and common stock, private equity) and targeted rates of return (below market and market-rate). Approximately 78% of the Foundation's mission-related investments are market-rate.
- ▶ Performance benchmarks have been established for each asset class in the Foundation's mission-related portfolio. For example, the benchmark for deposits is the Merrill Lynch 91-day T-Bill Index. The benchmark for fixed-income securities is the Lehman Brothers Aggregate Bond Index. The benchmark for public equity is the S&P 500. The benchmark for private equity is the Russell 3000 plus 3%. For program-related investments (PRIs), the benchmark is the long-term inflation rate plus 1%. The Foundation seeks to exceed the performance benchmarks for each asset class.
- ▶ The Foundation has outstanding PRIs of \$18.8MM (net of repayments) and market-rate, mission-related investments of \$64.9MM, including \$6MM in insured deposits in community development banks and credit unions.

## OVERALL ASSET DEPLOYMENT



## MISSION-RELATED INVESTMENTS ASSET ALLOCATION (\$ in thousands)



## GROWTH IN MISSION-RELATED INVESTMENT PORTFOLIO, 1998-2007 (\$ in millions)

