

EVANSTON COMMUNITY FOUNDATION

ANNUAL INVESTMENT BRIEFING

February 26, 2020

**WE'RE  
HERE  
FOR  
GOOD**

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

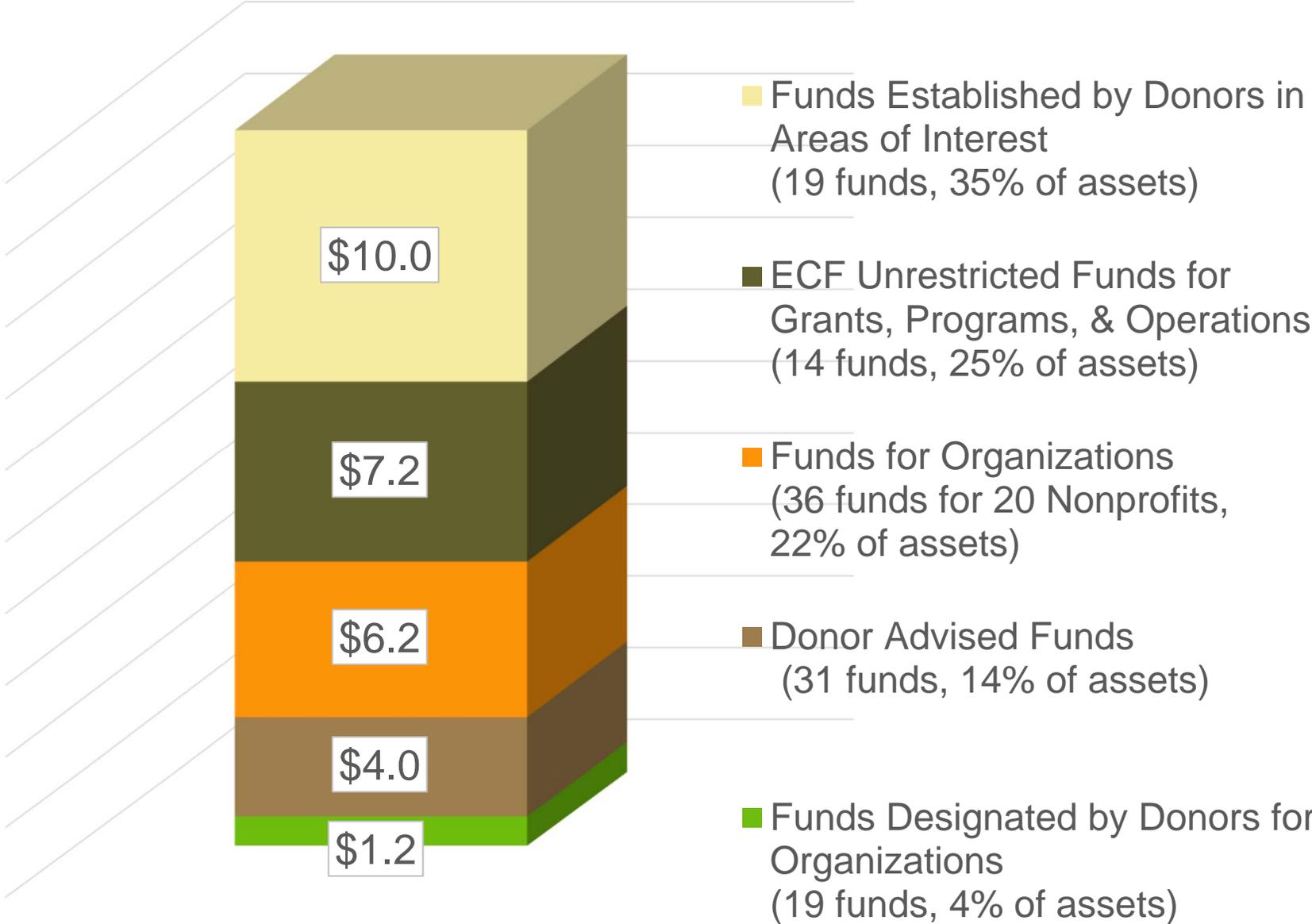
The Evanston Community Foundation builds, connects, and distributes resources and knowledge through local organizations for the common good.

## 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

# Funds Participating in the Portfolio



# 2019 INVESTMENT COUNCIL

## CHAIR:

Ralph Segall      1988      Chief Investment Officer, Segall, Bryant & Hamill (*former ECF Chair*)

## MEMBERS

Lisa Altenbernd	2018	Community volunteer (ECF Chair)
Bill Blanchard Co-Chair	2012	Financial Advisor, Private Wealth Management, UBS (ECF board member and former Treasurer)
Michael Brody	2015	Partner, Jenner & Block LLP (former ECF Chair)
Diana Cohen	2008	Community volunteer (ECF Past Chair)
William Goldstein	2001	President, Chesley, Taft & Associates, LLC
Matt Feldman	2019	President & CEO, Federal Home Loan Bank of Chicago (ECF Treasurer)
Paul Harvey	2017	Former Global Head – Equity Trading, UBS Global Asset Management
John McCarthy	2007	Chief Investment Officer, Centaur Capital Partners, Inc. (former ECF Treasurer)
Mark McCarville	2003	Partner, Braydon Partners (former ECF Treasurer)
Laura-Min Proctor	2019	Wealth Advisor, William Blair & Co
Ingrid Stafford	2001	Former VP for Financial Operations and Treasurer, Northwestern University (former ECF board member)

Average Council Tenure of Current Members: 11 years

Cumulative Professional Investment Experience of Current Members: 341 years



# Overall Portfolio Results for 2019

## TOTAL PORTFOLIO Calendar Year 2019

Beginning Value	\$ 22,576,701
Add: Contributions	2,539,349
Less: Withdrawals	<u>(1,081,089)</u>
Adjusted Value	24,034,961
<b>Market Value at 12/31/19</b>	<b><u>28,637,453</u></b>
Net Change in Investment Value	<u><u>\$ 4,602,492</u></u>
<b>Percentage Change in Value</b>	<b>20.02%</b>

# Portfolio Results for 2019 – Performance vs. Benchmarks

<b>Asset Category</b> <i>Category Benchmark</i>	<b>Allocation Range</b>	<b>Allocation at 12/31/19</b>	<b>2019 Rate of Return</b>	<b>Return Last 3 Years</b>
<b>Cash</b> <i>Benchmark - 90 Day T-Bills</i>	0%	9%	2.48%	1.75%
<b>Domestic Fixed Income</b> <i>Barclay Aggregate</i>	15% - 35%	20%	7.16%	3.70%
			8.72%	4.03%
<b>Foreign Fixed Income</b> <i>JP Morgan Global Non-US</i>	0% - 10%	2%	4.04%	2.60%
			5.04%	4.40%

## Portfolio Results for 2019 – Performance vs. Benchmarks, continued

<b>Asset Category</b> <i>Category Benchmark</i>	<b>Allocation Range</b>	<b>Allocation at 12/31/19</b>	<b>2019 Rate of Return</b>	<b>Return Last 3 Years</b>
<b>Domestic Equity</b> <i>Benchmark - Wilshire 5000</i>	30% - 65%	43%	27.88% 30.24%	12.14% 14.26%
<b>Foreign Equity</b> <i>Benchmark - ACWI-ex U.S.</i>	0% - 20%	18%	31.51% 22.49%	13.08% 8.33%
<b>Other</b> <i>Constructed Benchmark*</i>	0% - 20%	9%	25.81% 7.30%	11.70% 7.13%
<b>Total Account</b> <i>Blended Benchmark**</i>			20.02% 17.32%	9.35% 8.58%

\*Constructed Benchmark = CPI plus 5%

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

## 2019 Council Activity

- Four Council Meetings
- Low pace of activity in 2019
  - One new holding introduced; two holdings eliminated entirely
  - Addition to one holding; one holding traded for lower cost alternative
  - Turnover Ratio: 2%\*

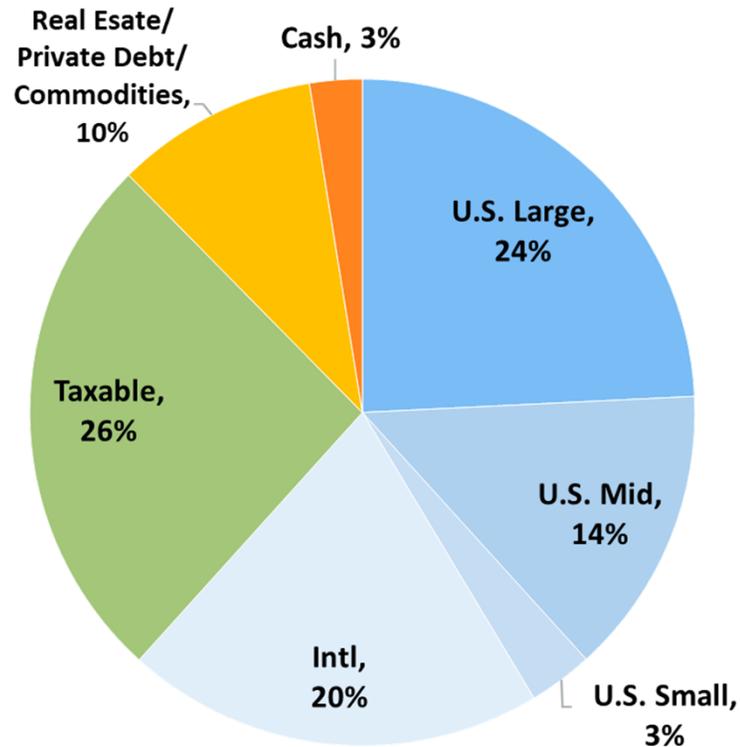
	New Holding	Addition to Existing Holding	Trim of Existing Holding	Sold Entirely
Domestic Fixed Income				
Foreign Fixed Income				
Domestic Equities	I-shares Core Midcap			SPDR S&P Midcap 400 ETF
Foreign Equities	I-shares MSCI MultiFactor ETF			Vanguard FTSE ETF
Other		SPDR Gold Shares		Vanguard Conv Sec.

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

# ECF Portfolio – Allocation as of February 21, 2020

## Current 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 Esate/ Private Debt/ Commodities	Cash
62%	26%	10%	3%	24%	14%	3%	20%	26%	0%	10%	3%



# Investment Committee Performance Measurement

We evaluate returns against four standards:

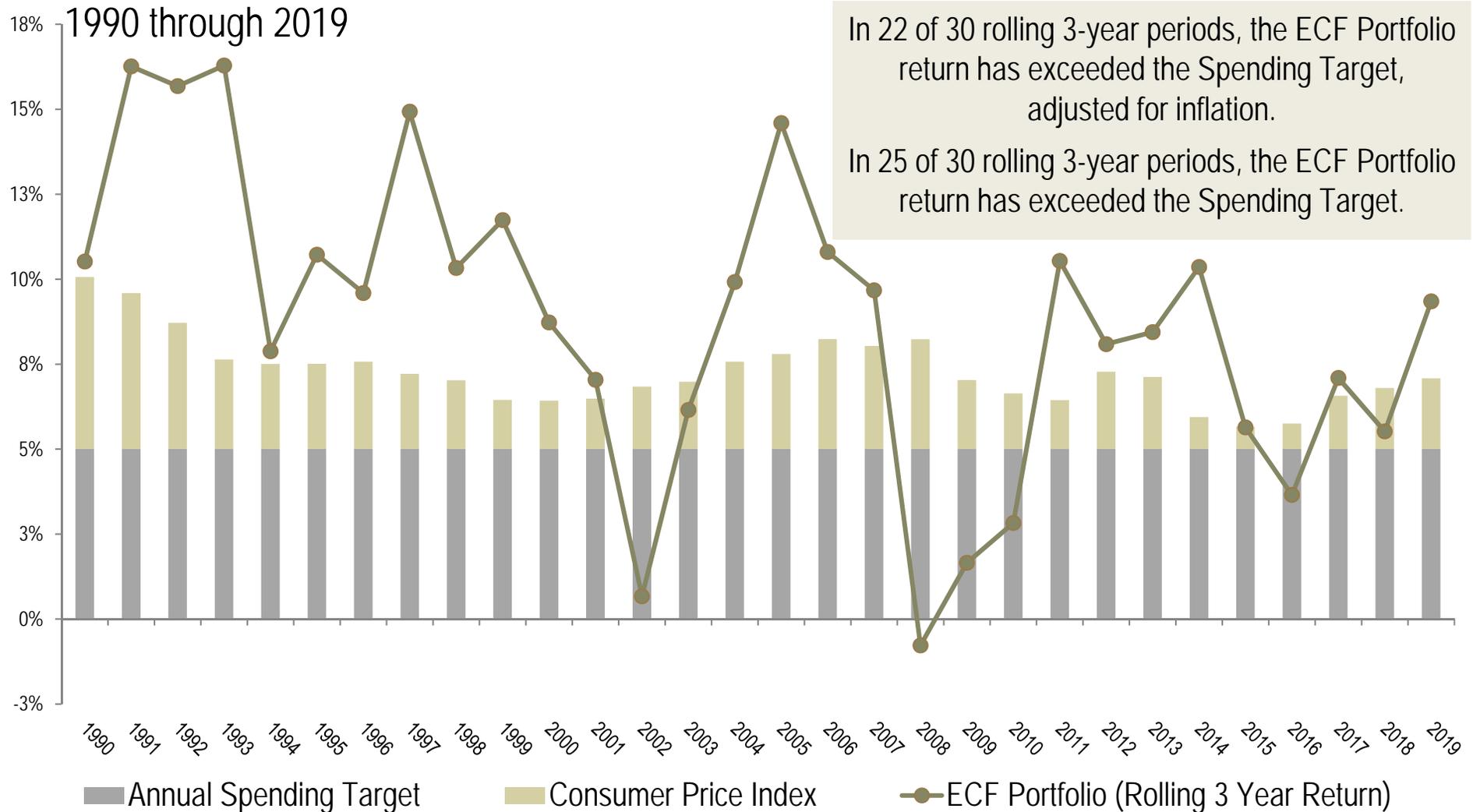
*How are we doing*

1. Compared to Our Spending Target
2. Against "The Markets" - A Passive Index
3. Against Our Peers - An Active Index
4. Based on the Risks We Are Incurring

# Investment Committee Performance Measurement

## 1. How Are We Doing Compared to Our Spending Target?

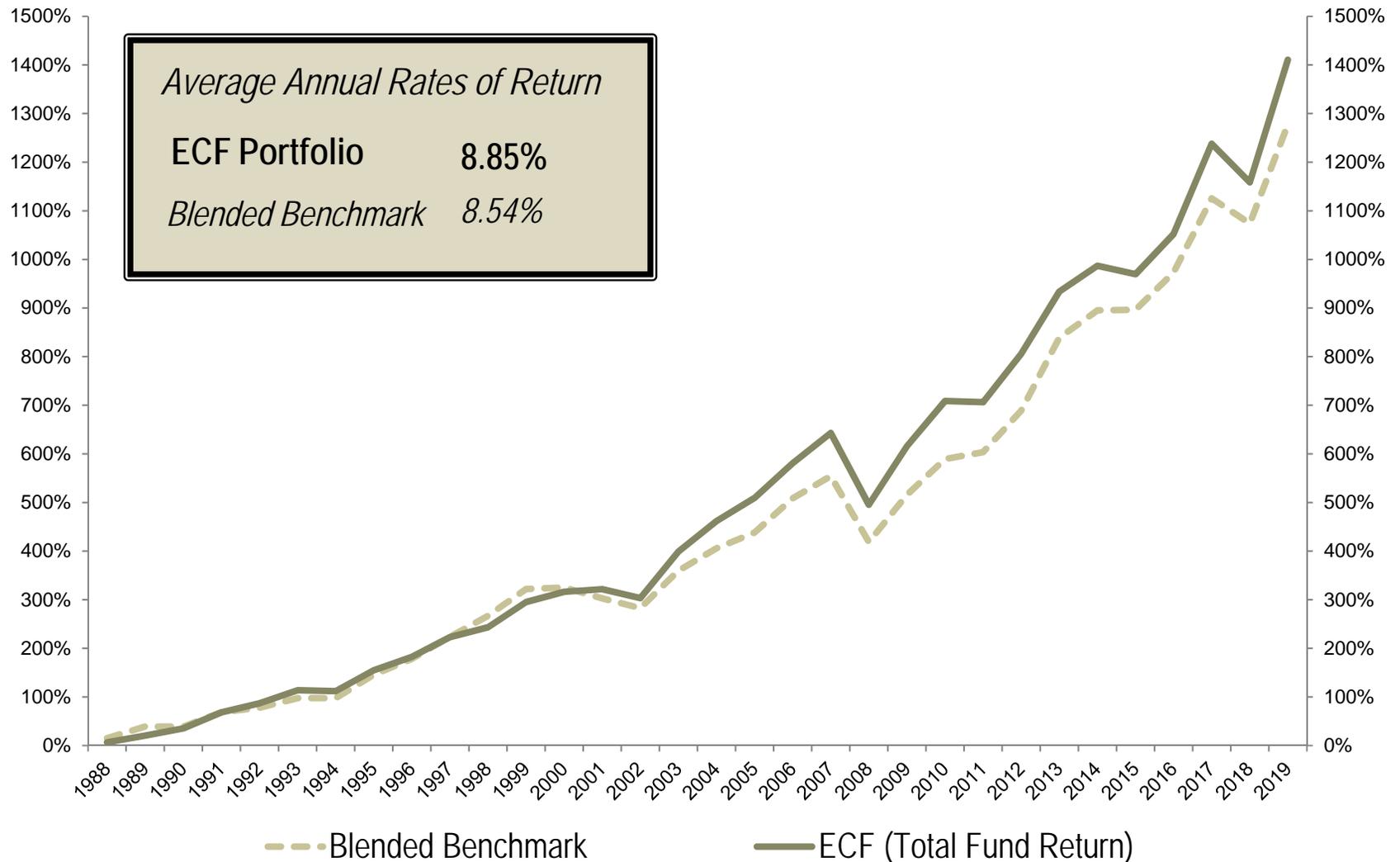
### Rolling 3 Year Returns vs. CPI + Spending Target



# Investment Committee Performance Measurement

## 2. How Are We Doing Against 'The Markets'

### ECF Cumulative Return

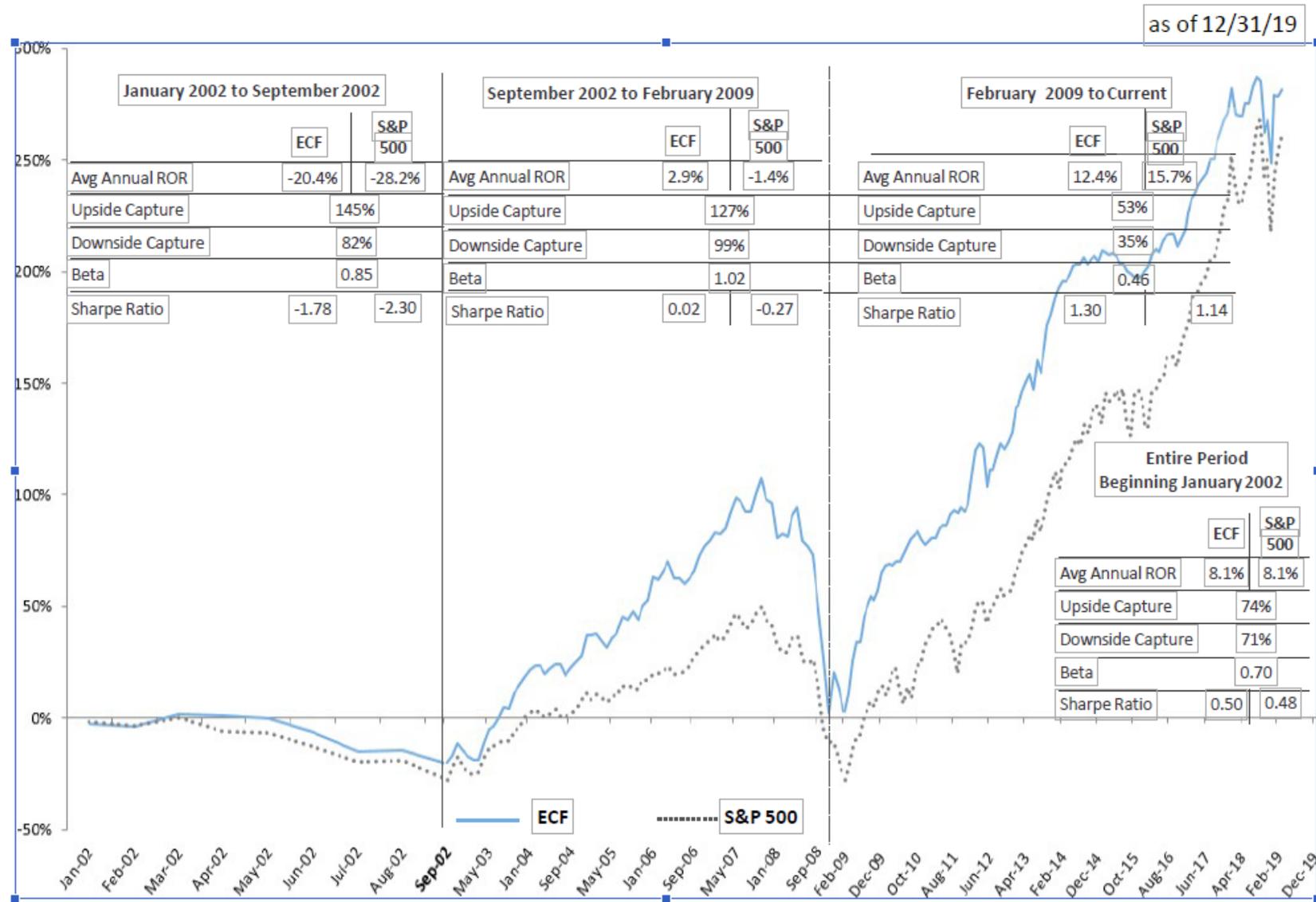


# Investment Committee Performance Measurement

## 3. How Are We Doing Against Our Peers?

Periods Ending December 31	2019	Three Years	Five Years	Ten Years
ECF (\$28.6mm)	20.0%	9.4%	6.8%	7.8%
COUNCIL ON FOUNDATIONS SURVEY –				
All Community Foundations	19.6%	8.9%	6.5%	7.5%
Community Foundations \$25.0 - \$49.9mm	21.0%	8.9%	6.5%	7.4%

# ECF Performance Over Market Cycles

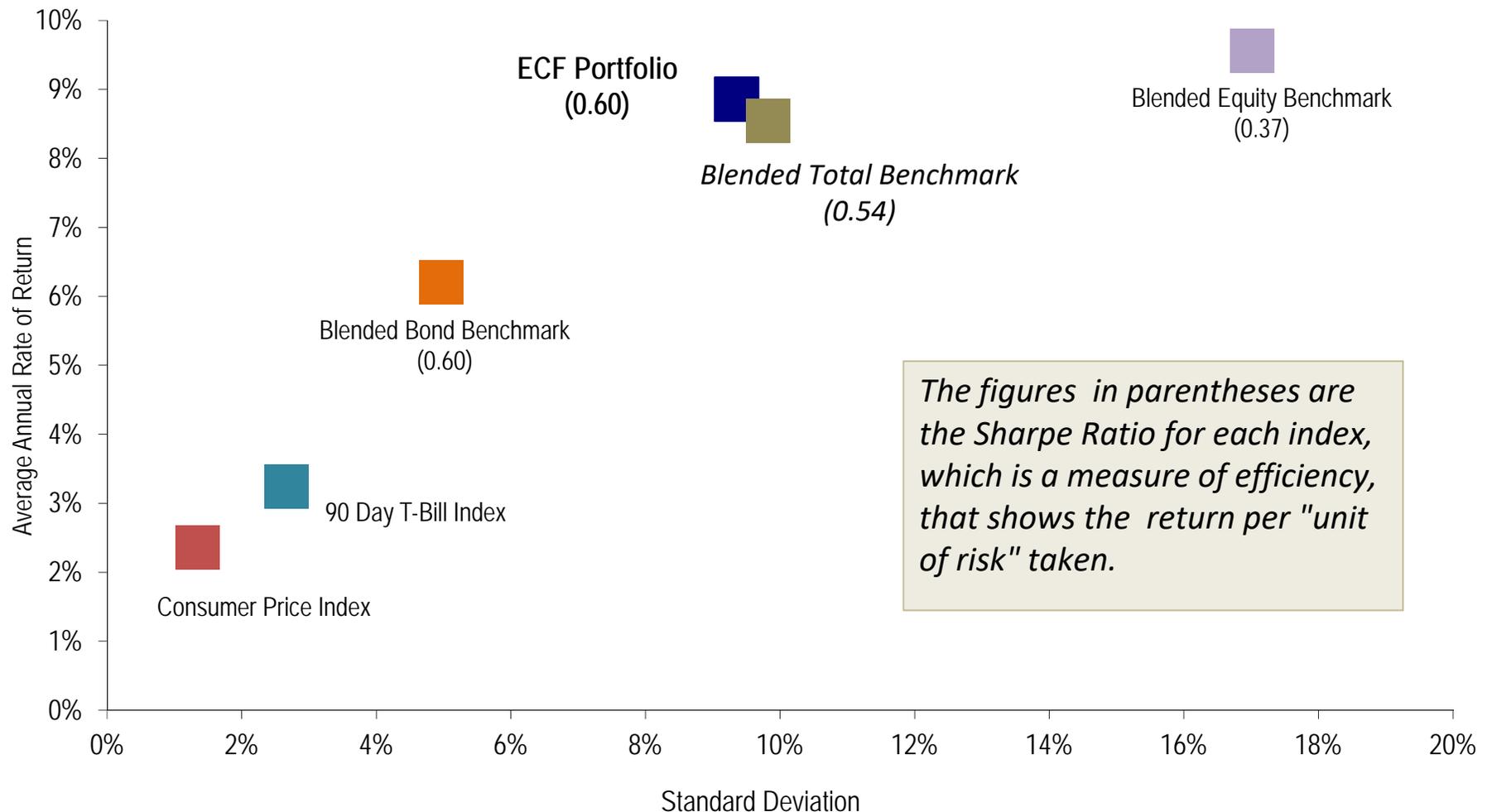


Performance is gross of fees

# Investment Committee Performance Measurement

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

### Risk - Reward Analysis 1988 through 2019

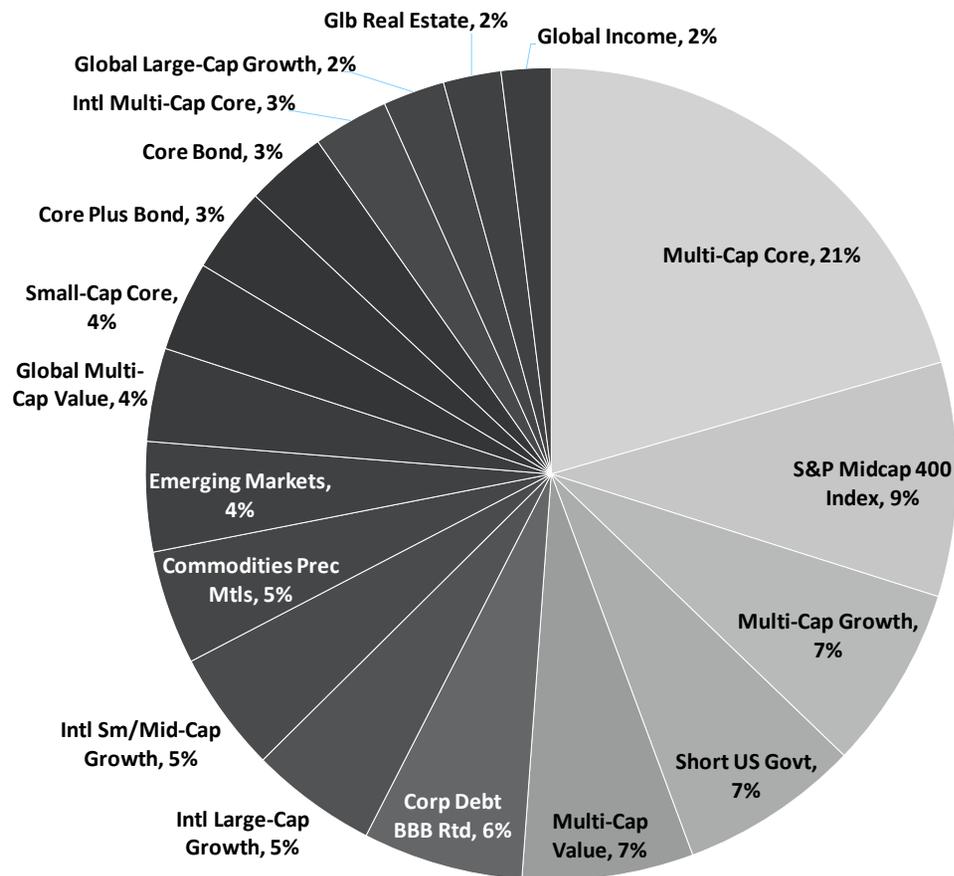


# ECF Portfolio

## Mutual Fund & ETF Holdings as of February 21, 2020

### Fund Holdings

\$25,612,866



Indirect Holdings	
# Holdings	13,137
# Holdings Overlap in 4+ Funds	1,070
# Holdings Overlap in 3 Funds	1,329
# Holdings Overlap in 2 Funds	516
Beta	
Beta	0.6

Fees & Expenses	
# of Funds Held	22
Weighted Average Turnover	23%
Weighted Average Expense	0.52%
Annual Fund Fees:	
Annual Fund Fees	\$132,454

# 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	52 basis points*
Brokerage Commissions	< 0.0001 basis points

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## 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 February 21, 2020*

# ECF Portfolio: Cash & Fixed Income Holdings as of December 31, 2019

	Market Value	% total portfolio	2019 Rate of Return
<b>CASH AND EQUIVALENTS</b>			
			<i>Benchmark - 90 Day T-Bills</i>
CASH	2,362,607	8.3%	2.48%
US TREASURY BILLS DUE 03/26/20	149,473	0.5%	n.a.
<b>Subtotal Cash and Equivalents</b>	<b>2,512,080</b>	<b>8.8%</b>	
<b>FIXED INCOME</b>			
<b>Domestic Fixed Income</b>			
VANGUARD SHORT TERM TRSY INDEX ADMIRAL	1,685,460	5.9%	3.5%
LOOMIS SAYLES INVESTMENT GRADE BD	981,298	3.4%	9.0%
VANGUARD TOTAL BOND MKT INDEX ADMIRAL SHR	675,738	2.4%	8.7%
BAIRD CORE PLUS BD INST	578,351	2.0%	10.1%
ISHARES IBOXX INVT GRADEBOND ETF	479,850	1.7%	17.4%
			<i>Benchmark - Barclay Aggregate</i>
US TREASU NT 2.125% DUE 08/31/20	300,891	1.1%	2.7%
US TREASU NT 1.375% DUE 02/15/20	299,859	1.0%	3.1%
UST INFL IDX 0.125% DUE 01/15/23	278,708	1.0%	5.5%
US TREASURY 6% DUE 02/15/26	217,656	0.8%	8.0%
UST INFL IDX 2.5% DUE 01/15/29	180,530	0.6%	10.2%
MCCORMICK & CO, I 3.9% DUE 07/15/21	5,119	0.0%	8.9%
<b>Subtotal Domestic Fixed</b>	<b>5,683,460</b>	<b>19.8%</b>	
<b>Foreign Fixed Income</b>			
			<i>Benchmark - JP Morgan Global Non-US</i>
DFA FIVE YEAR GLBL FIXED INCM PORT INSTL	505,343	1.8%	5.04%
<b>Total Fixed Income</b>	<b>6,188,804</b>	<b>21.6%</b>	

# ECF Portfolio: Equity Holdings as of December 31, 2019

	Market Value	% total portfolio	2019 Rate of Return
<b>EQUITY</b>			
<b>Domestic Equity</b>			
SPDR S&P MIDCAP 400 ETF	751	0.0%	n.a.
AKRE FOCUS FD INST	1,905,635	6.7%	35.4%
VANGUARD TOTAL STOCK MKT INDEX ADMIRAL SHR	1,496,061	5.2%	30.8%
SCHWAB US BROAD MARKET ETF	1,737,642	6.1%	30.8%
ISHARES RUSSELL 3000 ETF	1,777,649	6.2%	30.7%
<i>Benchmark - Wilshire 5000</i>			30.24%
FRONTIER MFG GLBL EQTY INST	591,286	2.1%	28.8%
ISHARES CORE S&P MIDCAP ETF	2,338,527	8.2%	26.1%
LYRICAL US VALUE EQTY FD INST	1,587,731	5.5%	23.5%
ISHARES CORE S&P SMALL CAP ETF	922,350	3.2%	22.8%
<b>Subtotal Domestic Equity</b>	<b>12,357,632</b>	<b>43.2%</b>	
<b>Foreign Equity</b>			
VANGUARD INTL EXPLORER INVESTOR SHARE	1,154,322	4.0%	25.2%
	1,258,909	4.4%	21.9%
<i>Benchmark - ACWI-ex U.S.</i>			22.49%
WASATCH EMRG MKT SMALL CAP FD INV	1,050,623	3.7%	27.4%
ARTISAN GLOBAL VALUE FD INV	942,291	3.3%	23.8%
ISHARES EDG MSCI MLTFCTRINTL ETF	638,461	2.2%	18.4%
<b>Subtotal Foreign Equities</b>	<b>5,044,607</b>	<b>17.6%</b>	
<b>Total Equities</b>	<b>17,402,239</b>	<b>60.8%</b>	

# ECF Portfolio: Other Holdings as of December 31, 2019

	Market Value	% total portfolio	2019 Rate of Return
<b>ALTERNATIVE INVESTMENTS</b>			
ARES CAPITAL CORP	783,300	2.7%	31.3%
BROOKFIELD GLBL LISTED REAL ESTATE A	572,333	2.0%	20.1%
SPDR GOLD SHARES ETF	825,962	2.9%	17.9%
			<i>Constructed Benchmark</i>
WHI REAL EST PTNRS IV LIMITED PARTNERSHIP DE	352,735	1.2%	3.9%
	<b>Total Alternatives</b>	<b>2,534,330</b>	<b>8.8%</b>
	<b>PORTFOLIO TOTAL</b>	<b>28,637,453</b>	