



## Investment Performance Summary

As of 3/31/2019

Individual Investment Options	YTD	1 Month	3 Month	1 Year	3 Years	5 Years	10 Years
<b>Equity Pool TR</b>	<b>13.03</b>	<b>1.24</b>	<b>13.03</b>	<b>4.84</b>	<b>12.06</b>	<b>8.49</b>	<b>13.95</b>
Equity Benchmark	12.96	1.17	12.96	4.92	12.03	8.48	14.31
S&P 500 TR USD	13.65	1.94	13.65	9.50	13.51	10.91	15.92
MSCI ACWI Ex USA NR USD	10.31	0.60	10.31	-4.22	8.09	2.57	8.85
<b>Intermediate-Term Fixed Income Pool TR</b>	<b>3.55</b>	<b>1.98</b>	<b>3.55</b>	<b>5.30</b>	<b>2.24</b>	<b>2.94</b>	
Intermediate-Term Fixed Income Benchmark	3.48	1.91	3.48	5.24	2.33	3.05	
<b>Short-Term Fixed Income Pool TR</b>	<b>1.92</b>	<b>0.97</b>	<b>1.92</b>	<b>3.58</b>	<b>1.56</b>	<b>1.71</b>	
Short-Term Fixed Income Benchmark	1.90	0.94	1.90	3.61	1.67	1.80	
<b>Money Market Pool TR</b>	<b>0.52</b>	<b>0.19</b>	<b>0.52</b>	<b>1.59</b>	<b>0.73</b>	<b>0.45</b>	<b>0.28</b>
USTREAS T-Bill Auction Ave 3 Mon	0.62	0.21	0.62	2.24	1.29	0.80	0.45

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools.

Please refer to the quarterly Investment Performance Supplemental Report for benchmark

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
<b>Aggressive Mix TR</b>	<b>10.94</b>	<b>1.28</b>	<b>10.94</b>	<b>4.94</b>	<b>10.05</b>	<b>7.34</b>	<b>12.08</b>
Aggressive Mix Benchmark	10.87	1.22	10.87	5.01	10.05	7.35	12.24
<b>Moderately Aggressive Mix TR</b>	<b>8.69</b>	<b>1.23</b>	<b>8.69</b>	<b>4.75</b>	<b>7.95</b>	<b>6.00</b>	<b>10.27</b>
Moderately Aggressive Mix Benchmark	8.64	1.18	8.64	4.84	8.00	6.05	10.29
<b>Moderate Mix TR</b>	<b>6.39</b>	<b>1.14</b>	<b>6.39</b>	<b>4.37</b>	<b>5.79</b>	<b>4.57</b>	<b>7.91</b>
Moderate Mix Benchmark	6.36	1.10	6.36	4.50	5.91	4.66	7.81
<b>Conservative Mix TR</b>	<b>4.11</b>	<b>1.05</b>	<b>4.11</b>	<b>3.89</b>	<b>3.62</b>	<b>3.10</b>	<b>5.52</b>
Conservative Mix Benchmark	4.10	1.02	4.10	4.07	3.82	3.24	5.30
<b>Short-Term Mix TR</b>	<b>1.43</b>	<b>0.70</b>	<b>1.43</b>	<b>2.88</b>	<b>1.27</b>	<b>1.34</b>	
Short-Term Mix Benchmark	1.45	0.68	1.45	3.13	1.54	1.53	
<b>Risk Averse Mix TR</b>	<b>0.52</b>	<b>0.19</b>	<b>0.52</b>	<b>1.59</b>	<b>0.73</b>	<b>0.45</b>	<b>0.28</b>
USTREAS T-Bill Auction Ave 3 Mon	0.62	0.21	0.62	2.24	1.29	0.80	0.45

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which the Community Foundation rebalances.

The Long Term I Mix TR has been renamed the Moderately Aggressive Mix TR  
The Aggressive Mix TR inception date is 6/30/14; performance prior to that date is pro-forma.

Returns for periods greater than one year are compound annual returns.  
TR = Total Return

Current Investment Mix Allocations	Equity Pool	Inter-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	80%	10%	10%	0%
Moderately Aggressive	60%	14%	21%	5%
Moderate	40%	18%	27%	15%
Conservative	20%	22%	33%	25%
Short Term	0%	0%	65%	35%
Risk Averse	0%	0%	0%	100%

### Estimated Investment Management Fees for the Investment Mix Options

Aggressive	0.06%
Moderately Aggressive	0.07%
Moderate	0.09%
Conservative	0.10%
Short Term	0.12%
Risk Averse	0.14%

Performance is presented net of all investment management fees, brokerage, consulting and other transaction costs but gross of Long Beach Community Foundation administrative fees.

### Customer Service

If you have any questions about your fund or wish to request a change in your investment mix, please contact LBCF at (562) 435-9033 or [info@longbeachcf.org](mailto:info@longbeachcf.org).

Contact Colleen Bragalone at (562) 435-9033 ext 2254 or [Colleen@longbeachcf.org](mailto:Colleen@longbeachcf.org) for more information on the pools, including their component funds and blended benchmarks, the Board of Directors Investment Committee, or the Investment Policy Statement.

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(562) 435-9033 [www.longbeachcf.org](http://www.longbeachcf.org)

# Equity Pool

As of 3/31/2019

## Trailing Returns

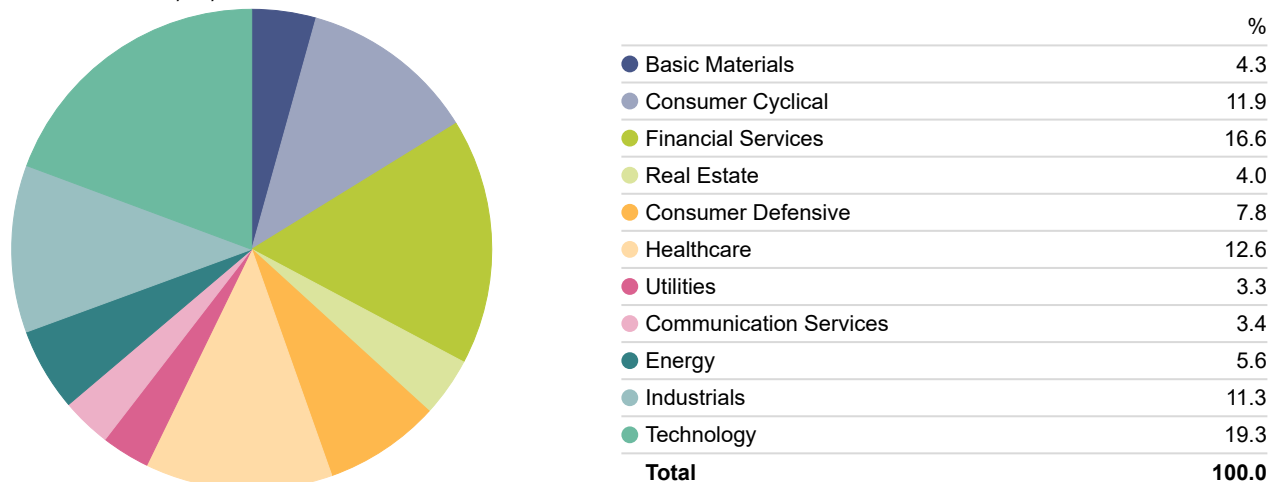
Equity Pool & Blended Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Equity Pool TR</b>	<b>13.03</b>	<b>13.03</b>	<b>4.84</b>	<b>12.06</b>	<b>8.49</b>	<b>13.95</b>
Equity Benchmark	12.96	12.96	4.92	12.03	8.48	14.31

## Trailing Returns

Equity Pool Holdings & Benchmarks	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Instl Ttl Stk Mkt Idx InstlPIs</b>	<b>14.06</b>	<b>14.06</b>	<b>8.86</b>	<b>13.54</b>	<b>10.39</b>	<b>16.13</b>
CRSP US Total Market TR USD	14.06	14.06	8.82	13.53	10.35	16.02
<b>Vanguard Developed Markets Index Instl</b>	<b>10.25</b>	<b>10.25</b>	<b>-4.69</b>	<b>7.62</b>	<b>2.75</b>	<b>9.18</b>
FTSE Developed ex US All Cap NR USD	10.10	10.10	-4.64	7.23	2.37	
<b>Vanguard Emerging Mkts Stock Idx Instl</b>	<b>11.36</b>	<b>11.36</b>	<b>-6.75</b>	<b>9.88</b>	<b>3.63</b>	<b>8.67</b>
FTSE Emerging NR USD	10.41	10.41	-5.68	10.46	4.13	9.18

## Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 3/31/2019



## Purpose

The purpose of the Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

## Equity Pool - Top Holdings

Portfolio Date: 3/31/2019

	Market Value (mil)	Portfolio Weighting %
Total Market Value: \$512,179,781.33		
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	\$ 369.2	72%
Vanguard Developed Markets Index Ins Pls	\$ 117.8	23%
Vanguard Emerging Mkts Stock Idx Instl	\$ 25.2	5%

## Top Stock Holdings

1. Microsoft Corp
2. Apple Inc.
3. Amazon.com Inc.
4. Facebook A
5. Berkshire Hathaway Inc B
6. Johnson & Johnson
7. Alphabet A
8. Alphabet C
9. Exxon Mobil Corp
10. JPMorgan Chase & Co

Trailing Twelve Month Dividend Yield: 2.45%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

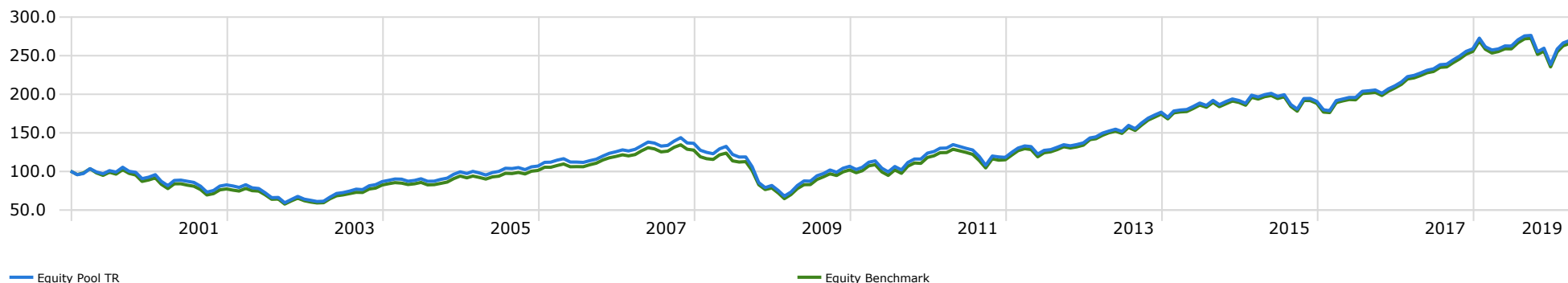
Estimated Pool Investment Management Fee: .05%

Equity Benchmark	Current	Equity Benchmark 03/15 - 04/17	Equity Benchmark 01/14 - 03/15	Equity Benchmark 2011-2013	Equity Benchmark 2003-2011
CRSP US Total Stock Market	72%	CRSP US Total Stock Market 75%	CRSP US Total Stock Market 75%	Wilshire 5000 78.5%	Wilshire 5000 80%
FTSE Developed ex US All Cap	23%	FTSE Developed ex US All Cap 20%	FTSE Developed ex North Amer. 15%	MSCI EAFE 16.5%	MSCI EAFE 20%
FTSE Emerging Markets	5%	FTSE Emerging Markets 5%	FTSE Emerging Markets 10%	MSCI Emerging Markets 5.0%	

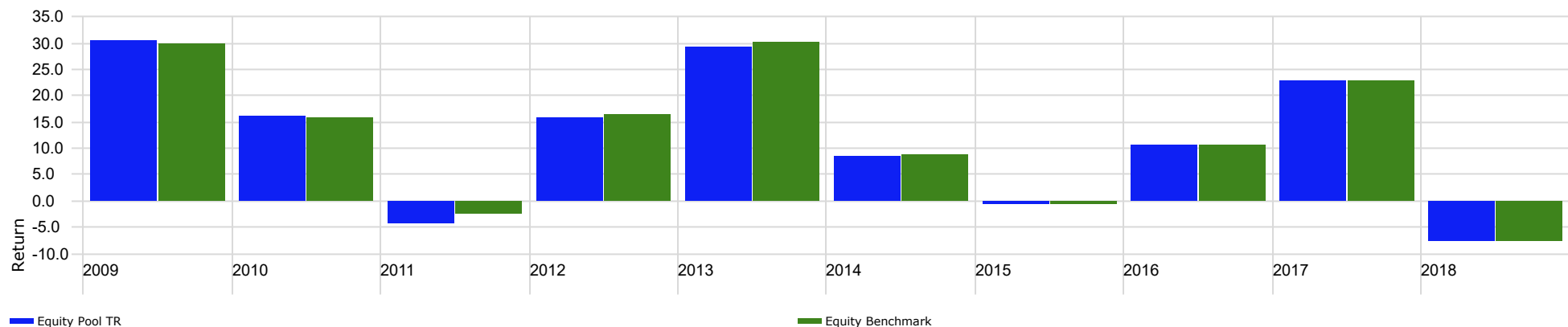
# Equity Pool

## Investment Growth

Time Period: 1/1/2000 to 3/31/2019



## Calendar Year Returns



## Equity Pool TR - Quarterly Returns

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2019	13.03				11.65
2018	-0.58	1.99	5.26	-13.61	-7.79
2017	6.42	3.78	4.95	5.89	22.73
2016	0.59	2.10	4.95	2.65	10.64
2015	2.40	0.38	-8.36	5.50	-0.62
2014	1.59	5.04	-1.13	2.89	8.56
2013	9.26	1.43	7.25	8.64	29.12
2012	12.55	-4.32	5.76	1.77	15.90
2011	5.36	-0.29	-16.92	9.50	-4.43
2010	4.97	-11.22	12.30	10.87	16.03
2009	-10.40	19.30	16.60	4.70	30.49

# Intermediate-Term Fixed Income Pool

As of 3/31/2019

## Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Intermediate-Term Fixed Income Pool TR</b>	<b>3.55</b>	<b>3.55</b>	<b>5.30</b>	<b>2.24</b>	<b>2.94</b>	
Intermediate-Term Fixed Income Benchmark	3.48	3.48	5.24	2.33	3.05	

## Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasuries notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

## Trailing Returns

Int-Term Fix. Income Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Interm-Term Bond Index I</b>	<b>3.83</b>	<b>3.83</b>	<b>5.76</b>	<b>2.10</b>	<b>3.21</b>	<b>4.96</b>
BBgBarc US 5-10Y GovCredit FIAdj TR USD	3.72	3.72	5.63	2.15	3.26	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>2.11</b>	<b>2.11</b>	<b>4.27</b>	<b>1.68</b>	<b>2.49</b>	
BBgBarc US MBS TR USD	2.17	2.17	4.42	1.77	2.65	3.11
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>1.71</b>	<b>1.71</b>	<b>2.10</b>	<b>1.35</b>	<b>0.87</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	1.66	1.66	2.04	1.37	0.91	1.86
<b>Xtrackers USD High Yield Corp Bd ETF</b>	<b>7.43</b>	<b>7.43</b>	<b>6.54</b>			
Solactive USD HY Corp Total Mkt TR USD	7.49	7.49	6.70	8.06	4.23	

## Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 3/31/2019

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$126,809,709.61	
Vanguard Interm-Term Bond Index I	\$ 89.1	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 25.5	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.2	5%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.1	5%

## Int.-Term Fixed Income Benchmark Weights

	Percent	Inception Date: January 1, 2014
Barclays US 5-10Y Gov/Credit FIAdj TR USD	70%	Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.
Barclays US MBS Float Adjusted TR USD	20%	
Solactive USD HY Corp Total Mkt TR USD	5%	Estimated Pool Investment
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%	Management Fee: 0.07%

## Fixed Income Pool Statistics

Average Yield to Maturity	3.06%
Average Effective Duration	5.55 years
Trailing Twelve Month Yield	2.90%

# Short-Term Fixed Income Pool

As of 3/31/2019

## Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Short-Term Fixed Income Pool TR</b>	<b>1.92</b>	<b>1.92</b>	<b>3.58</b>	<b>1.56</b>	<b>1.71</b>	
Short-Term Fixed Income Benchmark	1.90	1.90	3.61	1.67	1.80	

## Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Short-Term Bond Idx I</b>	<b>1.64</b>	<b>1.64</b>	<b>3.56</b>	<b>1.37</b>	<b>1.51</b>	
BBgBarc US 1-5Y GovCredit FIAdj TR USD	1.62	1.62	3.54	1.41	1.57	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>2.11</b>	<b>2.11</b>	<b>4.27</b>	<b>1.68</b>	<b>2.49</b>	
BBgBarc US MBS Float Adjusted TR USD	2.12	2.12	4.34	1.75	2.53	
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>1.71</b>	<b>1.71</b>	<b>2.10</b>	<b>1.35</b>	<b>0.87</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	1.66	1.66	2.04	1.37	0.91	1.86
<b>Invesco Senior Loan ETF</b>	<b>4.43</b>	<b>4.43</b>	<b>2.73</b>	<b>4.30</b>	<b>2.33</b>	
S&P/LSTA U.S. Leveraged Loan 100 TR USD	5.13	5.13	3.03	5.31	3.08	7.50

## Short-Term Fixed Income Benchmark Weights

	Percent
Barclays US 1-5Y GovCredit FIAdj TR USD	70%
Barclays US MBS Float Adjusted TR US	20%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	5%

## Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.09%

## Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

## Short-Term Fixed Income Pool Holdings

Portfolio Date: 3/31/2019

Total Market Value: \$193,790,977.74	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx I	\$ 135.9	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 38.7	20%
Invesco Senior Loan ETF	\$ 9.8	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 9.5	5%

## Fixed Income Pool Statistics

Average Yield to Maturity	2.78%
Average Effective Duration	2.95 years
Trailing Twelve Month Yield	2.36%

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# Money Market Pool

As of 3/31/2019

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## Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

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### Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
3 Months	0.52%	0.62%
1 Year	1.59%	2.24%
3 Years	0.73%	1.29%
5 Years	0.45%	0.80%
10 Years	0.28%	0.45%

*Performance periods greater than 12 months are annualized.  
Performance is net of investment management fees but not the  
Foundation's administrative fees.*

**Estimated Current Yield: 2.08%**

# Investment Commentary—March 31, 2019

## Changes in the Equity Pool and the Aggressive Mix

On April 16, 2019, the Investment Committee voted to divide the Equity Pool into two Pools. Beginning on June 30, 2019, there will be a Domestic Equity Pool and an International Equity Pool. Going forward, donors will have the option of choosing the allocation between U.S. equities and international equities that meets their investment objectives.

Currently, the Equity Pool has 72% of its total value in a domestic stock mutual fund and 28% held in international stock mutual funds. On June 30th each charitable fund will have the same total equity weighting as before, but the equity position will be separated into two Pools: Domestic and International. The international stock mutual funds will simply be transferred out of the existing Equity Pool and placed in a separate Pool which will be added to each charitable fund participating in the Equity Pool. Those wishing to take advantage of this added flexibility should submit a new Investment Recommendation Form by June 20, 2019.

At the same meeting the Investment Committee made a slight change to the Aggressive Investment Mix. The equity weighting was reduced to 77% and the Money Market Pool was increased to 3%. This change is not an effort at “market timing.” Rather, the Committee’s goal is to ensure liquidity for grant making.

## Commentary

The performance of the capital markets in the first quarter was the mirror image of the fourth quarter of last year. The fourth quarter was breathtakingly bad while the first quarter was breathtakingly good. Our explanation for the fourth quarter’s performance was based on the bond market’s perception that the Federal Reserve’s Open Market Committee had increased overnight interest rates too much, thereby stoking fears of recession. When the FOMC raised the rate in December investors bought long term bonds driving down long term interest rates and demonstrating that they were no longer fearful of accelerating inflation. Equity investors had the opposite reaction to fears of recession and declining earnings as stock prices declined precipitously.

In January members of the FOMC acknowledged that it was time for them to pause the interest rate increases. Economists believe that it takes 12-18 months for changes in monetary policy to have an effect on the economy. Thus, a pause makes sense given that short term interest rates have increased from zero to 2.40% over the last four years. One could even speculate that interest rates may have normalized given the slower growth of the U.S. economy over the last ten years.

In any event, stock investors celebrated the FOMC’s pause by driving up stock prices during the quarter. The Equity Pool had a total return of 13.03% for the quarter compared to the 13.61% decline in the fourth quarter. As one might infer from those percentages, the stock indices did not quite reach the peaks of last September. At this writing, the S&P 500 has inched above its prior peak, but the broader measures of the market have not confirmed it. Worldwide, growth stocks have led the charge while value stocks have lagged, possibly due to their higher sensitivity to the slow rate of economic growth. This relative performance may be suggesting that investors do not expect economic growth to accelerate.

Bond investors may be on the same page with equity investors. Fears of inflation and strong economic growth receded as interest rates continued their decline in the first quarter. As a result, both fixed income pools generated relatively strong returns in the quarter. The Intermediate-Term Fixed Income Pool had a total return of 3.55% as the yield on the ten year Treasury note declined from 2.69% to 2.41%. The Short-Term Fixed Income Pool had a total return of 1.92% as the yield on the five year Treasury note declined from 2.51% to 2.23%.

The issue becomes: why would equity investors celebrate a slowing economy and the resulting slowing of sales and earnings? The answer may be in the time frame used by equity managers. Equity markets are believed to be forward looking. Today’s prices are thought to reflect expectations for what will take place anywhere from six to eighteen months into the future. The anticipated deceleration of sales and earnings may have already been reflected in the equity market’s fourth quarter decline last year. Now, equity investors may now be looking through what is expected to be a shallow decline to a resumption of growth later in 2019. Only time will tell if the slowing is truly shallow and not the result of an, as yet, unrevealed financial accident.

