

EVANSTON COMMUNITY FOUNDATION

ANNUAL INVESTMENT BRIEFING

February 28, 2018

**WE'RE
HERE
FOR
GOOD**

Helping Evanston thrive now and forever as a vibrant, inclusive, and just community.

The Evanston Community Foundation builds, connects, and distributes resources and knowledge through local organizations for the common good.

Realizing the ECF Mission

Working together with community members, donors, institutions, and organizations, ECF

- *builds endowment funds for current initiatives and future opportunities*
- *fosters private philanthropy*
- focuses the impact of collective giving
- identifies and addresses community challenges
- allocates grants
- provides leadership training

2017 - 18 INVESTMENT COUNCIL

CHAIR

Ralph Segall	1988	Chief Investment Officer, Segall, Bryant & Hamill (<i>former ECF Chair</i>)
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MEMBERS

Karl Berolzheimer	1997	Community volunteer; retired attorney (<i>former ECF Chair</i>)
Bill Blanchard, Co-Chair	2012	Financial Advisor, Private Wealth Management, UBS (<i>ECF Treasurer</i>)
Michael Brody	2015	Partner, Jenner & Block LLP (<i>ECF Chair</i>)
Diana Cohen	2008	Community volunteer (<i>ECF Vice Chair</i>)
John Cunningham	2014	Owner, Plowshares Asset Management LLC (<i>ECF board member</i>)
William Goldstein	2001	President, Chesley, Taft & Associates, LLC
Paul Harvey	2017	Former Global Head – Equity Trading, UBS Global Asset Management
John McCarthy	2007	Chief Investment Officer, Centaur Capital Partners, Inc. (<i>former ECF Treasurer</i>)
Mark McCarville	2003	Partner, Braydon Partners (<i>former ECF Treasurer</i>)
Sandra Shelton	2014	KPMG Distinguished Professor of Accountancy, DePaul University (<i>ECF board member</i>)
Ingrid Stafford	2001	VP for Financial Operations and Treasurer, Northwestern University (<i>former ECF board member</i>)

Average Council Tenure of Current Members: 10.7 years

Cumulative Professional Investment Experience of Current Members: 352 years

2017 Council Activity

- Four Council Meetings
- Normal pace of activity in 2017:
 - Five new holdings introduced
 - Five holdings eliminated entirely
 - Additions to three holdings
 - Turnover Ratio: 50% (higher than usual due to cost-saving program)

	New Holding	Addition to Existing Holding	Trim of Existing Holding	Sold Entirely
Domestic Fixed Income	Vanguard ST Inv Grade	Baird Core Plus Loomis Sayles Inv Grade	Vanguard ST Bond	US Treasury (Matured)
Foreign Fixed Income		DFA Five Year Global		
Domestic Equities	Vanguard Total Stock Index Schwab Broad Market S&P Small Cap Core S&P Mid Cap Core		Schwab Broad Russell 1000 G S&P 500 Mid	Schwab Broad Russell 1000 G S&P 500 Mid Russell 1000 Vanguard Energy
Foreign Equities			Vanguard Int'l Explorer	
Other				

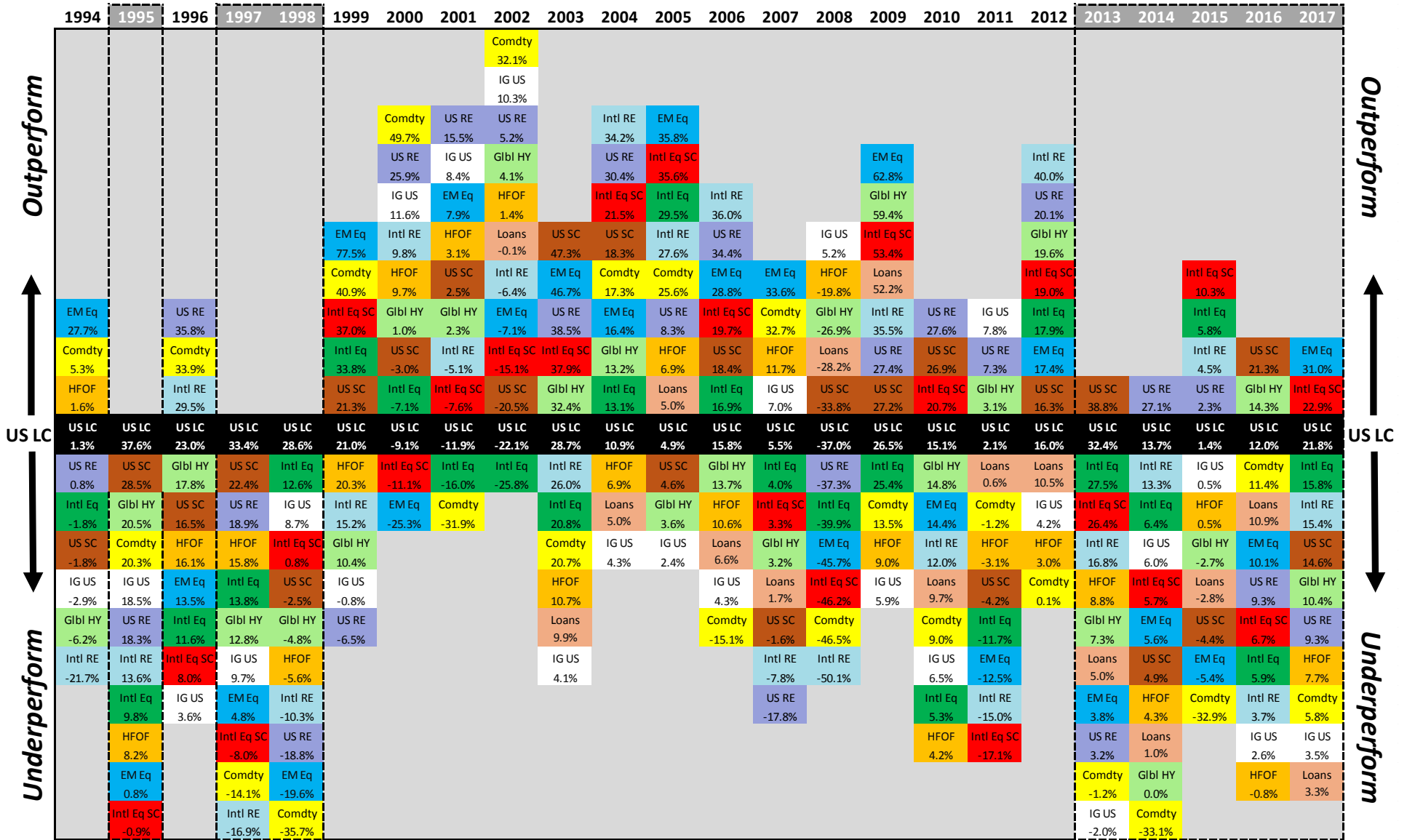
Asset Class Returns by Calendar Year through 2017

Color Key for Asset Class Returns Chart

Index Definitions	
US Large Cap (S&P500)	EM Equity (MSCI EAFE)
US Small Cap (Russell 2000)	Intl Equity Small Cap (MSCI ACWI ex-US SC)
International Equity (MSCI EAFE)	Int'l Real Estate (S&P Developed ex-US)
US Bonds (Barclays Aggregate Bond)	US Real Estate (FTSE NAREIT All REITs)
High Yield Bonds (Barclays Global High Yield)	Commodities (S&P GSCI)
Loans (S&P Leveraged Loan 100)	HFOF (HFRI FoF)

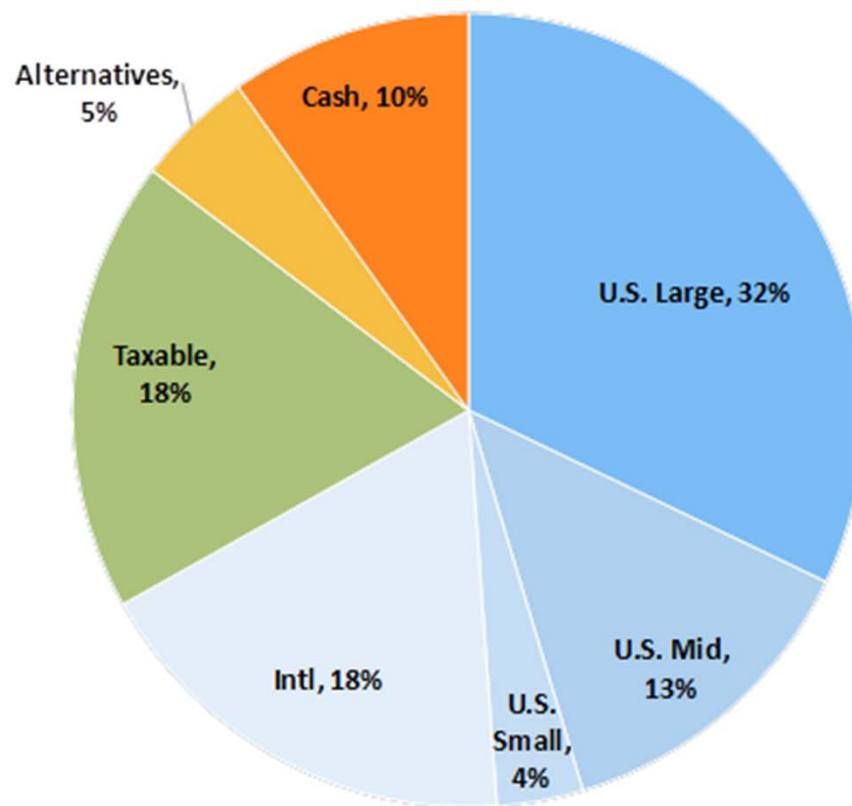
Asset Class Returns by Calendar Year through 2017

Major Asset Class Returns Relative to US Large Cap (S&P500) - Calendar Year Performance



ECF Portfolio – Allocation as of January 2018

	Broad Allocation Summary				Equity				Fixed Income		Alternatives	Cash
	Total Equity	Fixed Income	Alternative Investments	Cash	U.S. Large	U.S. Mid	U.S. Small	Intl	Taxable	Tax Exempt	Alternatives	Cash
Current Allocation	67%	18%	5%	10%	32%	13%	4%	18%	18%	0%	5%	10%



Portfolio Results for 2017 – Principal Reconciliation

TOTAL
ENDOWMENT
Calendar Year 2017

Investment Results

Beginning Value	\$ 20,305,336
Add: Contributions	\$ 1,045,710
Less: Withdrawals	<u>\$ (500,000)</u>
Adjusted Value	\$ 20,851,046

Value at 12/31/2017: \$ 24,146,476

Change In Investment Value (Total Return) \$ 3,295,430

Percentage Change in Value 16.10%

Portfolio Results for 2017 – Performance vs. Benchmarks

Asset Category <i>Category Benchmark</i>	Allocation <u>Range</u>	Allocation <u>at Dec. 31</u>	Rate of Return <u>2017</u>	Rate of Return <u>Last 3 Years</u>
Cash <i>90 Day T-Bills</i>	0%	6%	0.92%	0.47%
Domestic Fixed Income <i>Barclay Aggregate</i>	15%-35%	20%	3.94% 3.74%	2.11% 2.24%
Foreign Fixed Income <i>JP Morgan Global Non-US</i>	0%-10%	2%	2.09% 9.92%	0.86% 2.14%
Fixed Income Combined <i>Blended Fixed Benchmark</i>	15%-35%	22%	3.75% 4.77%	1.80% 2.20%

Portfolio Results for 2017 – Performance vs. Benchmarks, continued

Asset Category <i>Category Benchmark</i>	Allocation <u>Range</u>	Allocation <u>at Dec. 31</u>	Rate of Return <u>2017</u>	Rate of Return <u>Last 3 Years</u>
Domestic Equity <i>Wilshire 5000</i>	30% - 65%	45%	19.68% <i>21.00%</i>	10.20% <i>10.90%</i>
Foreign Equity <i>ACWI-ex U.S.</i>	0% - 20%	18%	30.56% <i>24.06%</i>	7.30% <i>5.09%</i>
Equity Combined <i>Blended Equity Benchmark</i>	45% - 65%	63%	22.88% <i>21.54%</i>	10.10% <i>9.74%</i>
Other <i>Constructed Benchmark</i>	0% - 20%	9%	8.04% <i>7.00%</i>	3.40% <i>6.30%</i>
Total Account <i>Blended Benchmark</i>			16.10% <i>14.16%</i>	7.16% <i>7.26%</i>

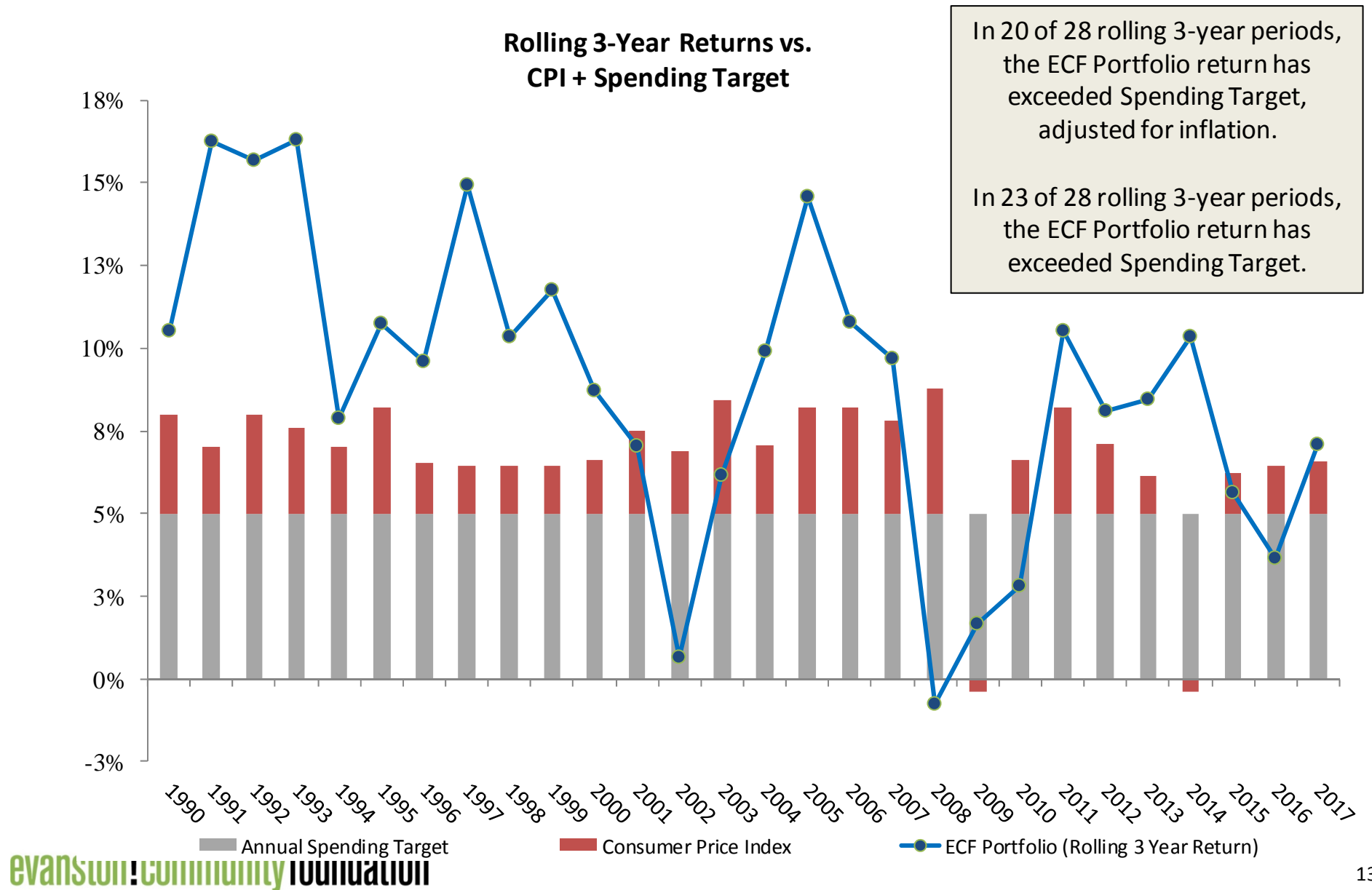
Investment Committee Performance Measurement

We evaluate returns against four standards:

1. How Are We Doing Against Our Spending Target
2. How Are We Doing Against "The Markets" - A Passive Index
3. How Are We Doing Against Our Peers - An Active Index
4. How Are We Doing Based On The Risks We Are Incurring

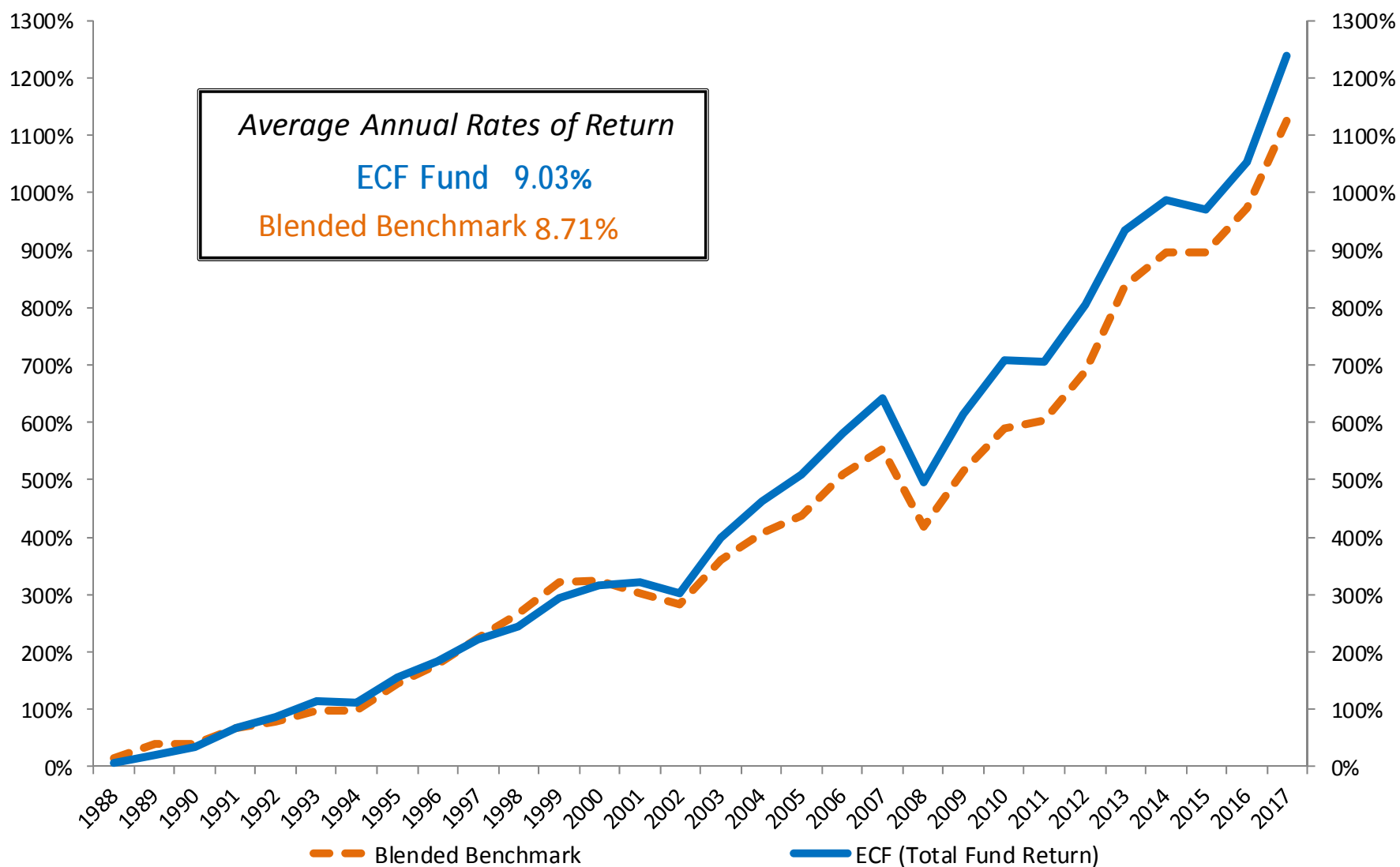
Investment Committee Performance Measurement

1. How Are We Doing Against Our Spending Target



Performance Against 'The Markets'

ECF: Cumulative Return (1988 through 2017)



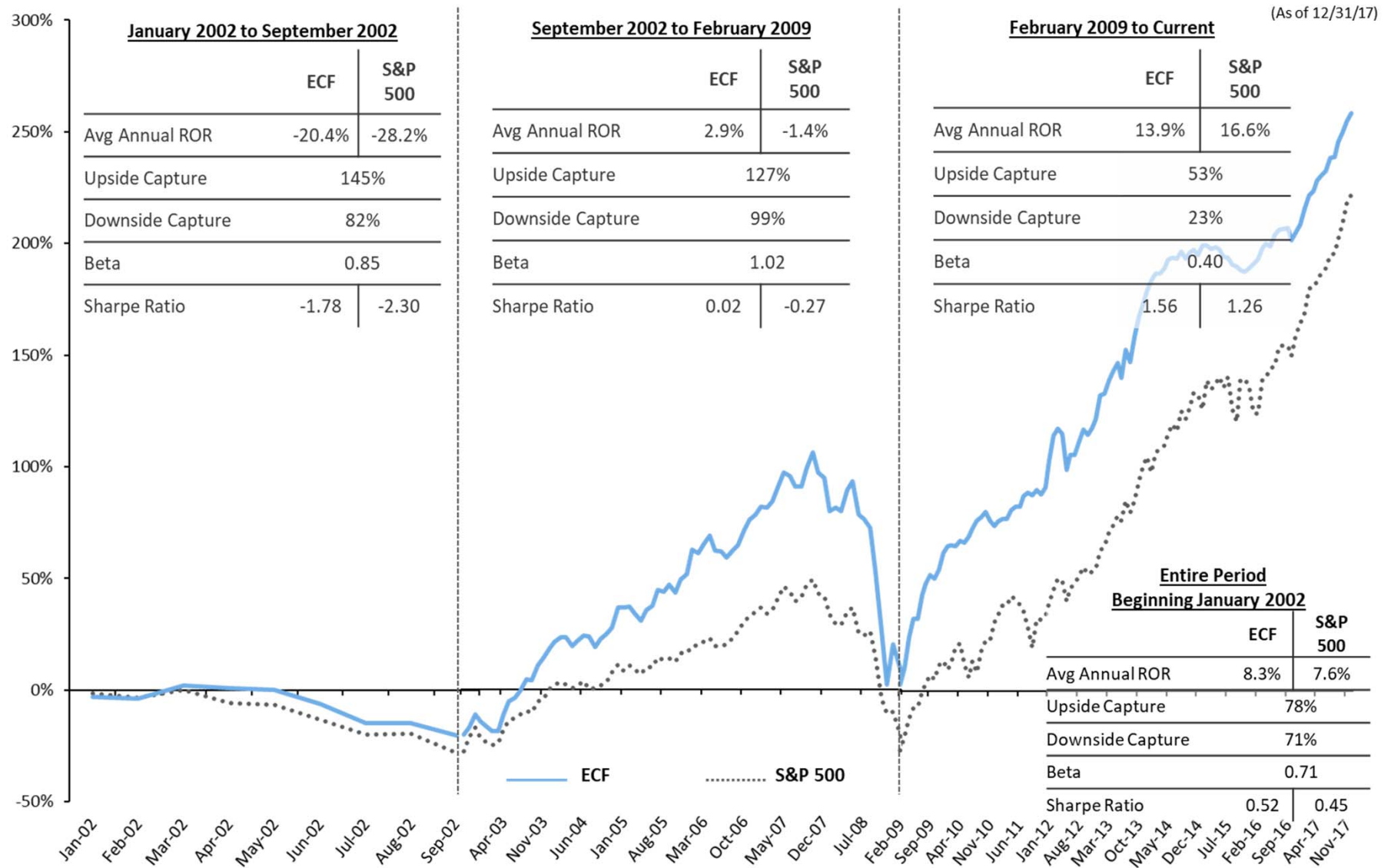
Investment Committee Performance Measurement

3. How Are We Doing Against Our Peers - An Active Index -?

Periods Ending December 31, 2017	Last Year	Three Years	Five Years	Ten Years
ECF (\$24.1mm)	16.1%	7.2%	8.1%	6.1%
COF Survey: All Community Foundations	15.8%	6.9%	8.0%	5.2%
COF Survey: Comm. Fdns \$5mm - \$24.9mm	15.2%	6.9%	8.1%	5.3%

COF = Council on Foundations

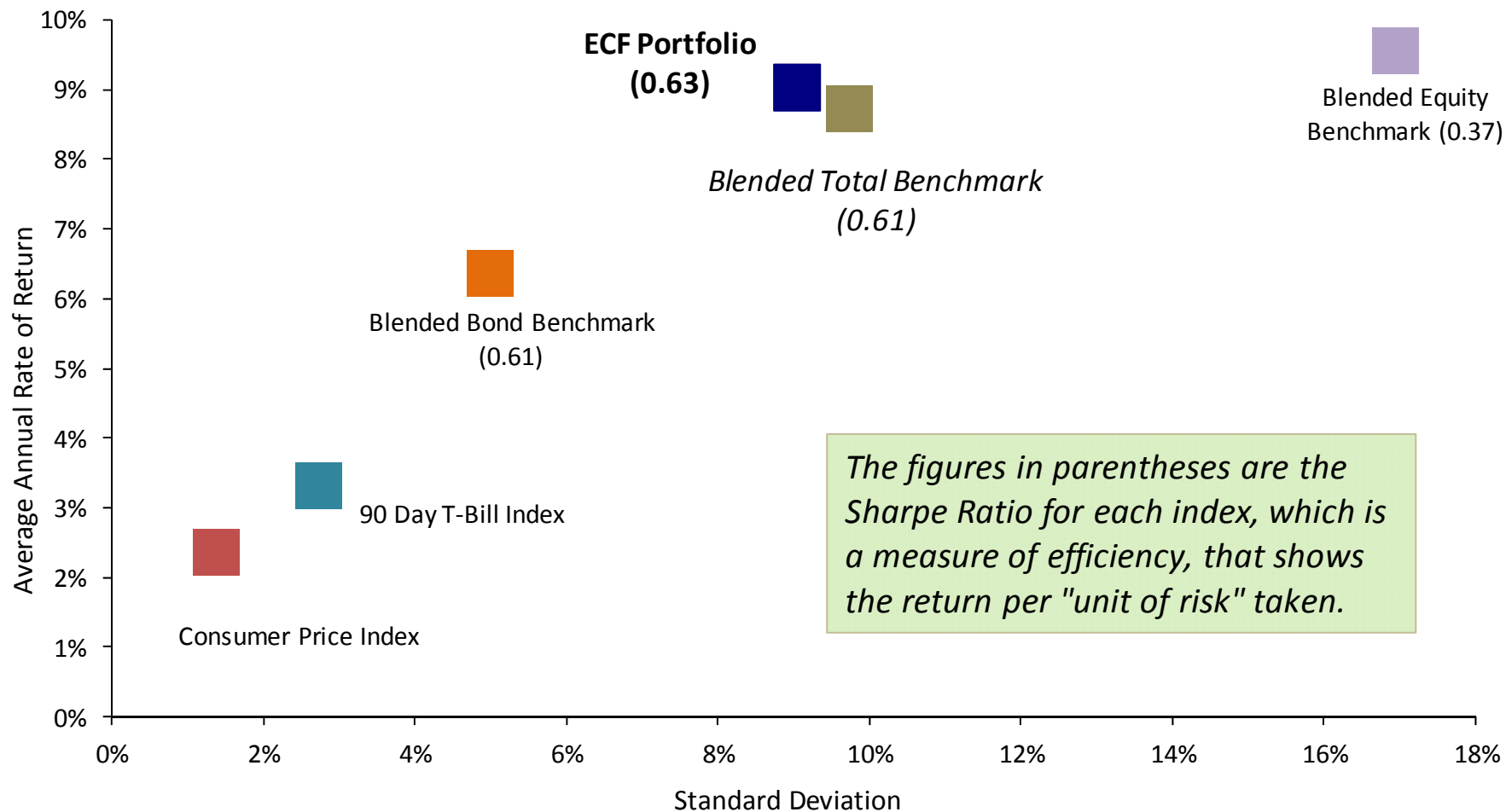
ECF Performance Over Market Cycles



* Performance is gross of fees. Historical performance cannot guarantee future results. See specific performance disclosure pages at the end of the presentation.

ECF Investment Performance

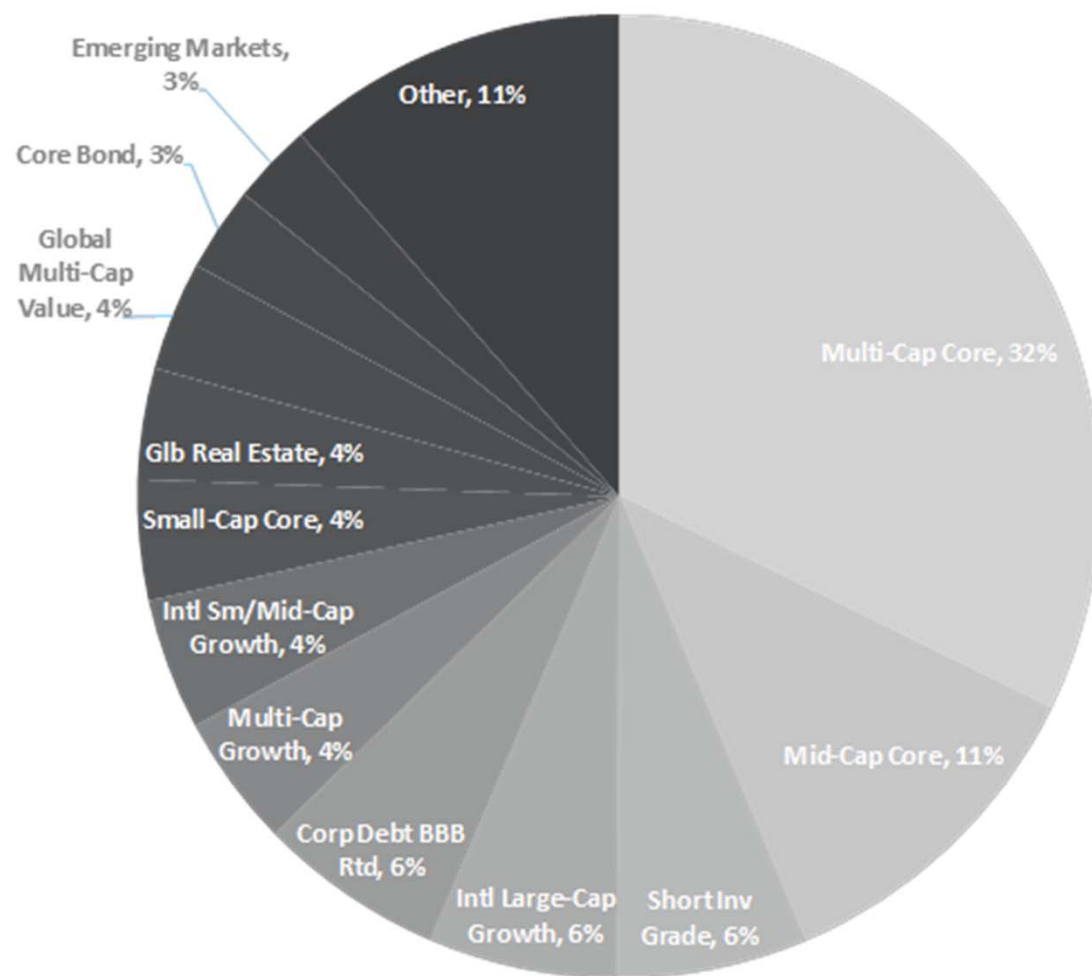
Risk – Reward Analysis, 1988 through 2017



ECF Portfolio – Fund Holdings as of January 2018

Account Name	Value	Est. Ann. Fund Fee
Evanston Community Foundation	\$24,863,074	\$108,878

Overall Fee Rate 0.44%



Indirect Holdings	17,570
# Holdings Overlap in 4+ Funds	1,043
# Holdings Overlap in 3 Funds	1,143
# Holdings Overlap in 2 Funds	1,652

Fees & Expenses	
# of Funds Held	25
Weighted Average Turnover	25%
3Y Wtd Tax Cost Ratio / 3Y Wtd Rtn	0.8% / 8.5%
Weighted Average Expense	0.50%
Annual Fund Fees:	\$108,878

Weighted Average Expense % applies only to those assets held in commingled funds.

Investment Portfolio: Fixed Income Holdings as of December 31, 2017

	Value Market	% of Total	4th Qtr ROR	YTD ROR
Cash	\$1,425,967	5.9%	0.3%	0.9%
DOMESTIC FIXED INCOME				
US TREASURY INFL INDEX 2.5% DUE 01/15/29	\$174,111	0.7%	1.9%	5.2%
ISHARES IBOXB INVT GRADE BOND ETF	\$455,850	1.9%	1.3%	7.1%
US TREASURY INFLATION INDEX 1.375% DUE 07/15/18	\$346,873	1.4%	0.6%	0.8%
BAIRD CORE PLUS BD INST	\$527,942	2.2%	0.6%	4.7%
VANGUARD TOTAL BD MARKET INDEX FD INV SHRS	\$622,720	2.6%	0.4%	3.5%
<i>Benchmark: Barclay's Aggregate Bond Index</i>			0.4%	3.7%
US TREASURY INFLATION INDEX 0.125% DUE 01/15/23	\$265,039	1.1%	0.3%	2.2%
LOOMIS SAYLES INVESTMENT GRADE BD CL Y	\$902,764	3.7%	0.2%	6.7%
US TREASURY 6% BOND DUE 02/15/26	\$221,703	0.9%	-0.1%	4.2%
VANGUARD ST INVESTMENT GRADE FUND ADMIRAL	\$1,399,435	5.8%	-0.5%	2.1%
<i>SUBTOTAL DOMESTIC FIXED</i>	<u>\$4,916,437</u>	<u>20.4%</u>		
FOREIGN FIXED INCOME				
<i>Benchmark: JPMorgan Global-ex US</i>			1.6%	9.9%
DFA FIVE YEAR GLOBAL FIXED INCOME	\$477,704	2.0%	-0.1%	2.0%
Total Fixed Income	<u>\$5,394,141</u>	<u>22.3%</u>		

Investment Portfolio: Equity Holdings as of December 31, 2017

	Value Market	% of Total	4th Qtr ROR	YTD ROR
DOMESTIC EQUITY				
ISHARES CORE S&P MID CAP ETF	\$2,042,033	8.5%	16.3%	24.8%
AKRE FOCUS FD INST	\$918,343	3.8%	7.0%	30.9%
SCHWAB US BROAD MARKET ETF	\$1,634,743	6.8%	6.4%	21.2%
ISHARES RUSSELL 3000 ETF	\$1,868,146	7.7%	6.4%	21.0%
SHARES RECEIVED AS GIFTS, TO BE SOLD	\$14,699	0.0%	n.a.	n.a.
			6.4%	21.0%
<i>Benchmark: Wilshire 5000 Index</i>				
VANGUARD TOTAL STOCK MKT INDEX FD ADMIRAL	\$1,206,103	5.0%	6.3%	21.2%
SPDR S&P MIDCAP 400 ETF	\$338,847	1.4%	6.3%	15.9%
LITMAN GREGORY MASTERS EQTY FD INST	\$1,154,782	4.8%	5.7%	21.2%
LYRICAL US VALUE EQTY FD INST	\$812,995	3.4%	5.2%	21.3%
ISHARES CORE S&P SMALL CAP ETF	\$844,910	3.5%	3.9%	13.2%
SUBTOTAL DOMESTIC EQUITY	\$10,835,601	44.8%		
FOREIGN EQUITY				
WASATCH EMRG MKT SMALL CAP FUND INV	\$576,996	2.4%	7.7%	38.2%
FRONTIER MFG GLBL EQTY INST	\$459,170	1.9%	6.3%	24.4%
VANGUARD INTL EXPLORER INVESTOR SHARE	\$915,315	3.8%	5.5%	38.8%
HARDING LOEVNER INTL EQTY PORT INST	\$775,033	3.2%	4.6%	29.9%
			4.7%	24.1%
<i>Benchmark: MSCI ACWI-xUS</i>				
ARTISAN GLOBAL VALUE FUND INV	\$763,653	3.2%	3.8%	21.6%
HARBOR INTERNATIONAL FUND INST CL	\$523,428	2.2%	2.8%	22.9%
VANGUARD FTSE EUROPE ETF	\$266,175	1.1%	2.0%	27.0%
SHARES RECEIVED AS GIFTS, TO BE SOLD	\$11,136			
SUBTOTAL FOREIGN EQUITY	\$4,290,906	17.7%		
Total Equity	\$15,126,507	62.6%		

Investment Portfolio: Other Holdings as of December 31, 2017

	Value Market	% of Total	4th Qtr ROR	YTD ROR
OTHER				
BROOKFIELD GLBL LISTED REAL ESTATE A	\$819,536	3.4%	3.7%	9.8%
VANGUARD CONVERTIBLE SECS FD INV SHRS	\$209,411	0.9%	1.9%	8.9%
SPDR GOLD SHARES ETF	\$510,675	2.1%	1.7%	12.8%
			1.3%	7.0%
	<i>Constructed Benchmark</i>			
ARES CAPITAL CORP	\$660,240	2.7%	-1.8%	4.5%
Total Other	\$2,199,862	9.1%		

ECF Portfolio as of January 2018 – Fund Turnover, Concentration, & Rankings

FUND TURNOVER, CONCENTRATION, AND RANKINGS											
\$21,719,204		Weighted Average:		25		*Lipper 3 Year Percentile Rankings					
Name	Value	Weight	Lipper Category	Security Type	Turnover	Consistency	Preservation	Expense	Total Return	Tax Efficiency	% Top 10 Names
iShares Core S&P Mid-Cap ETF	\$2,126,929	10%	Mid-Cap Core	Exchange Traded Fund	14	7	26	6	10	22	7
iShares Russell 3000 ETF	\$1,958,264	9%	Multi-Cap Core	Exchange Traded Fund	4	15	11	9	17	25	17
Schwab U.S. Broad Market ETF	\$1,714,598	8%	Multi-Cap Core	Exchange Traded Fund	4	13	10	2	15	26	17
Vanguard Short-Term Investment Grade Fund Ad	\$1,392,853	6%	Short Inv Grade	Open-End Mutual Fund	68	15	8	3	15	81	16
Vanguard Total Stock Market Index Fd Admiral SI	\$1,266,481	6%	Multi-Cap Core	Open-End Mutual Fund	4	13	11	1	15	15	16
Litman Gregory Masters Equity Fund Insti Class	\$1,220,078	6%	Multi-Cap Core	Open-End Mutual Fund	27	28	33	81	37	67	32
Akre Focus - Institutional	\$964,482	4%	Multi-Cap Growth	Open-End Mutual Fund	10	9	7	68	11	6	76
Vanguard International Explorer Fund	\$958,738	4%	Intl Sm/Mid-Cap Growth	Open-End Mutual Fund	37	13	32	5	21	79	17
Loomis Sayles Funds - Investment Grade Bond Fl	\$907,666	4%	Corp Debt BBB Rtd	Open-End Mutual Fund	10	74	82	59	79	76	52
iShares Core S&P Small Cap ETF	\$877,505	4%	Small-Cap Core	Exchange Traded Fund	13	5	60	4	6	16	6
Lyrical U.S. Value Equity Fund Institutional Class	\$850,545	4%	Multi-Cap Core	Open-End Mutual Fund	36	46	65	78	57	39	49
Harding Loevner Fund, Inc. International Eq Pt	\$816,881	4%	Intl Large-Cap Growth	Open-End Mutual Fund	22	5	50	24	5	31	34
Brookfield Global Listed Real Estate Fund Class A	\$808,478	4%	Glb Real Estate	Open-End Mutual Fund	88	45	46	37	45	73	39
Artisan Global Value Fund Investor Shares	\$797,275	4%	Global Multi-Cap Value	Open-End Mutual Fund	13	9	34	63	12	45	41
Vanguard Bond Index Fund Total Bond Market In	\$615,769	3%	Core Bond	Open-End Mutual Fund	61	56	54	6	55	41	100
Wasatch Emerging Markets Small Cap Fund	\$587,748	3%	Emerging Markets	Open-End Mutual Fund	58	83	78	93	75	5	23
Harbor International Fund Insti Cl	\$555,289	3%	Intl Large-Cap Growth	Open-End Mutual Fund	14	73	68	12	76	93	33
Baird Core Plus Bond Fund Institutional Class	\$523,707	2%	Core Plus Bond	Open-End Mutual Fund	33	28	31	3	27	51	14
SPDR Gold Trust	\$521,991	2%	Commodities Prec Mtls	Exchange Traded Fund	-	20	88	7	24	81	100
Frontier MFG Global Equity Fund - Institutional C	\$480,178	2%	Global Large-Cap Growth	Open-End Mutual Fund	30	50	16	23	47	53	57

ECF Portfolio as of January 2018 – Fund Correlations

FUND CORRELATIONS					*Trailing 3 Year Correlation Data							
\$21,719,204					Weighted Average:	0.69	0.06	0.64	0.56	0.22	0.59	-0.03
Name	Value	Weight	Lipper Category	Security Type	S&P 500	Barclays Agg	MSCI EAFE	MSCI EM	GSCI	Corp Barclays HY	Gold	
iShares Core S&P Mid-Cap ETF	\$2,126,929	10%	Mid-Cap Core	Exchange Traded Fund	0.9	(0.3)	0.6	0.5	0.3	0.6	(0.3)	
iShares Russell 3000 ETF	\$1,958,264	9%	Multi-Cap Core	Exchange Traded Fund	1.0	(0.2)	0.8	0.6	0.3	0.7	(0.3)	
Schwab U.S. Broad Market ETF	\$1,714,598	8%	Multi-Cap Core	Exchange Traded Fund	1.0	(0.2)	0.8	0.6	0.3	0.7	(0.3)	
Vanguard Short-Term Investment Grade Fund Admi	\$1,392,853	6%	Short Inv Grade	Open-End Mutual Fund	(0.0)	0.9	0.2	0.5	(0.1)	0.4	0.5	
Vanguard Total Stock Market Index Fd Admiral Shs	\$1,266,481	6%	Multi-Cap Core	Open-End Mutual Fund	1.0	(0.2)	0.8	0.6	0.3	0.7	(0.3)	
Litman Gregory Masters Equity Fund Insti Class	\$1,220,078	6%	Multi-Cap Core	Open-End Mutual Fund	0.9	(0.3)	0.8	0.6	0.4	0.7	(0.3)	
Akre Focus - Institutional	\$964,482	4%	Multi-Cap Growth	Open-End Mutual Fund	0.9	(0.2)	0.8	0.6	0.3	0.6	(0.2)	
Vanguard International Explorer Fund	\$958,738	4%	Intl Sm/Mid-Cap Growth	Open-End Mutual Fund	0.7	(0.1)	0.9	0.7	0.2	0.6	(0.2)	
Loomis Sayles Funds - Investment Grade Bond Fun	\$907,666	4%	Corp Debt BBB Rtd	Open-End Mutual Fund	0.6	0.4	0.6	0.9	0.4	0.8	0.4	
iShares Core S&P Small Cap ETF	\$877,505	4%	Small-Cap Core	Exchange Traded Fund	0.8	(0.4)	0.5	0.3	0.3	0.5	(0.4)	
Lyrical U.S. Value Equity Fund Institutional Class	\$850,545	4%	Multi-Cap Core	Open-End Mutual Fund	0.9	(0.4)	0.7	0.5	0.4	0.6	(0.3)	
Harding Loevner Fund, Inc. International Eq Pt	\$816,881	4%	Intl Large-Cap Growth	Open-End Mutual Fund	0.8	0.2	0.9	0.8	0.3	0.7	0.0	
Brookfield Global Listed Real Estate Fund Class A	\$808,478	4%	Glb Real Estate	Open-End Mutual Fund	0.7	0.4	0.7	0.6	(0.0)	0.6	0.2	
Artisan Global Value Fund Investor Shares	\$797,275	4%	Global Multi-Cap Value	Open-End Mutual Fund	0.9	(0.2)	0.9	0.7	0.4	0.7	(0.3)	
Vanguard Bond Index Fund Total Bond Market Inde	\$615,769	3%	Core Bond	Open-End Mutual Fund	(0.2)	1.0	(0.0)	0.2	(0.3)	0.1	0.7	
Wasatch Emerging Markets Small Cap Fund	\$587,748	3%	Emerging Markets	Open-End Mutual Fund	0.5	0.4	0.7	0.9	0.3	0.6	0.2	
Harbor International Fund Insti Cl	\$555,289	3%	Intl Large-Cap Growth	Open-End Mutual Fund	0.8	(0.0)	1.0	0.8	0.4	0.8	(0.0)	
Baird Core Plus Bond Fund Institutional Class	\$523,707	2%	Core Plus Bond	Open-End Mutual Fund	(0.0)	1.0	0.2	0.4	(0.1)	0.4	0.6	
SPDR Gold Trust	\$521,991	2%	Commodities Prec Mtls	Exchange Traded Fund	(0.2)	0.6	(0.1)	0.3	0.1	0.2	1.0	
Frontier MFG Global Equity Fund - Institutional Cla:	\$480,178	2%	Global Large-Cap Growth	Open-End Mutual Fund	0.9	(0.1)	0.9	0.6	0.2	0.6	(0.3)	

Thank You for Joining Us