

Balancing risk and return: How not-for-profits are structuring their portfolios in 2025

By Perpetual Private

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Balancing risk and return

Given the last four years we have investigated how not-for-profit organizations are structuring their portfolios to help them meet their investment goals, objectives and assets. We have been able to see if anything has changed.

Revisiting the analysis

Relative to the last year, the not-for-profit sector has continued to diversify its asset allocation, with a focus on equities and fixed income. The trend has been to increase the allocation to equities, while reducing the allocation to fixed income. This is in line with the general trend of not-for-profits increasing their allocation to equities and reducing their allocation to fixed income.

Over the previous four years, the diversification of assets has been a key priority for not-for-profits. This has been achieved through the implementation of a range of risk management strategies, including the use of derivatives and alternative investments.

Looking forward to 2025...

And we have been asking not-for-profit clients what investment goals and objectives they have for the future. The results show that the majority of clients are looking for a balanced approach, with a focus on equities and fixed income. This is in line with the general trend of not-for-profits increasing their allocation to equities and reducing their allocation to fixed income.

Asset allocation trends

in our not-for-profit portfolios – revisited

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Methodology

Not-for-profit organizations – including all investment managers – have been asked to provide information on their investment portfolios. This information has been used to track the composition of their portfolios over time. The data is based on a sample of not-for-profit organizations, and the results are not necessarily representative of all not-for-profit organizations.

Investment objectives

Not-for-profit organizations are looking to achieve a balance between risk and return, with a focus on fixed income and equities. The majority of clients are looking for a balanced approach, with a focus on equities and fixed income. This is in line with the general trend of not-for-profits increasing their allocation to equities and reducing their allocation to fixed income.

Investors' investment objectives

Investment Objective	Percentage
Income	20
Capital Preservation	15
Capital Growth	45
Risk-Adjusted Return	20

Whether your organisation is already invested or considering options beyond cash and term deposits, understanding how other not-for-profits approach portfolio construction can provide food for thought for your own investment strategy discussions.

Over the past four years we have investigated how different not-for-profit organisations in our client base think about risk and return and how that has played through into portfolio construction.

[Download paper](#)

This paper covers:

- Analysis of 221 not-for-profit portfolios with \$3 billion under management
- How objectives shape asset allocation decisions
- Shifts in growth and defensive asset weightings
- Trends in home bias and international diversification
- The increasing role of alternatives
- Four key questions for boards and committees to consider as part of investment strategy discussions

Find out more about our [services for non-profit organisations](#).

Asset allocation trends in not-for-profit portfolios

with key questions for boards and investment committees

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Whether you're seeking to refine your investment strategy, address new challenges, or simply have questions, we're here to provide the expertise and guidance you need.

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