
YGL Endowment Fund

Frequently Asked Questions

Q: How will the YGL Endowment Fund be spent?

A: We are currently developing a spending policy that will be discussed with the Capital Campaign Committee and approved by the Investment Committee. Some basic principles of the policy will be:

- Travel scholarships for YGLs who couldn't otherwise afford to travel to YGL or Forum events
- Funding for education modules lacking base financial support
- Supporting the YGL Impact eco-system – YGL Impact Lab, possible idea competitions for YGL Initiatives or seed funding to get YGL Initiatives off the ground
- Proceeds of the fund will not be allocated to the operating costs of the YGL Foundation (salaries, overhead & office costs, etc.) nor World Economic Forum events or activities.

Major gifts (e.g. above \$100'000 TBD) will have the opportunity to direct their gift to a specific area and/or region of work.

We will actively work with major givers to understand the most desired area of impact for their gift.

Q: Does the YGL Endowment Fund only support current YGL activities, or create new ones?

A: The YGL Endowment Fund is meant to enhance the YGL experience and create new programmes and opportunities to accelerate YGL impact—it is not meant to merely sustain current activities. Currently, the annual YGL budget and staff expenses are covered by YGL membership fees and World Economic Forum support. The Endowment Fund will provide extra funding to increase education opportunities and capacity, create new scholarship funding, and promote innovative impact projects within the YGL community.

Q: Can my gift be tax-deductible in my home country?

A: In the initial stages, this will depend on the country from which you are making the gift.

While the YGL Endowment Fund will be housed in Geneva, Switzerland, potential donors reside globally. Though we can accept international funds in Switzerland from any country worldwide, we are unable to issue country-specific tax receipts without nationally-based charitable status. Tax deductions are a large incentive to potential donors and an important

value-add to philanthropists. We have thus set out to obtain charitable status in the United States and European countries where individuals are most likely to donate.

Swiss Donations - Donations made in Switzerland receive charitable tax receipts for the full amount of donations, due to the Foundation's tax exempt status.

European Donations - In Europe, we have partnered with Transnational Giving, an organization that acts as a receiver of any donation from the UK, EU, or Switzerland and will issue a country-specific tax receipt to the donor.

American Donations - In the United States, we will be setting up a "Friends of the World Economic Forum Foundations" charitable entity in the USA, similar to international endowment funds of universities.

Other Countries - Depending on interest, the Forum Foundations Endowment Fund may set up legal entities in additional countries. In the case of a large international gift, it is often customary to negotiate that the donated gifts include the legal fees to register a charity within the respective country.

Q: If I give to the YGL Endowment Fund, do I still need to make my annual contribution to the YGL Alumni Community

A: Any Alumnus who makes a gift of \$50'000 or more will receive a lifetime membership to the Alumni Community and no longer be asked for the annual contribution. Current YGLs who make a gift of \$100'000 or more will also receive a lifetime YGL + Alumni membership.

Q: Can I pay my pledge on a multi-year basis?

A: Yes. We will accept payment for the pledges over a maximum of three years.

Q: Does the fund also support other World Economic Forum Foundation communities (the Global Shapers and Schwab Foundation for Social Entrepreneurship)?

A: The YGL Endowment Fund will only be used to support the YGL community. If we are successful in building the YGL Endowment Fund, the other communities may replicate this model and build their own endowment funds at a later stage. Regardless of whether other funds are eventually created, donors will always be able to direct their gifts solely to their community of choice.

For gifts larger than \$100'000, you can direct your gift to a specific area within the YGL community (scholarships or education). For gifts of \$500'000 or more we can explore tailored uses for the proceeds with naming opportunities (e.g. travel scholarships for Chinese YGLs).

Q: Will be World Economic Forum be contributing any funding to the YGL Endowment Fund?

A: Yes, the Forum has pledged \$1 million USD toward the YGL Endowment Fund. In the spirit of inspiring the YGL community's own support for the fund, the donation is being given along with a challenge for the group to raise at least \$4 million. If the Capital Campaign Committee is successful in achieving this target, the Forum's \$1 million contribution will complete our launch goal of \$5 million.

Q: Will the YGL Endowment Fund only target the YGLs and Alumni or external donors too?

A: During the initial phase of fundraising (\$5 million to launch), we are asking the committee to target mostly YGLs and alumni. A big part of the endowment concept is being able to give back to the next generation of YGLs, and because of this, it makes the most sense for the first wave of giving to come from the community. As we move past the launch phase, we will also be looking at funding from private philanthropists and family foundations. Our hope is that when we do approach external donors, we can show that the concept already has tremendous support and commitment from within the community.

Q: How will the YGL Endowment Fund be invested?

A: An internal Investment Committee will be tasked with setting strategic asset allocation and spending policies and hiring an external asset manager based on advice and recommendations from the Capital Campaign Committee.

The endowment will pursue a well-balanced portfolio of investments that measures the trade-off between riskier, high-return, investments and those which will mitigate that risk and prudently pursue healthy returns. It may not make sense to hire an asset manager until the endowment accrues at least \$3 million in donations, since most of the interest will end up lost in fee payments. Until then, the fund can be invested through the World Economic Forum's global custodian. There is additionally a desire for a percentage of the fund to be invested in a socially responsible manner. Negative screens will be in place to avoid investments in alcohol and tobacco.

Some initial conversations have started with UBS, who may be a possible manager. They suggested managing the fund in Switzerland, but keeping it in USD for best returns. Because

of their willingness to accommodate the fund at an early stage (with only 3 million USD), it may make sense to create a simple investment structure of 3 to 5 global funds or ETFs, and 1 to 2 socially responsible active funds, which aim for a conservative return of between 2.5 - 3.5%. We will pursue this fund for 1 to 2 years with UBS in an advisory capacity, and after this time, look to delegate the asset management and opt for a more formal RFP process with multiple other banks to compare their mandate offers.

Q: In an era of low-interest returns, what are options for those who do not want their donation to be endowed?

A: Despite a current period of low investment returns, the endowment concept is that over time our principal will grow and we can come to rely on the interest as a guaranteed revenue stream year-after-year. However, if donors are interested in making an outright donation to be spent immediately on funding a specific project, event, or opportunity within the YGL community, we are open to discussing the possibility as these requests come up.

Q: What type of gifts can be made?

A: Donations (or multi-year pledges) to the YGL Endowment Fund can be made through outright and bequest gifts. The gifts offered to the Endowment by an individual, corporation or foundation could include the following:

- Cash, Cash Equivalent and/or a written Cash Pledge
- Stocks (publicly traded, closely held, restricted or other types of stocks subject to approval of the Endowment Advisory Committee of the Endowment Fund)
- Bonds
- Mutual Funds
- Bequests and Wills
- Other Gifts on a Case-By-Case Basis

Q: Are there any incentives in place for Capital Campaign Committee members?

A: Capital Campaign Committee members who secure, or contribute, \$500'000 or more in the 12 month period prior to the Annual Meeting will be invited to Davos to represent and grow the Endowment Fund.