Strong 2025 Returns Amid Rising Mission Demands: Takeaways from the Council on Foundations-Commonfund Study

What the Study Reveals About Balancing Spending, Higher Return Objectives, and Long-Term Portfolio Strategy

Foundations posted strong 2025 returns on average, marking a third consecutive year of double-digit gains, even as some faced rising mission demands. The 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations reported average net returns of 14.1% for private foundations and 14.7% for community foundations. Longer-term results also remained strong, with ten-year annualized returns of 9.0% and 8.6%, respectively.

Recent results supported portfolio values at a time when some institutions faced increased demands on their resources. At the same time, 32% of private foundations reported increasing spending in response to public-policy conditions, up from 23% in 2024, and 21% reported making special appropriations, up from 14%. Together, these findings suggest that some private foundations adjusted actual spending to respond to changing conditions while average stated policy spend rates held steady.

The Study also offers insight into how foundations translate long-term investment objectives into portfolio strategy while supporting current spending and preserving purchasing power.

Returns Have Supported Long-Term Objectives, But the Hurdle Has Risen

Most foundations reported having a stated long-term return objective. In 2025, 84% of private foundations and 75% of community foundations reported having one, with average objectives of 7.4% and 7.2%, respectively.

Average reported five-, ten-, and fifteen-year annualized returns exceeded the 2025 average stated objective for both foundation types. Twenty-year returns were slightly lower, at 7.2% for private foundations and 7.1% for community foundations. These comparisons provide

relevant context, although the objectives in place over those historical periods may have differed from those reported in 2025.

More notable is that reported objectives increased in 2025. Average objectives rose from 6.6% to 7.4% for private foundations and from 6.9% to 7.2% for community foundations. Because participating institutions vary from year to year, these changes may reflect both revisions to individual objectives and differences in the composition of the surveyed group.

The increase in stated objectives raises the return hurdle going forward. Investment committees should assess whether those objectives are consistent with the returns their portfolios can reasonably be expected to generate over a full market cycle while supporting spending, maintaining sufficient liquidity, and preserving purchasing power. For foundations that have raised their objectives, boards and committees should understand why the hurdle changed, determine whether the existing portfolio can support it, and evaluate whether the tradeoffs among return, risk, spending, and liquidity remain appropriate. If the portfolio cannot support the higher hurdle within acceptable risk and liquidity parameters, committees may need to revisit the relationship among the return objective, spending policy, and portfolio structure rather than simply assume more investment risk.

Similar Objectives, Different Portfolios

Private and community foundations reported similar long-term return objectives but pursued them through substantially different portfolios. Private foundations allocated approximately 46% to alternative strategies, compared with 21% for community foundations. Average target allocations to private or illiquid investments were 23% and 10%, respectively. The groups also defined their objectives differently: private foundations were more likely to use an inflation-based target, while community foundations were more likely to use a nominal return target.

Portfolio construction depends on more than the return objective. Private foundations generally fund required annual distributions from an established asset base and often rely less on recurring contributions. Community foundations may receive ongoing gifts while administering charitable funds with varied spending patterns, restrictions, and liquidity needs.

Peer allocations can inform an investment committee’s assessment, but they should not determine the foundation’s portfolio strategy. The return objective describes what the portfolio needs to accomplish, but the portfolio must reflect the foundation’s risk tolerance, time horizon, governance structure, and investment resources. Asset allocation is a strategic framework that should be reviewed and, when appropriate, revised as a foundation’s objectives, spending needs, liquidity requirements, or capacity for risk change.

Strong Returns Create an Opportunity to Reassess

Three consecutive years of double-digit gains have strengthened the financial position of many foundations, but they do not eliminate the need to test whether the investment program remains aligned with the institution's long-term requirements. As reported return objectives rise and some foundations face greater mission demands, committees should assess whether the portfolio can support spending, maintain sufficient liquidity, withstand market stress, and preserve purchasing power over a full market cycle.

Peer results provide important context, but they are not a blueprint. The appropriate strategy depends on each foundation's obligations, cash flows, risk capacity, and governance resources. Strong recent returns give investment committees and boards an opportunity to reassess that alignment from a position of strength, while decisions can be made deliberately rather than under pressure.

Source: 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations, published in 2026. Returns are net of fees, self-reported by participants, and shown as simple averages across the 171 private foundations and 114 community foundations that participated in the Study. One-year returns are for calendar year 2025; multi-year returns are annualized for periods ending December 31, 2025, and reflect participants reporting each period. Actual asset allocation figures are dollar-weighted. Participating institutions vary from year to year. These figures reflect the experience of Study participants and do not represent the performance of TIFF or any TIFF client or fund. Past performance is no guarantee of future results.

Unless otherwise noted, all returns, return objectives, asset allocations, and spending figures in this paper are from the 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations.

The materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute an offer or advertisement of TIFF's investment advisory services or investment, legal or tax advice. Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities.

These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology.

Although TIFF believes the expectations reflected in the forward-looking statements are reasonable, future results cannot be guaranteed.

TIFF Investment Management

October 7, 2026

Copyright © 2026 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.

Strong 2025 Returns Amid Rising Mission Demands: Takeaways from the Council on Foundations-Commonfund Study

What the Study Reveals About Balancing Spending, Higher Return Objectives, and Long-Term Portfolio Strategy

Foundations posted strong 2025 returns on average, marking a third consecutive year of double-digit gains, even as some faced rising mission demands. The 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations reported average net returns of 14.1% for private foundations and 14.7% for community foundations. Longer-term results also remained strong, with ten-year annualized returns of 9.0% and 8.6%, respectively.

Recent results supported portfolio values at a time when some institutions faced increased demands on their resources. At the same time, 32% of private foundations reported increasing spending in response to public-policy conditions, up from 23% in 2024, and 21% reported making special appropriations, up from 14%. Together, these findings suggest that

some private foundations adjusted actual spending to respond to changing conditions while average stated policy spend rates held steady.

The Study also offers insight into how foundations translate long-term investment objectives into portfolio strategy while supporting current spending and preserving purchasing power.

Returns Have Supported Long-Term Objectives, But the Hurdle Has Risen

Most foundations reported having a stated long-term return objective. In 2025, 84% of private foundations and 75% of community foundations reported having one, with average objectives of 7.4% and 7.2%, respectively.

Average reported five-, ten-, and fifteen-year annualized returns exceeded the 2025 average stated objective for both foundation types. Twenty-year returns were slightly lower, at 7.2% for private foundations and 7.1% for community foundations. These comparisons provide relevant context, although the objectives in place over those historical periods may have differed from those reported in 2025.

More notable is that reported objectives increased in 2025. Average objectives rose from 6.6% to 7.4% for private foundations and from 6.9% to 7.2% for community foundations. Because participating institutions vary from year to year, these changes may reflect both revisions to individual objectives and differences in the composition of the surveyed group.

The increase in stated objectives raises the return hurdle going forward. Investment committees should assess whether those objectives are consistent with the returns their portfolios can reasonably be expected to generate over a full market cycle while supporting spending, maintaining sufficient liquidity, and preserving purchasing power. For foundations that have raised their objectives, boards and committees should understand why the hurdle changed, determine whether the existing portfolio can support it, and evaluate whether the tradeoffs among return, risk, spending, and liquidity remain appropriate. If the portfolio cannot support the higher hurdle within acceptable risk and liquidity parameters, committees may need to revisit the relationship among the return objective, spending policy, and portfolio structure rather than simply assume more investment risk.

Similar Objectives, Different Portfolios

Private and community foundations reported similar long-term return objectives but pursued them through substantially different portfolios. Private foundations allocated approximately 46% to alternative strategies, compared with 21% for community foundations. Average target allocations to private or illiquid investments were 23% and 10%, respectively. The

groups also defined their objectives differently: private foundations were more likely to use an inflation-based target, while community foundations were more likely to use a nominal return target.

Portfolio construction depends on more than the return objective. Private foundations generally fund required annual distributions from an established asset base and often rely less on recurring contributions. Community foundations may receive ongoing gifts while administering charitable funds with varied spending patterns, restrictions, and liquidity needs.

Peer allocations can inform an investment committee's assessment, but they should not determine the foundation's portfolio strategy. The return objective describes what the portfolio needs to accomplish, but the portfolio must reflect the foundation's risk tolerance, time horizon, governance structure, and investment resources. Asset allocation is a strategic framework that should be reviewed and, when appropriate, revised as a foundation's objectives, spending needs, liquidity requirements, or capacity for risk change.

Strong Returns Create an Opportunity to Reassess

Three consecutive years of double-digit gains have strengthened the financial position of many foundations, but they do not eliminate the need to test whether the investment program remains aligned with the institution's long-term requirements. As reported return objectives rise and some foundations face greater mission demands, committees should assess whether the portfolio can support spending, maintain sufficient liquidity, withstand market stress, and preserve purchasing power over a full market cycle.

Peer results provide important context, but they are not a blueprint. The appropriate strategy depends on each foundation's obligations, cash flows, risk capacity, and governance resources. Strong recent returns give investment committees and boards an opportunity to reassess that alignment from a position of strength, while decisions can be made deliberately rather than under pressure.

Source: 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations, published in 2026. Returns are net of fees, self-reported by participants, and shown as simple averages across the 171 private foundations and 114 community foundations that participated in the Study. One-year returns are for calendar year 2025; multi-year returns are annualized for periods ending December 31, 2025, and reflect participants reporting each period. Actual asset allocation figures are dollar-weighted.

Participating institutions vary from year to year. These figures reflect the experience of Study participants and do not represent the performance of TIFF or any TIFF client or fund. Past performance is no guarantee of future results.

Unless otherwise noted, all returns, return objectives, asset allocations, and spending figures in this paper are from the 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations.

The materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute an offer or advertisement of TIFF's investment advisory services or investment, legal or tax advice. Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities.

These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. Although TIFF believes the expectations reflected in the forward-looking statements are reasonable, future results cannot be guaranteed.

TIFF Investment Management



October 7, 2026

Copyright © 2026 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.



Strong 2025 Returns Amid Rising Mission Demands: Takeaways from the Council on Foundations-Commonfund Study

What the Study Reveals About Balancing Spending, Higher Return Objectives, and Long-Term Portfolio Strategy

Foundations posted strong 2025 returns on average, marking a third consecutive year of double-digit gains, even as some faced rising mission demands. The 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations reported average net returns of 14.1% for private foundations and 14.7% for community foundations. Longer-term results also remained strong, with ten-year annualized returns of 9.0% and 8.6%, respectively.

Recent results supported portfolio values at a time when some institutions faced increased demands on their resources. At the same time, 32% of private foundations reported increasing spending in response to public-policy conditions, up from 23% in 2024, and 21% reported making special appropriations, up from 14%. Together, these findings suggest that some private foundations adjusted actual spending to respond to changing conditions while average stated policy spend rates held steady.

The Study also offers insight into how foundations translate long-term investment objectives into portfolio strategy while supporting current spending and preserving purchasing power.

Returns Have Supported Long-Term Objectives, But the Hurdle Has Risen

Most foundations reported having a stated long-term return objective. In 2025, 84% of private foundations and 75% of community foundations reported having one, with average objectives of 7.4% and 7.2%, respectively.

Average reported five-, ten-, and fifteen-year annualized returns exceeded the 2025 average stated objective for both foundation types. Twenty-year returns were slightly lower, at 7.2% for private foundations and 7.1% for community foundations. These comparisons provide relevant context, although the objectives in place over those historical periods may have differed from those reported in 2025.

More notable is that reported objectives increased in 2025. Average objectives rose from 6.6% to 7.4% for private foundations and from 6.9% to 7.2% for community foundations.

Because participating institutions vary from year to year, these changes may reflect both revisions to individual objectives and differences in the composition of the surveyed group.

The increase in stated objectives raises the return hurdle going forward. Investment committees should assess whether those objectives are consistent with the returns their portfolios can reasonably be expected to generate over a full market cycle while supporting spending, maintaining sufficient liquidity, and preserving purchasing power. For foundations that have raised their objectives, boards and committees should understand why the hurdle changed, determine whether the existing portfolio can support it, and evaluate whether the tradeoffs among return, risk, spending, and liquidity remain appropriate. If the portfolio cannot support the higher hurdle within acceptable risk and liquidity parameters, committees may need to revisit the relationship among the return objective, spending policy, and portfolio structure rather than simply assume more investment risk.

Similar Objectives, Different Portfolios

Private and community foundations reported similar long-term return objectives but pursued them through substantially different portfolios. Private foundations allocated approximately 46% to alternative strategies, compared with 21% for community foundations. Average target allocations to private or illiquid investments were 23% and 10%, respectively. The groups also defined their objectives differently: private foundations were more likely to use an inflation-based target, while community foundations were more likely to use a nominal return target.

Portfolio construction depends on more than the return objective. Private foundations generally fund required annual distributions from an established asset base and often rely less on recurring contributions. Community foundations may receive ongoing gifts while administering charitable funds with varied spending patterns, restrictions, and liquidity needs.

Peer allocations can inform an investment committee’s assessment, but they should not determine the foundation’s portfolio strategy. The return objective describes what the portfolio needs to accomplish, but the portfolio must reflect the foundation’s risk tolerance, time horizon, governance structure, and investment resources. Asset allocation is a strategic framework that should be reviewed and, when appropriate, revised as a foundation’s objectives, spending needs, liquidity requirements, or capacity for risk change.

Strong Returns Create an Opportunity to

Reassess

Three consecutive years of double-digit gains have strengthened the financial position of many foundations, but they do not eliminate the need to test whether the investment program remains aligned with the institution's long-term requirements. As reported return objectives rise and some foundations face greater mission demands, committees should assess whether the portfolio can support spending, maintain sufficient liquidity, withstand market stress, and preserve purchasing power over a full market cycle.

Peer results provide important context, but they are not a blueprint. The appropriate strategy depends on each foundation's obligations, cash flows, risk capacity, and governance resources. Strong recent returns give investment committees and boards an opportunity to reassess that alignment from a position of strength, while decisions can be made deliberately rather than under pressure.

Source: 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations, published in 2026. Returns are net of fees, self-reported by participants, and shown as simple averages across the 171 private foundations and 114 community foundations that participated in the Study. One-year returns are for calendar year 2025; multi-year returns are annualized for periods ending December 31, 2025, and reflect participants reporting each period. Actual asset allocation figures are dollar-weighted. Participating institutions vary from year to year. These figures reflect the experience of Study participants and do not represent the performance of TIFF or any TIFF client or fund. Past performance is no guarantee of future results.

Unless otherwise noted, all returns, return objectives, asset allocations, and spending figures in this paper are from the 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations.

The materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute an offer or advertisement of TIFF's investment advisory services or investment, legal or tax advice. Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities.

These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. Although TIFF believes the expectations reflected in the forward-looking statements are

reasonable, future results cannot be guaranteed.

TIFF Investment Management

October 7, 2026

Copyright © 2026 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.

Strong 2025 Returns Amid Rising Mission Demands: Takeaways from the Council on Foundations-Commonfund Study

What the Study Reveals About Balancing Spending, Higher Return Objectives, and Long-Term Portfolio Strategy

Foundations posted strong 2025 returns on average, marking a third consecutive year of double-digit gains, even as some faced rising mission demands. The 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations reported average net returns of 14.1% for private foundations and 14.7% for community foundations. Longer-term results also remained strong, with ten-year annualized returns of 9.0% and 8.6%, respectively.

Recent results supported portfolio values at a time when some institutions faced increased demands on their resources. At the same time, 32% of private foundations reported increasing spending in response to public-policy conditions, up from 23% in 2024, and 21% reported making special appropriations, up from 14%. Together, these findings suggest that some private foundations adjusted actual spending to respond to changing conditions while

average stated policy spend rates held steady.

The Study also offers insight into how foundations translate long-term investment objectives into portfolio strategy while supporting current spending and preserving purchasing power.

Returns Have Supported Long-Term Objectives, But the Hurdle Has Risen

Most foundations reported having a stated long-term return objective. In 2025, 84% of private foundations and 75% of community foundations reported having one, with average objectives of 7.4% and 7.2%, respectively.

Average reported five-, ten-, and fifteen-year annualized returns exceeded the 2025 average stated objective for both foundation types. Twenty-year returns were slightly lower, at 7.2% for private foundations and 7.1% for community foundations. These comparisons provide relevant context, although the objectives in place over those historical periods may have differed from those reported in 2025.

More notable is that reported objectives increased in 2025. Average objectives rose from 6.6% to 7.4% for private foundations and from 6.9% to 7.2% for community foundations. Because participating institutions vary from year to year, these changes may reflect both revisions to individual objectives and differences in the composition of the surveyed group.

The increase in stated objectives raises the return hurdle going forward. Investment committees should assess whether those objectives are consistent with the returns their portfolios can reasonably be expected to generate over a full market cycle while supporting spending, maintaining sufficient liquidity, and preserving purchasing power. For foundations that have raised their objectives, boards and committees should understand why the hurdle changed, determine whether the existing portfolio can support it, and evaluate whether the tradeoffs among return, risk, spending, and liquidity remain appropriate. If the portfolio cannot support the higher hurdle within acceptable risk and liquidity parameters, committees may need to revisit the relationship among the return objective, spending policy, and portfolio structure rather than simply assume more investment risk.

Similar Objectives, Different Portfolios

Private and community foundations reported similar long-term return objectives but pursued them through substantially different portfolios. Private foundations allocated approximately 46% to alternative strategies, compared with 21% for community foundations. Average target allocations to private or illiquid investments were 23% and 10%, respectively. The groups also defined their objectives differently: private foundations were more likely to use

an inflation-based target, while community foundations were more likely to use a nominal return target.

Portfolio construction depends on more than the return objective. Private foundations generally fund required annual distributions from an established asset base and often rely less on recurring contributions. Community foundations may receive ongoing gifts while administering charitable funds with varied spending patterns, restrictions, and liquidity needs.

Peer allocations can inform an investment committee's assessment, but they should not determine the foundation's portfolio strategy. The return objective describes what the portfolio needs to accomplish, but the portfolio must reflect the foundation's risk tolerance, time horizon, governance structure, and investment resources. Asset allocation is a strategic framework that should be reviewed and, when appropriate, revised as a foundation's objectives, spending needs, liquidity requirements, or capacity for risk change.

Strong Returns Create an Opportunity to Reassess

Three consecutive years of double-digit gains have strengthened the financial position of many foundations, but they do not eliminate the need to test whether the investment program remains aligned with the institution's long-term requirements. As reported return objectives rise and some foundations face greater mission demands, committees should assess whether the portfolio can support spending, maintain sufficient liquidity, withstand market stress, and preserve purchasing power over a full market cycle.

Peer results provide important context, but they are not a blueprint. The appropriate strategy depends on each foundation's obligations, cash flows, risk capacity, and governance resources. Strong recent returns give investment committees and boards an opportunity to reassess that alignment from a position of strength, while decisions can be made deliberately rather than under pressure.

Source: 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations, published in 2026. Returns are net of fees, self-reported by participants, and shown as simple averages across the 171 private foundations and 114 community foundations that participated in the Study. One-year returns are for calendar year 2025; multi-year returns are annualized for periods ending December 31, 2025, and reflect participants reporting each period. Actual asset allocation figures are dollar-weighted. Participating institutions vary from year to year. These figures reflect the experience of Study

participants and do not represent the performance of TIFF or any TIFF client or fund. Past performance is no guarantee of future results.

Unless otherwise noted, all returns, return objectives, asset allocations, and spending figures in this paper are from the 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations.

The materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute an offer or advertisement of TIFF's investment advisory services or investment, legal or tax advice. Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities.

These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. Although TIFF believes the expectations reflected in the forward-looking statements are reasonable, future results cannot be guaranteed.

TIFF Investment Management



October 7, 2026

Copyright © 2026 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.



Strong 2025 Returns Amid Rising Mission Demands: Takeaways from the Council on Foundations-Commonfund Study

What the Study Reveals About Balancing Spending, Higher Return Objectives, and Long-Term Portfolio Strategy

Foundations posted strong 2025 returns on average, marking a third consecutive year of double-digit gains, even as some faced rising mission demands. The 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations reported average net returns of 14.1% for private foundations and 14.7% for community foundations. Longer-term results also remained strong, with ten-year annualized returns of 9.0% and 8.6%, respectively.

Recent results supported portfolio values at a time when some institutions faced increased demands on their resources. At the same time, 32% of private foundations reported increasing spending in response to public-policy conditions, up from 23% in 2024, and 21% reported making special appropriations, up from 14%. Together, these findings suggest that some private foundations adjusted actual spending to respond to changing conditions while average stated policy spend rates held steady.

The Study also offers insight into how foundations translate long-term investment objectives into portfolio strategy while supporting current spending and preserving purchasing power.

Returns Have Supported Long-Term Objectives, But the Hurdle Has Risen

Most foundations reported having a stated long-term return objective. In 2025, 84% of private foundations and 75% of community foundations reported having one, with average objectives of 7.4% and 7.2%, respectively.

Average reported five-, ten-, and fifteen-year annualized returns exceeded the 2025 average stated objective for both foundation types. Twenty-year returns were slightly lower, at 7.2% for private foundations and 7.1% for community foundations. These comparisons provide relevant context, although the objectives in place over those historical periods may have differed from those reported in 2025.

More notable is that reported objectives increased in 2025. Average objectives rose from 6.6% to 7.4% for private foundations and from 6.9% to 7.2% for community foundations.

Because participating institutions vary from year to year, these changes may reflect both revisions to individual objectives and differences in the composition of the surveyed group.

The increase in stated objectives raises the return hurdle going forward. Investment committees should assess whether those objectives are consistent with the returns their portfolios can reasonably be expected to generate over a full market cycle while supporting spending, maintaining sufficient liquidity, and preserving purchasing power. For foundations that have raised their objectives, boards and committees should understand why the hurdle changed, determine whether the existing portfolio can support it, and evaluate whether the tradeoffs among return, risk, spending, and liquidity remain appropriate. If the portfolio cannot support the higher hurdle within acceptable risk and liquidity parameters, committees may need to revisit the relationship among the return objective, spending policy, and portfolio structure rather than simply assume more investment risk.

Similar Objectives, Different Portfolios

Private and community foundations reported similar long-term return objectives but pursued them through substantially different portfolios. Private foundations allocated approximately 46% to alternative strategies, compared with 21% for community foundations. Average target allocations to private or illiquid investments were 23% and 10%, respectively. The groups also defined their objectives differently: private foundations were more likely to use an inflation-based target, while community foundations were more likely to use a nominal return target.

Portfolio construction depends on more than the return objective. Private foundations generally fund required annual distributions from an established asset base and often rely less on recurring contributions. Community foundations may receive ongoing gifts while administering charitable funds with varied spending patterns, restrictions, and liquidity needs.

Peer allocations can inform an investment committee’s assessment, but they should not determine the foundation’s portfolio strategy. The return objective describes what the portfolio needs to accomplish, but the portfolio must reflect the foundation’s risk tolerance, time horizon, governance structure, and investment resources. Asset allocation is a strategic framework that should be reviewed and, when appropriate, revised as a foundation’s objectives, spending needs, liquidity requirements, or capacity for risk change.

Strong Returns Create an Opportunity to

Reassess

Three consecutive years of double-digit gains have strengthened the financial position of many foundations, but they do not eliminate the need to test whether the investment program remains aligned with the institution's long-term requirements. As reported return objectives rise and some foundations face greater mission demands, committees should assess whether the portfolio can support spending, maintain sufficient liquidity, withstand market stress, and preserve purchasing power over a full market cycle.

Peer results provide important context, but they are not a blueprint. The appropriate strategy depends on each foundation's obligations, cash flows, risk capacity, and governance resources. Strong recent returns give investment committees and boards an opportunity to reassess that alignment from a position of strength, while decisions can be made deliberately rather than under pressure.

Source: 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations, published in 2026. Returns are net of fees, self-reported by participants, and shown as simple averages across the 171 private foundations and 114 community foundations that participated in the Study. One-year returns are for calendar year 2025; multi-year returns are annualized for periods ending December 31, 2025, and reflect participants reporting each period. Actual asset allocation figures are dollar-weighted. Participating institutions vary from year to year. These figures reflect the experience of Study participants and do not represent the performance of TIFF or any TIFF client or fund. Past performance is no guarantee of future results.

Unless otherwise noted, all returns, return objectives, asset allocations, and spending figures in this paper are from the 2025 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations.

The materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute an offer or advertisement of TIFF's investment advisory services or investment, legal or tax advice. Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities.

These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. Although TIFF believes the expectations reflected in the forward-looking statements are

reasonable, future results cannot be guaranteed.

TIFF Investment Management



October 7, 2026

Copyright © 2026 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.