



**MANGHAM ASSOCIATES**

E N D O W M E N T   M A N A G E M E N T

Form ADV Part 2A  
Investment Adviser Brochure

March 28, 2017

This brochure provides information about the qualifications and business practices of Mangham Associates, Inc. If you have any questions about the contents of this brochure, please contact Tina Leiter, Chief Compliance Officer, at 434.973.2223 or [Tina.Leiter@manghamassociates.com](mailto:Tina.Leiter@manghamassociates.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Mangham Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2: Material Changes

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This item of Mangham Associates, Inc.'s ("Mangham" or "the Firm") brochure discusses material changes that have been made since the last annual update dated March 10, 2016. There have been no material changes since the last annual update.

We will ensure that you receive a summary of any material changes to the brochure within 120 days of our fiscal year-end. We will further provide you with a new brochure as necessary based on changes or new information without charge.

Mangham's brochure may be requested by contacting Tina Leiter, Chief Compliance Officer, at 434.973.2223 or [Tina.Leiter@manghamassociates.com](mailto:Tina.Leiter@manghamassociates.com).

Additional information about the Firm is also available via the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Advisory Business

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### Firm Description

Mangham was founded in 1991 by Joel R. Mangham and registered with the SEC in 1994. The Firm is principally owned by Joel Mangham. The Firm is a full-service outsourced investment office that focuses on the investment management needs of endowments, foundations, and high-net-worth individuals and families (collectively, “Clients” or “the Client”).

### Types of Advisory Services

Mangham provides investment advisory and management services to its Clients and certain privately offered pooled investment vehicles (“Private Funds”). The Firm maintains responsibility for investment strategy decisions, including investment manager (“Manager”) selection, risk management, liquidity management, strategic asset allocation, and tactical movements. The Firm’s investment strategies include long-only equity, long/short equity, credit strategies, private equity, real estate securities or REITs, real assets, fixed income, and other active strategies. Mangham may invest in passive strategies if, for example, it believes that a particular market is efficient and the most effective way to access that asset class or subclass allocation is through an index fund or exchange-traded funds (“ETFs”). Clients enter into a written agreement with Mangham for investment advisory services. Equity exposure in a client portfolio is typically obtained in large part through certain Private Funds, as discussed in greater detail below. Private equity, real assets, cash/money market, and fixed income exposure is typically allocated to Managers (including Mangham-sponsored funds) or third-party funds.

The Investment Policy Statement (“IPS”) is typically the guiding framework for the investment management of the Client’s portfolio. One of its primary purposes is to clearly define the roles and responsibilities of the Client’s Investment Committee, Client staff, and Mangham. The IPS typically also establishes broad asset allocation ranges, performance standards and liquidity guidelines. Mangham provides quarterly and monthly performance reporting, as applicable, designed to include information necessary to monitor compliance with the IPS and evaluate the effectiveness of each Manager’s performance.

### Private Funds

MA Investors Management, LLC is a wholly owned subsidiary of Mangham. MA Investors Management, LLC is the Managing Member to MA Investors Fund 1, LLC (“MAIF”) and the General Partner to MA Endowment Partners, LP (“MAEP”), MA Partners Fund, LP (“MAP”), MA Resources Fund 1, LP (“MARF”), and MA Real Assets Fund 2, LP (“MARAF 2”) (collectively, the “Private Funds”). Each Private Fund is managed in accordance with its governing documents and is offered to advisory clients.

MAEP and MAP are pooled investment vehicles that are designed to typically represent a significant percentage of a Client’s equity securities portfolio. MAEP and MAP generally invest in Managers that pursue a range of equity, credit and other strategies in global capital markets.

MAEP is generally structured for Mangham's tax-exempt Clients, and MAP is intended for Mangham's taxable Clients.

MAIF, MARF and MARAF 2 are private-equity-structured vehicles invested in underlying real-assets-focused funds, including investments in minerals and mining, oil and gas, timberland, and real estate. These vehicles are closed to new investors.

### **Tailored Relationships**

In order for the Client's investments to accurately reflect its stated goals and objectives, the IPS is drafted and agreed upon by Mangham and the Client. Each Private Fund is managed in accordance with its governing documents. The Private Funds are not and will not be tailored to the individual needs of any particular Client.

### **Assets Under Management**

As of December 31, 2016, Mangham had approximately \$1,493,786,000 in assets under management, with approximately \$690,664,000 managed on a discretionary basis and \$803,122,000 managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

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Mangham charges an asset-based fee (the "Advisory Fee") which is calculated as a percentage of the Client's assets under management or advisement at the calendar quarter-end immediately prior to the effective date of the investment advisory agreement and each anniversary of that effective date. The Advisory Fee is calculated according to the breakpoint schedule listed below.

|                           | <b>Annual Rate</b> |
|---------------------------|--------------------|
| First \$50 million        | 0.50%              |
| Next \$150 million        | 0.35%              |
| Amount over \$200 million | 0.20%              |

Advisory Fees are rounded to the nearest \$1,000 per annum. The minimum annual Advisory Fee is \$50,000. All Advisory Fees are billed quarterly, in arrears.

Advisory Fees will generally be negotiable, and Mangham may waive or reduce fees at its sole discretion. Fee schedules may change from time to time and, except as otherwise agreed with a Client, Mangham is not obligated to offer lower fees to any existing Client when fee schedules are reduced or breakpoints are altered. Additionally, different fee schedules may apply to (or be negotiated with) different Clients, types of Clients, or advisory arrangements. For example, there may be differences in fees paid by certain Clients based on inception dates.

The specific manner in which fees are charged by Mangham is established in a Client's written investment advisory agreement with Mangham.

A Client invested in MAEP or MAP may request and authorize MAEP or MAP to withdraw from the Client's capital account in MAEP or MAP and to remit to Mangham the amount of the quarterly Advisory Fee.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any outstanding account fees payable to Mangham will be prorated to the date of termination.

Mangham or the Client may terminate the investment advisory agreement with 90 days written notice.

Fees charged by Mangham are separate and distinct from management and/or performance fees and expenses charged by Managers, mutual funds, ETFs, or separate accounts in which Client assets may be invested. A complete description of these fees and expenses may be found in each Manager's governing documents or fund prospectus.

Mangham's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third-party investment managers, and other third-party fees such as deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal expenses and management fees, which are disclosed in a fund's prospectus. A client's actual fees and expenses could vary depending on the actual investment timing, as well as trading and transaction activity.

### **Private Funds**

Each Private Fund bears costs and expenses associated with its organization, the offering of interest and its ongoing operations, except as otherwise described in each Private Fund's governing documents. The Private Funds pay management fees (if applicable), direct operating costs and expenses, including administrative, legal, accounting, auditing, record-keeping, Manager due diligence, and costs and expenses incurred in connection with the direct investment and reinvestment of the Private Funds' assets, including brokerage commissions, dealer markups, and related clearing and settlement charges. To the extent that Private Funds invest in Managers, the Private Funds bear their allocable share of the costs and expenses of such vehicles, including their organizational, offering and operating costs and expenses and the management fees and incentive compensation payable to the Managers. A more complete description of the Private Funds' expenses can be found in the governing documents for each Fund.

### ***MA Endowment Partners, LP, and MA Partners Fund, LP***

Class A limited partners (Mangham advisory Clients) pay no fund management fees; Class B limited partners (former advisory Clients) are charged an annual fund management fee of 1.00% which is debited quarterly from the capital account.

### ***MA Investors Fund 1, LLC, and MA Resources Fund 1, LP***

Limited partners pay no management fees.

### ***MA Real Assets Fund 2, LP***

Class A limited partners (Mangham advisory Clients) pay no fund management fees; Class B limited partners (former advisory Clients) are charged an annual fund management fee payable quarterly in advance based on the schedule below.

1. Year 1: 0.55% of capital commitments of the Class B LPs
2. Years 2-7: 0.55% of unreleased capital commitments of Class B LPs
3. Years 8-12: 0.35% of unreleased capital commitments of Class B LPs
4. Thereafter: 0.15% of unreleased capital commitments of Class B LPs

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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Mangham does not charge performance-based fees.

## **Item 7: Types of Clients**

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Mangham's clients are endowments, foundations, and high-net-worth individuals and families. Mangham also serves as the investment manager to the Private Funds, which are offered to Mangham's advisory clients. The Private Funds and outside Managers impose investment minimums, as described in the relevant governing document for each fund. In the case of the Private Funds, the general partner may accept amounts below the established minimum at its discretion.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis and Investment Strategies**

To ensure that the investment management process integrates with a Client's goals, Mangham utilizes an entity-wide perspective to match asset allocation to risk profiles and return objectives. The Firm typically works with each Client to craft a well-defined IPS, which can be an essential tool in managing the risks and opportunities of the capital markets. Mangham seeks to maintain a broadly diversified portfolio with differentiated risks taken in a mix of geographies, industries or economic/market sectors. The firm seeks to manage Investment portfolios in such a way that Clients' Manager structures reflect appropriate portfolio management practices.

The Firm may employ a wide range of strategies to manage portfolios. These strategies fit under the general return goals and risk tolerances established in the Client's IPS. The Investment Team typically looks for Managers that employ strategies focused around fundamental research

whose goal is to determine a security's intrinsic value, purchase it when it is trading at a discount to its intrinsic value, and sell it when it is trading equal to or at a premium to this value. The focus is normally on active strategies unless the Investment Team feels that a particular market is efficient and the most effective way to access that asset class or subclass allocation is through an index fund or ETF. The overriding goal is to capture a better return with a lower risk of capital loss than can be obtained through a passive-only exposure to the asset class. In this manner, Mangham seeks to tilt the risk-reward tradeoff in the Client's favor. The Firm invests in long-only equity, long/short equity, credit strategies, private equity, real assets, fixed income, and various other active strategies. The Firm employs both quantitative research and qualitative research to evaluate the probability that these strategies will add return over the cost and risk inherent in the strategy, then seeks to combine the strategies in a way that minimizes certain risks (for example, the risk of loss from a single security or single Manager) and benefits from diversification of strategies that may exhibit low correlation. Mangham acknowledges that it is challenging to gain diversification that withstands the ravages of a bear market.

## **Risks**

As a general matter, investing in securities involves the risk of loss that Clients should be prepared to bear. Certain risk factors that may be considered applicable to an investment with Mangham are outlined below. It should be noted, however, that there may be other risk factors that are not identified but that might still result in material losses to investors.

Additional risk factors for investments in the Private Funds and Managers are outlined in the governing documents for the applicable fund. It is important that a prospective investor refer to the relevant fund's governing documents for a complete understanding of related risks.

General economic or market conditions can adversely affect a Client's investments. These factors include, but are not limited to: interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, regulatory and tax regulations, trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors could affect the level and volatility of securities prices and the liquidity of a Client's investments. High volatility or illiquidity could impair an investment's profitability or result in losses.

The success of Mangham's advisory activities is dependent to a degree on the ongoing ability of the Firm to identify and retain Managers and funds and on the ability of those Managers and funds to achieve favorable investment returns. Investments with underlying Managers could carry additional risks including, but not limited to: lack of liquidity; lack of diversification; economically offsetting positions; lack of transparency; and reliance on Managers for performance and valuation information. Certain strategies and investment techniques are subject to inherent risks including, but not limited to: the volatility of the equity, fixed-income, commodity, and currency markets; the use of short sales; the use of leverage; and counterparty credit and settlement default risk. Mangham will generally not be able to approve individual investments made by Managers or funds in which Clients are invested. Mangham has in place a



rigorous due diligence process and seeks to select managers that it believes have the highest level of integrity; however, Mangham has no control over the day-to-day activities at the underlying Manager level and cannot guarantee that any individual Manager will perform as intended.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mangham or the integrity of Mangham's management. Mangham has no reportable information applicable to this item.

## **Item 10: Other Financial Industry Activities and Affiliations**

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As described in Item 4, MA Investors Management, LLC, is a wholly owned subsidiary of Mangham. MA Investors Management, LLC, is the Managing Member to MA Investors Fund 1, LLC, and General Partner to MA Endowment Partners, LP, MA Partners Fund, LP, MA Resources Fund 1, LP, and MA Real Assets Fund 2, LP (collectively, the "Private Funds"). Clients are typically invested in one or more Private Fund(s). Clients are invested in Class A shares, which do not pay an additional management fee to the Private Funds, as described in Item 5.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **Code of Ethics**

Mangham has adopted a Code of Ethics (the "Code") pursuant to the Rule 204A-1 under the Advisers Act which is designed to, among other things: (i) set forth standards of conduct (including compliance with the federal securities laws); (ii) require reporting of personal securities transactions; and (iii) require prompt reporting of violations of the Code.

All employees ("access persons") are subject to Mangham's Code. Mangham's Code contains policies and procedures relating to conflicts of interest, outside business activities, political contributions, gifts and entertainment, insider trading, social media usage, and personal trading.

The Code requires that certain personal securities transactions of access persons be reported on a quarterly basis to the Chief Compliance Officer and that any transactions in initial public offerings or Private Placements be pre-approved by the Chief Compliance Officer and that these transactions be reviewed by the Chief Compliance Officer to ensure compliance with the Code. Mangham's employees must acknowledge the terms of the Code at least annually.

Clients and prospective clients can obtain a copy of Mangham's Code by contacting Tina Leiter at 434.973.2223 or [tina.leiter@manghamassociates.com](mailto:tina.leiter@manghamassociates.com).

### **Participation or Interest in Client Transactions – Private Funds**

As described in Item 4, Mangham’s wholly owned subsidiary, MA Investors Management, LLC, is Managing Member and General Partner of the Private Funds. Mangham and certain applicable employees also invest in the Private Funds and therefore have a financial interest in the products it recommends for its Clients. While there may be the appearance of a conflict of interest, Mangham does not believe an actual conflict exists due to the fee structures disclosed in Item 5 of this Brochure. Specifically, Mangham’s Clients are invested in Class A shares which do not pay an additional management fee.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

Mangham and its employees may buy or sell certain securities identical to those recommended to Clients for their personal accounts. The Code of Ethics, described above, is designed to ensure that the personal securities transactions, activities and interests of the employees of Mangham will not interfere with: (i) making decisions in the best interest of advisory Clients; or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code, and designed to reasonably prevent conflicts of interest between Mangham and its Clients.

## **Item 12: Brokerage Practices**

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### **Selection of Broker/Dealers**

In some cases, Mangham has discretion to determine the broker/dealer to be used in direct trading in Client portfolios as well as in the Private Funds. In selecting brokers, Mangham will consider various factors in an effort to seek “best execution” for its Clients over time. These factors could include commissions or markups, the reputation and financial stability of the broker, quality of communications, reliability in executing trades, accuracy of reporting, and other factors deemed relevant.

### **Research and Other Soft Dollar Benefits**

Mangham does not participate in any formal soft dollar arrangements but may receive research products or services from brokers that, to the best of the Firm’s knowledge, are generally made available to all institutional clients doing business with these brokers. Mangham receives these products and services without cost.

### **Brokerage for Client Referrals**

Mangham does not receive Client referrals from broker/dealers.

### **Client-Directed Brokerage**

The Client may direct Mangham to use a particular broker/dealer to execute transactions for the Client’s portfolio. In such event, the Client will negotiate terms and arrangements for the account with that broker/dealer, and Mangham will not seek better execution services or prices

from other broker/dealers. As a result, the Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case.

### **Trade Aggregation**

Mangham seeks to allocate investment opportunities among its Clients and Private Funds in a fair and equitable manner over time. Mangham has varying degrees of discretion and makes efforts to allocate trades in a manner that does not materially advantage or disadvantage any Client or Private Fund. When making an investment, Mangham generally determines the appropriate level of participation on a Client-by-Client or fund-by-fund basis taking into consideration factors such as portfolio rebalancing, tax consequences (if applicable), legal or regulatory restrictions and cash-flow changes, which could result in performance differences between the Clients or Private Funds. Actual timing of trade execution may vary across Clients and Private funds, some of which Mangham recognizes is outside of its control. Mangham does not aggregate ETF or mutual fund trades. Mangham seeks to communicate investment recommendations involving ETFs, mutual funds or other investments to non-discretionary Clients promptly but has no control over the timing of execution.

## **Item 13: Review of Accounts**

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### **Reviews**

Client portfolios are reviewed on a regular basis. Major changes in the markets or scheduled committee meetings trigger additional reviews. The reviewers include the Chief Investment Officer, Deputy Chief Investment Officer, and the remainder of the Investment Team.

Clients are obligated to notify Mangham of any changes in their financial status to ensure that investment strategies continue to meet the Client's changing needs.

Asset allocation decisions are made with a review of geographical, sector, and stock concentrations, as well as gross and net exposures and fund performance, among other considerations. Mangham reviews performance of Managers against their benchmarks, as well as adherence with their investment mandate. Mangham monitors managers through on-site visits, update calls, manager letters and operational risk management reviews to assess non-investment activities.

Other conditions that may trigger a review include political or economic conditions, tax laws, new investment information, and changes in a Client's situation.

### **Reporting**

Reports are prepared monthly and quarterly, as applicable, and contain performance data for Managers, asset classes, the total portfolio and various indices.

Clients receive monthly or quarterly statements and periodic confirmations from their Managers (including Mangham Private Funds), broker/dealers, and custodians, as applicable.

Each Private Fund provides audited financial statements to underlying investors annually.

## **Item 14: Client Referrals and Other Compensation**

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Mangham does not receive any economic benefits from non-clients, nor does the Firm provide any compensation to anyone for Client referrals.

## **Item 15: Custody**

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Mangham is deemed to have custody with respect to the Private Funds by virtue of the fact that Mangham's affiliate, MA Investors Management, LLC, serves as the general partner or manager, as applicable, to the Private Funds.

Mangham is exempt from the quarterly account statement delivery obligation and surprise audit requirement of the Custody Rule because each of the Private Funds is audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board, in accordance with its rules. Also, the audited financial statements of each Private Fund are prepared in accordance with Generally Accepted Accounting Principles and are distributed to each Client within 180 days of the end of the fiscal year.

Clients should expect to receive, at least quarterly, statements from the broker/dealer, bank, or other qualified custodian that holds and maintains the Client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Mangham provides. Mangham statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities, as examples.

## **Item 16: Investment Discretion**

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Pursuant to the Client investment advisory agreement, Mangham may accept discretionary authority over Client assets. Clients may limit Mangham's discretionary authority under certain circumstances. Limitations are described in the Client's IPS. Mangham has discretionary authority over the assets of the Private Funds (including the authority to invest assets held by the Private Funds with Managers and other securities). Investors in the Private Funds do not have the ability to impose limitations on Mangham's discretionary investment authority.

## **Item 17: Voting Client Securities**

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Mangham does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for securities held in their name. Clients receive these proxies directly from either custodians or transfer agents. In select cases, at a Client's request, Mangham may offer input to the Client on proxy issues for their determination.

Mangham has delegated proxy voting authority to separate account managers in the Private Funds. Mangham votes on consent solicitations from Managers, which typically seek to modify

the terms or conditions of the underlying fund. In these cases, Mangham will vote consents in the manner it deems to be in the best interest of the Private Funds.

Clients may contact Tina Leiter at 434.973.2223 or [tina.leiter@manghamassociates.com](mailto:tina.leiter@manghamassociates.com) for information about proxy voting.

## **Item 18: Financial Information**

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Mangham has no financial commitments that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

Mangham does not require prepayment of fees more than six months in advance or prepayment of fees of more than \$1,200 per client, and therefore is not required to provide a balance sheet to clients.