

EVANSTON COMMUNITY FOUNDATION

ANNUAL INVESTMENT BRIEFING

March 15, 2019



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.

Investing in Evanston

Community foundations develop assets for their communities, establishing and investing funds to

- support their communities today . . . and in perpetuity
- enable donors and local organizations to achieve their long term goals

2018 INVESTMENT COUNCIL

CHAIR:

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

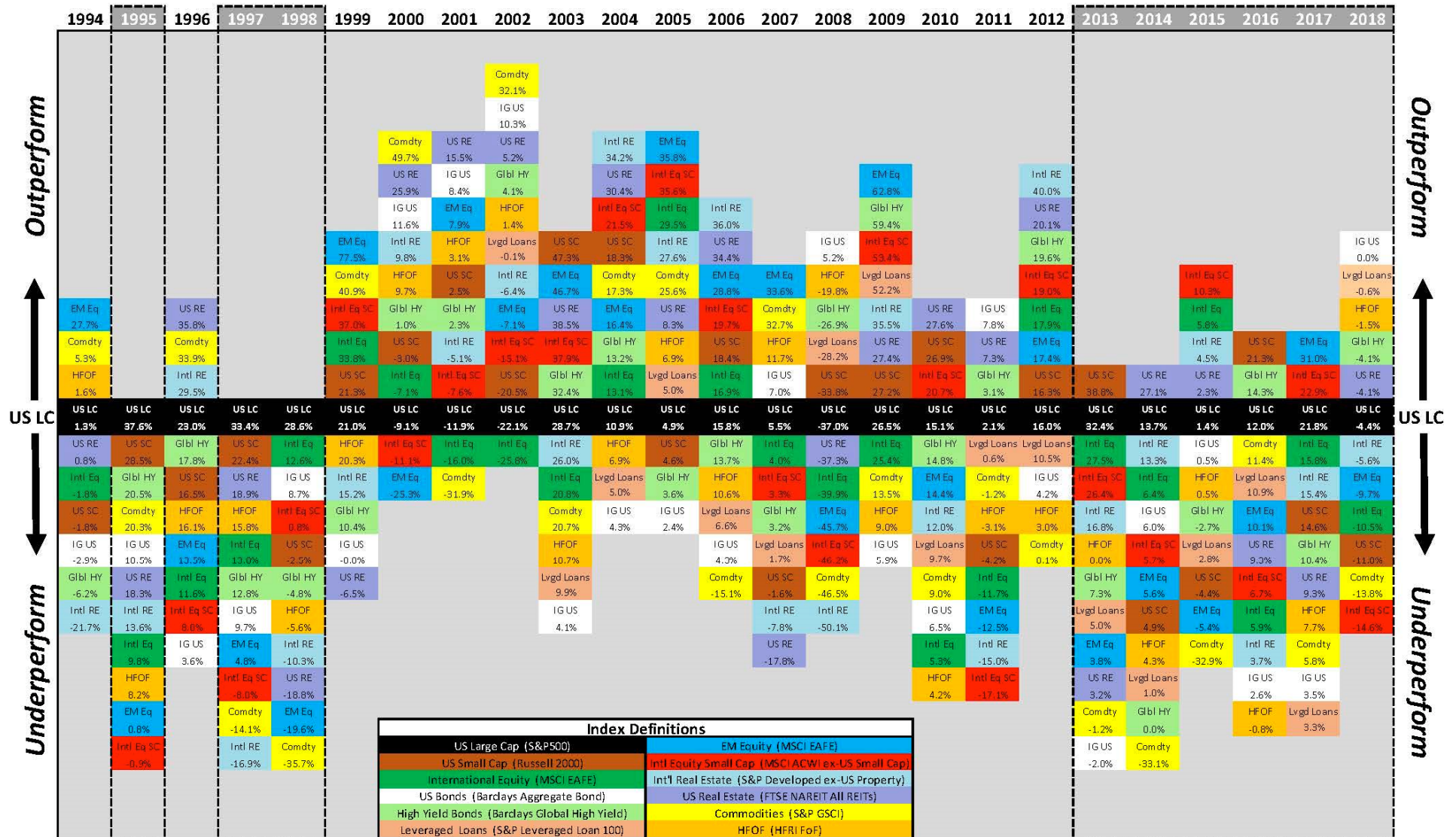
Lisa Altenbernd	2018	Community volunteer (<i>ECF Vice Chair</i>)
Karl Berolzheimer	1997	Community volunteer; retired attorney (<i>former ECF Chair</i>)
Bill Blanchard, Co-Chair	2012	Financial Advisor, Private Wealth Management, UBS (<i>ECF Treasurer</i>)
Michael Brody	2015	Partner, Jenner & Block LLP (<i>ECF Past Chair</i>)
Diana Cohen	2008	Community volunteer (<i>ECF Chair</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: 12.3 years

Cumulative Professional Investment Experience of Current Members: 326 years

Asset Class Returns by Calendar Year through 2018

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



Overall Portfolio Results for 2018

TOTAL PORTFOLIO

Calendar Year 2018

Beginning Value	\$ 24,146,476
Add: Contributions	\$ 667,746
Less: Withdrawals	\$ (800,000)
Adjusted Value	<u>\$ 24,014,222</u>
Market Value at 12/31/18	<u>\$ 22,576,701</u>
Net Change In Investment Value	<u>\$ (1,437,521)</u>
Percentage Change in Value	-5.92%

Portfolio Results for 2018 – Performance vs. Benchmarks

Asset Category <i>Category Benchmark</i>	Allocation Range	Dec 31 Allocation	2018 Rate of Return	Return Last 3 Years
Cash	0%	5%	-	-
<i>90 Day T-Bills</i>			1.86%	1.04%
Domestic Fixed Income	15%-35%	24%	0.08%	2.60%
<i>Barclay Aggregate</i>			0.01%	2.06%
Foreign Fixed Income	0%-10%	2%	1.68%	2.20%
<i>JP Morgan Global Non-US</i>			-0.89%	3.34%

Portfolio Results for 2018 – Performance vs. Benchmarks, continued

Asset Category <i>Category Benchmark</i>	Allocation Range	Dec 31 Allocation	2018 Rate of Return	Return Last 3 Years
Domestic Equity	30% - 65%	41%	-7.52%	7.40%
<i>Wilshire 5000</i>			-5.29%	9.01%
Foreign Equity	0% - 20%	19%	-15.48%	4.10%
<i>ACWI-ex U.S.</i>			-16.45%	1.76%
Other	0% - 20%	9%	3.00%	6.50%
<i>Constructed Benchmark *</i>			7.08%	7.92%
Total Account			-5.92%	5.56%
<i>Blended Benchmark **</i>			-4.20%	5.61%

*Constructed Benchmark = CPI plus 5%

** Blended Benchmark is a weighted average of the category benchmarks

2018 Council Activity

- Four Council Meetings
- Normal pace of activity in 2018
 - Two new holdings introduced; four holdings eliminated entirely *
 - Additions to six holdings
 - Turnover Ratio: 20%*

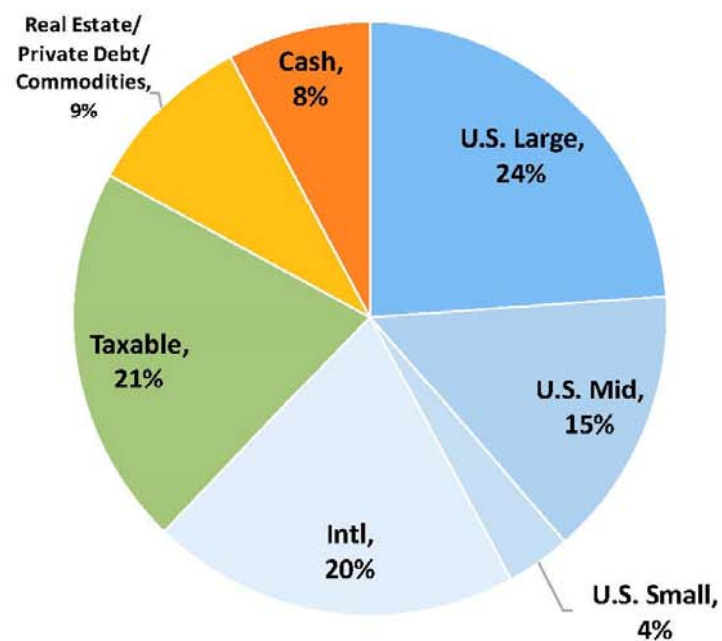
	New Holding	Addition to Existing Holding	Trim of Existing Holding	Sold Entirely
Domestic Fixed Income	Vanguard ST Treasury Index		Vanguard ST Bond	US Treasury (Matured) Vanguard ST Investment Grade Fund
Foreign Fixed Income				
Domestic Equities		AKRE Focus Fund Lyrical U.S.Value Equity	Akre Focus Fund Ishares Russell 3000 S&P MidCap ETF Schwab US Broad Mrkt ETF	Litman Gregory Masters Equity
Foreign Equities		Artisan Global Value Harding Loevner Int'l Vanguard Int'l Explorer Wasatch Emerging Mrkts		Harbor Internat'l Fund
Other	WHI RE Ptrs IV-TE, L.P.		Brookfield Global Real Estate	

**Trading activity excludes sales of appreciated stock gifts & maintenance trades such as rollovers of short term treasury bills.*

ECF Portfolio – Allocation as of January 2019

Current Asset Allocation

	Broad Allocation				Equity				Fixed Income		Alternatives	Cash
	Equity	Fixed Income	Alts.	Cash	U.S. Large	U.S. Mid	U.S. Small	Intl	Taxable	Muni	Real Estate/ Private Debt/ Commodities	Cash
	62%	21%	9%	8%	24%	15%	4%	20%	21%	0%	9%	8%
Current Allocation												



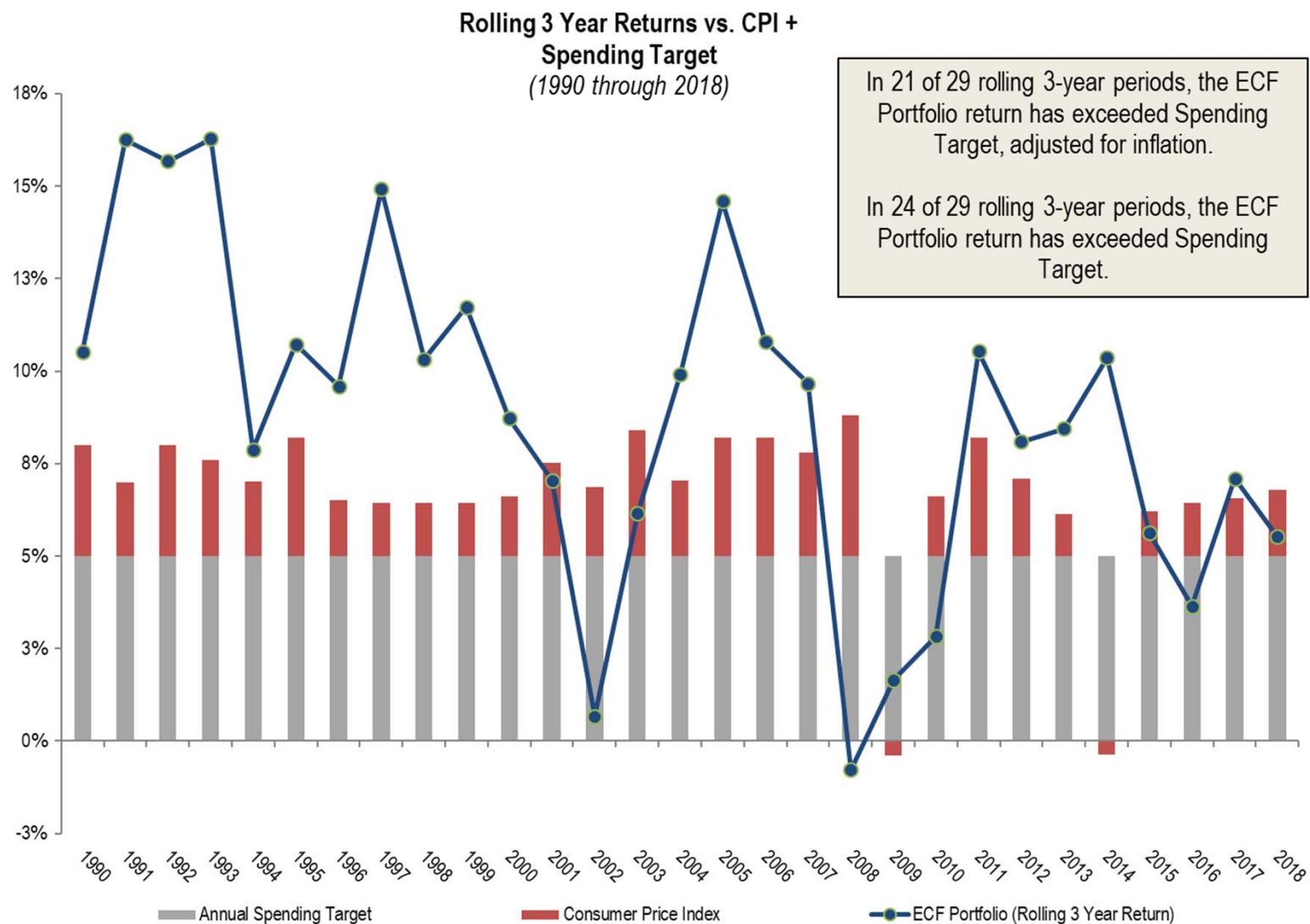
Investment Committee Performance Measurement

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

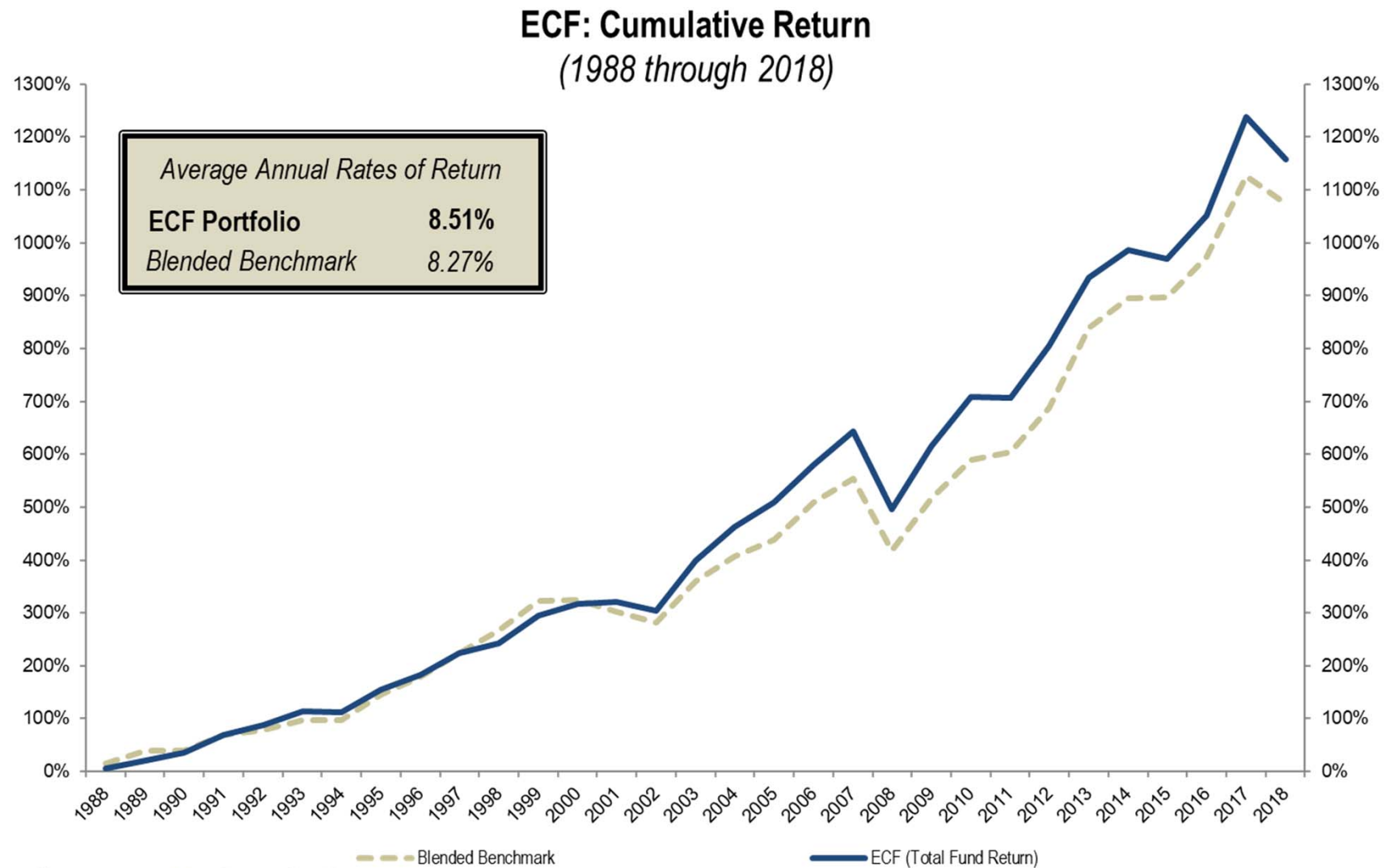
Investment Committee Performance Measurement

1. How Are We Doing Against Our Spending Target?



Investment Committee Performance Measurement

2. How Are We Doing Against 'The Markets'



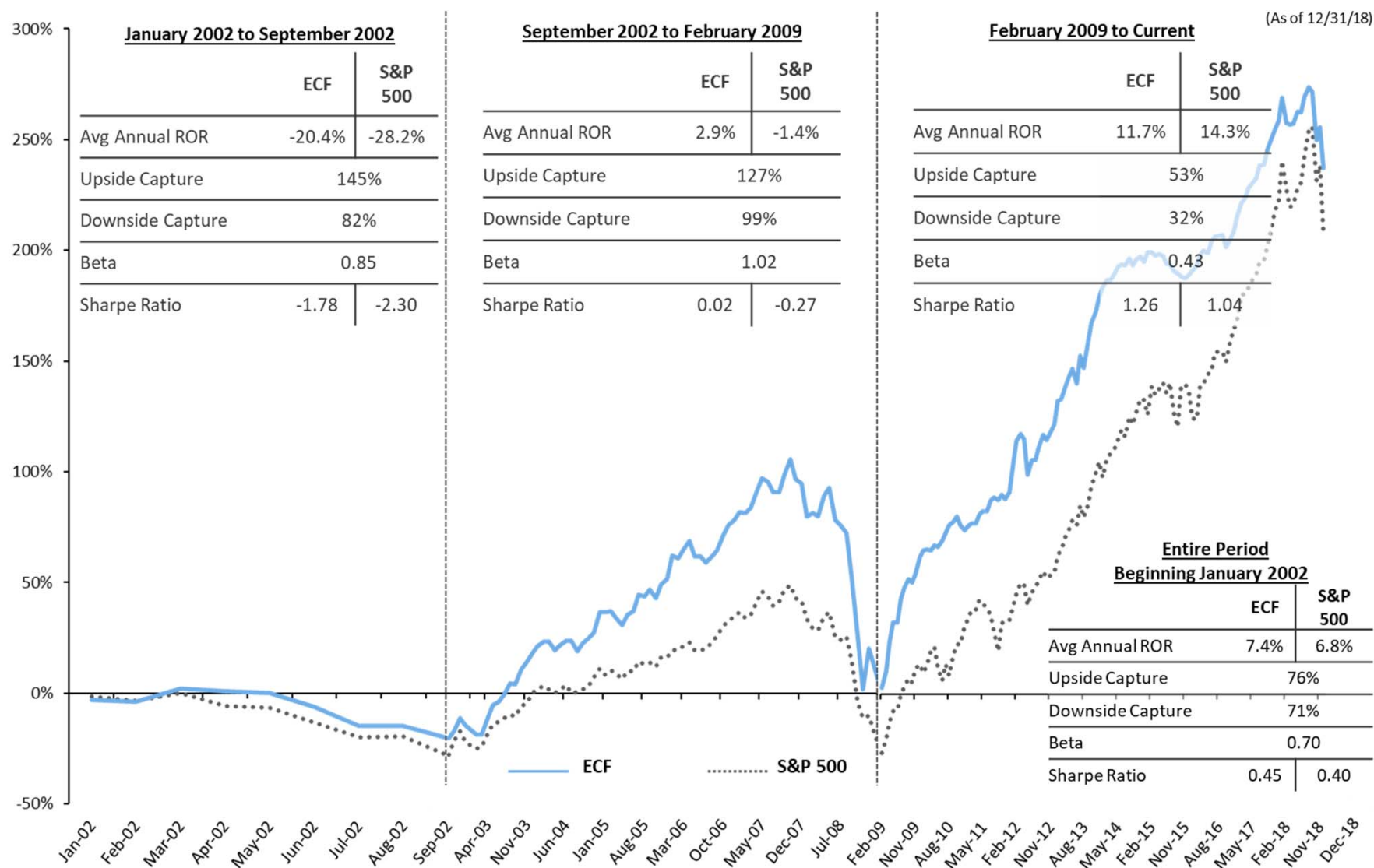
Investment Committee Performance Measurement

3. How Are We Doing Against Our Peers?

Periods Ending December 31, 2018	Last Year	Three Years	Five Years	Ten Years
ECF (\$24.1mm)	-5.9%	5.6%	4.0%	7.8%
COF Survey: All Community Foundations	-6.7%	5.5%	3.5%	8.0%
COF Survey: Community Foundations \$5mm - \$24.9mm	-7.7%	5.1%	3.3%	7.6%

COF = Council on Foundations

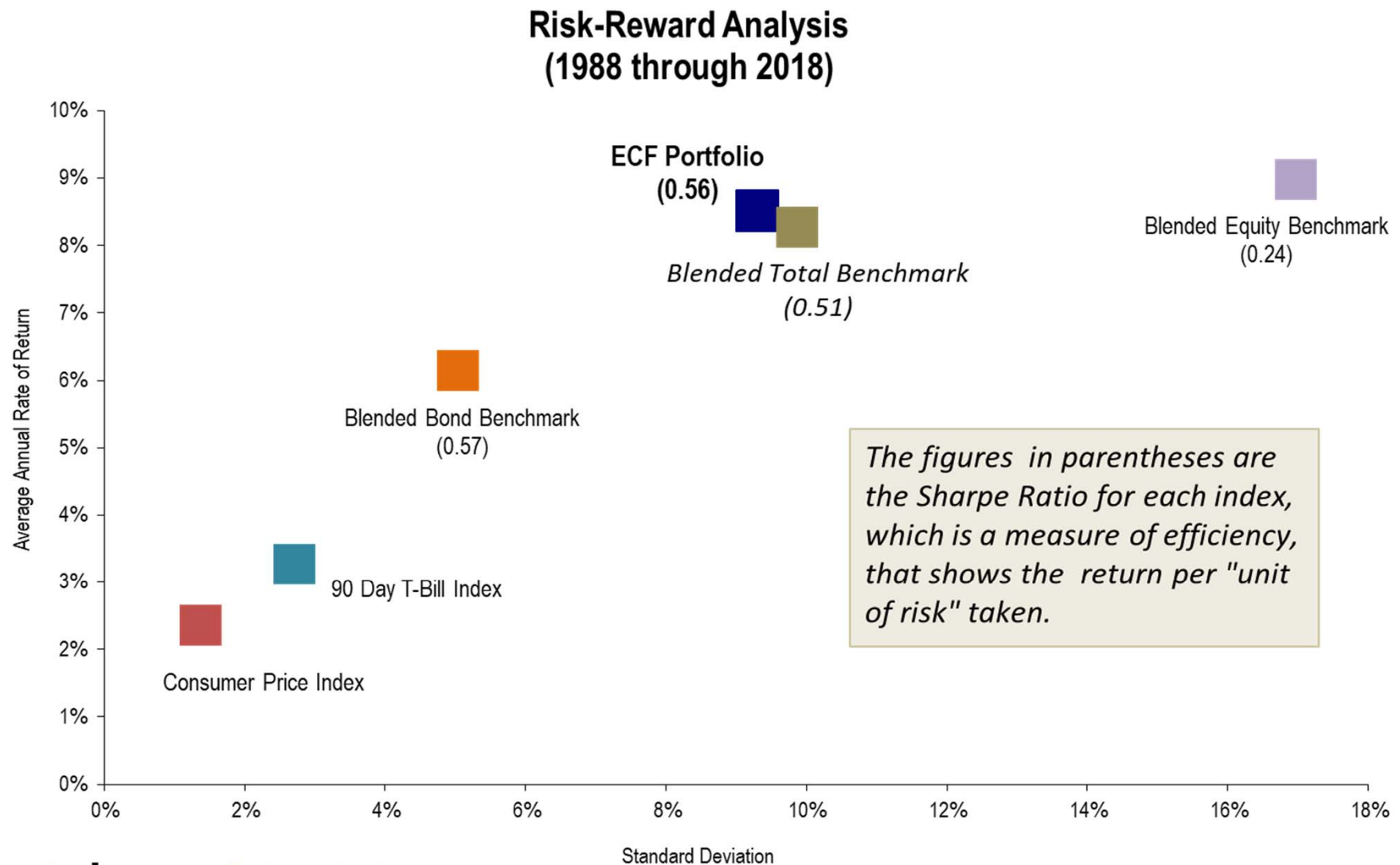
ECF Performance Over Market Cycles



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

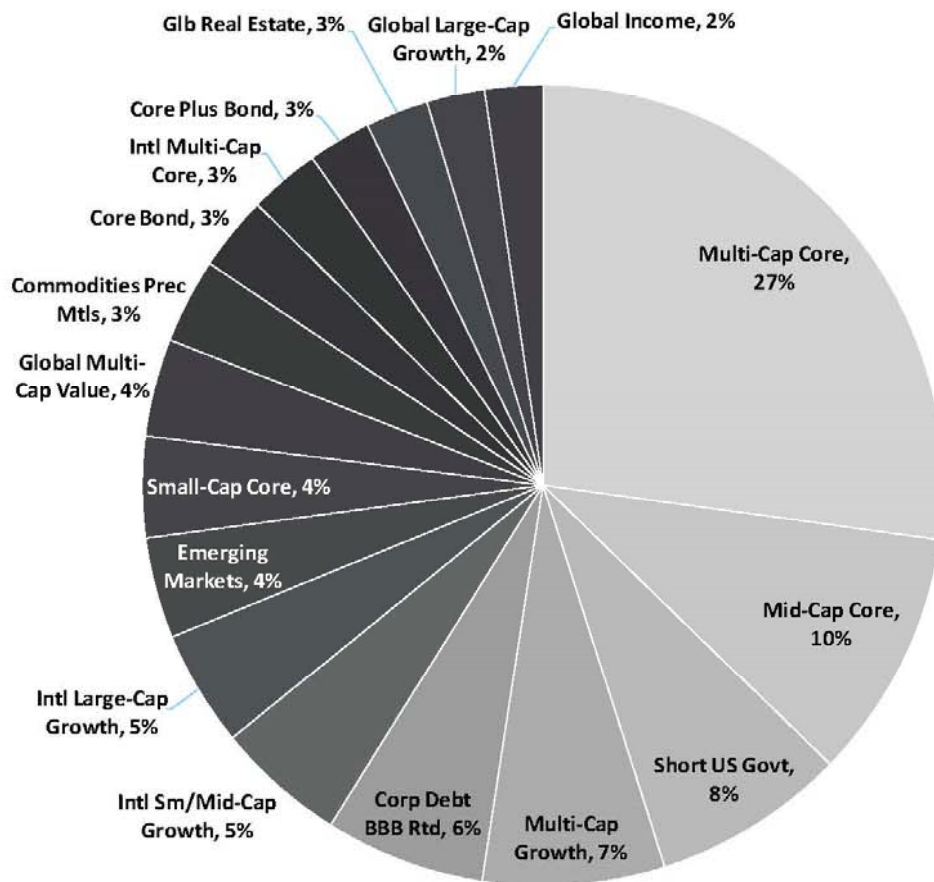
Investment Committee Performance Measurement

4. How Are We Doing Based On The Risks We Are Incurring?



ECF Portfolio – Mutual Fund & ETF Holdings as of January 31, 2019

Fund Holdings \$20,921,249



Indirect Holdings	16,638
# Holdings Overlap in 4+ Funds	1,108
# Holdings Overlap in 3 Funds	1,304
# Holdings Overlap in 2 Funds	611
Beta	0.7

Fees & Expenses	
# of Funds Held	22
Weighted Average Turnover	23%
Weighted Average Expense	0.51%
Annual Fund Fees:	\$107,109

Data Source: FactSet, Lipper, Morningstar

Investment Portfolio: Summary of Expenses

ABOVE THE LINE

These expenses & fees are already accounted for in ECF's reported investment returns

Expenses Paid to Fund Managers	51 basis points*
Brokerage Commissions	< 0.002 basis points

BELOW THE LINE

Foundation Support Charge	100 basis points
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✓The Foundation Support Charge provides a meaningful contribution to ECF's operating budget, supporting our programs and operations.

**basis point = 1/100 of a percent*

Note: Above the line expense ratio is based upon portfolio structure as of January 31, 2019

ECF Portfolio: Fixed Income Holdings as of December 31, 2018

	Market Value	% of total	4th Qtr ROR	YTD ROR
CASH AND EQUIVALENTS	\$776,416	3.4%	0.6%	1.8%
US TREASURY BILL DUE 01/31/19	\$399,273	1.8%	0.6%	n.a.
Subtotal Cash and Equivalents	\$1,175,689	5.2%		
FIXED INCOME				
Domestic Fixed Income				
US TREASURY BOND 6% DUE 02/15/26	\$213,391	0.9%	3.3%	3.2%
Benchmark - Barclay's Aggregate			1.6%	0.0%
VANGUARD TOTAL BD MARKET INDEX FD INV SH	\$621,927	2.8%	1.6%	2.8%
VANGUARD SHORT TERM TRSY INDEX ADMIRAL	\$1,628,259	7.2%	1.4%	1.4%
US TREAS NOTE 2.125% DUE 08/31/20	\$297,984	1.3%	1.2%	1.7%
MCCORMICK & CO, 3.9% DUE 07/15/21	\$5,037	0.0%	1.0%	1.3%
BAIRD CORE PLUS BD INST	\$525,235	2.3%	0.9%	-0.5%
LOOMIS SAYLES INVESTMENT GRADE BD CL Y	\$899,920	4.0%	0.8%	-2.5%
US TREAS NT 1.375% DUE 02/15/20	\$295,875	1.3%	0.3%	n.a.
UST INFL IDX 0.125% DUE 01/15/23	\$264,508	1.2%	0.2%	-0.2%
UST INFL IDX 2.5% DUE 01/15/29	\$167,651	0.7%	-0.1%	-0.9%
ISHARES IBOX INVT GRADE BOND ETF	\$423,075	1.9%	-0.6%	-3.8%
Subtotal Domestic Fixed Income	\$5,342,863	23.7%		
Foreign Fixed Income				
Benchmark JP Morgan Global x US			1.9%	-0.9%
DFA FIVE YEAR GLBL FIXED INCM PORT INSTL	\$485,707	2.2%	1.2%	1.7%
Total Fixed Income	\$5,828,570	25.8%		

ECF Portfolio: Equity Holdings as of December 31, 2018

	Market Value	% of total	4th Qtr ROR	YTD ROR
EQUITIES				
Domestic Equities				
AKRE FOCUS FD INST	\$1,407,891	6.2%	-8.3%	5.6%
ISHARES RUSSELL 3000 ETF	\$1,385,603	6.1%	-14.2%	-5.4%
SCHWAB US BROAD MARKET ETF	\$1,354,538	6.0%	-14.3%	-5.3%
VANGUARD TOTAL STOCK MKT INDEX FD ADMRL	\$1,143,734	5.1%	-14.3%	-5.2%
<i>Benchmark - Wilshire 5000</i>			-14.4%	-5.3%
ISHARES CORE S&P MIDCAP ETF	\$1,786,806	7.9%	-17.3%	-11.3%
LYRICAL US VALUE EQTY FD INST	\$1,285,182	5.7%	-18.1%	-19.8%
ISHARES CORE S&P SMALL CAP ETF	\$862,704	3.4%	-20.2%	-8.5%
Subtotal Domestic Equities	\$9,226,458	40.4%		
Foreign Equities				
WASATCH EMRG MKT SMALL CAP FD INV	\$824,514	3.7%	-6.1%	-19.0%
FRONTIER MFG GLBL EQTY INST	\$458,962	2.0%	-9.2%	-0.5%
<i>Benchmark ACWIxUS</i>			-11.8%	-16.5%
VANGUARD FTSE EUROPE ETF	\$218,790	1.0%	-13.0%	-14.9%
ARTISAN GLOBAL VALUE FD INV	\$761,211	3.4%	-13.4%	-13.0%
HARDING LOEVNER INTL EQTY PORT INST	\$921,773	4.1%	-15.0%	-14.0%
VANGUARD INTL EXPLORER INVESTOR SHARE	\$1,032,648	4.6%	-19.0%	-23.0%
Subtotal Foreign Equities	\$4,217,897	18.7%		
Total Equities	\$13,444,355			

ECF Portfolio: Other Holdings as of December 31, 2018

	Market Value	% of total	4th Qtr ROR	YTD ROR
ALTERNATIVES				
SPDR GOLD SHARES ETF	\$500,763	2.2%	7.5%	-1.9%
WHI REAL ESTATE PTNRS IV LIMITED PARTNERSHIP DEL	\$292,641	1.3%	3.3%	32.0%
<i>Constructed Benchmark</i>			<i>1.3%</i>	<i>7.1%</i>
BROOKFIELD GLBL LISTED REAL ESTATE A	\$476,600	2.1%	-6.3%	-8.2%
ARES CAPITAL CORP	\$654,360	2.9%	-7.1%	8.8%
VANGUARD CONVERTIBLE SECS FD INV SHRS	\$203,724	0.9%	-7.7%	-2.7%
Sub-total Alternatives	\$2,128,087	9.4%		

THANK YOU FOR JOINING US!