

Investment Performance Summary

As of 9/30/2019

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Combined Equity Pools	17.72	2.01	0.40	1.70	11.00	8.55	10.70
Equity Benchmark	17.61	1.97	0.36	1.60	11.00	8.53	11.08
Domestic Equity Pool TR*	20.02	1.73	1.12	2.94	12.83	10.45	
Domestic Equity Benchmark*	20.03	1.72	1.11	2.92	12.82	10.43	13.11
International Equity Pool TR*	11.81	2.76	-1.50	-1.50	6.13	3.21	
International Equity Benchmark*	11.41	2.64	-1.61	-1.63	6.17	3.22	
S&P 500 TR USD	20.55	1.87	1.70	4.25	13.39	10.84	13.24
MSCI ACWI Ex USA NR USD	11.56	2.57	-1.80	-1.23	6.33	2.90	4.45
Intermediate-Term Fixed Income Pool TR	9.04	-0.45	2.07	10.71	2.97	3.55	
Intermediate-Term Fixed Income Benchmark	9.00	-0.50	1.94	10.75	3.06	3.66	4.49
Short-Term Fixed Income Pool TR	4.81	-0.03	1.04	6.01	2.06	2.10	
Short-Term Fixed Income Benchmark	4.83	-0.08	0.97	6.07	2.16	2.19	2.43
Money Market Pool TR	1.61	0.16	0.52	2.09	1.07	0.67	0.36
USTREAS T-Bill Auction Ave 3 Mon	1.74	0.16	0.51	2.35	1.62	1.02	0.55

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

*The Domestic Equity TR, the International Equity TR, the Domestic Equity Benchmark and the International Equity Benchmark have an inception date of 6/30/19; performance prior to that date is pro-forma.

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Aggressive Mix TR	15.61	1.51	0.63	3.24	9.37	7.50	9.43
Aggressive Mix Benchmark	15.52	1.47	0.58	3.17	9.40	7.51	9.66
Moderately Aggressive Mix TR	13.05	1.15	0.78	4.23	7.61	6.25	7.96
Moderately Aggressive Mix Benchmark	12.99	1.11	0.73	4.20	7.67	6.29	8.08
Moderate Mix TR	10.30	0.74	0.91	4.90	5.75	4.87	6.23
Moderate Mix Benchmark	10.28	0.70	0.86	4.92	5.89	4.96	6.25
Conservative Mix TR	7.52	0.34	1.01	5.41	3.86	3.44	4.44
Conservative Mix Benchmark	7.53	0.30	0.95	5.48	4.06	3.58	4.37
Short-Term Mix TR	3.68	0.03	0.86	4.63	1.71	1.60	
Short-Term Mix Benchmark	3.74	0.00	0.81	4.76	1.97	1.78	
Risk Averse Mix TR	1.61	0.16	0.52	2.09	1.07	0.67	0.36
USTREAS T-Bill Auction Ave 3 Mon	1.74	0.16	0.51	2.35	1.62	1.02	0.55

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.

Returns for periods greater than 1 year are compound annual returns.
TR = Total Return

Current Investment Mix Allocations	Domestic Equity Pool	Int'l Equity Pool	Inter-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	55%	22%	10%	10%	3%
Moderately Aggressive	43%	17%	14%	21%	5%
Moderate	29%	11%	18%	27%	15%
Conservative	14%	6%	22%	33%	25%
Short Term	0%	0%	0%	65%	35%
Risk Averse	0%	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.

Contact Colleen Bragalone at (562) 435-9033 ext 2254 or 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.

Domestic Equity Pool

As of 9/30/2019

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Domestic Equity Pool TR	20.02	1.12	2.94	12.83	10.45	
Domestic Equity Benchmark	20.03	1.11	2.92	12.82	10.43	13.11
S&P 500 TR USD	20.55	1.70	4.25	13.39	10.84	13.24
Russell 3000 TR USD	20.09	1.16	2.92	12.83	10.44	13.08

Performance for the Domestic Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

Domestic Equity Pool Holding & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	20.06	1.12	2.94	12.85	10.47	13.16
CRSP US Total Market TR USD	20.03	1.11	2.92	12.82	10.43	13.11

Purpose

The purpose of the Domestic 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 Domestic Equity Pool is to obtain broad US 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.

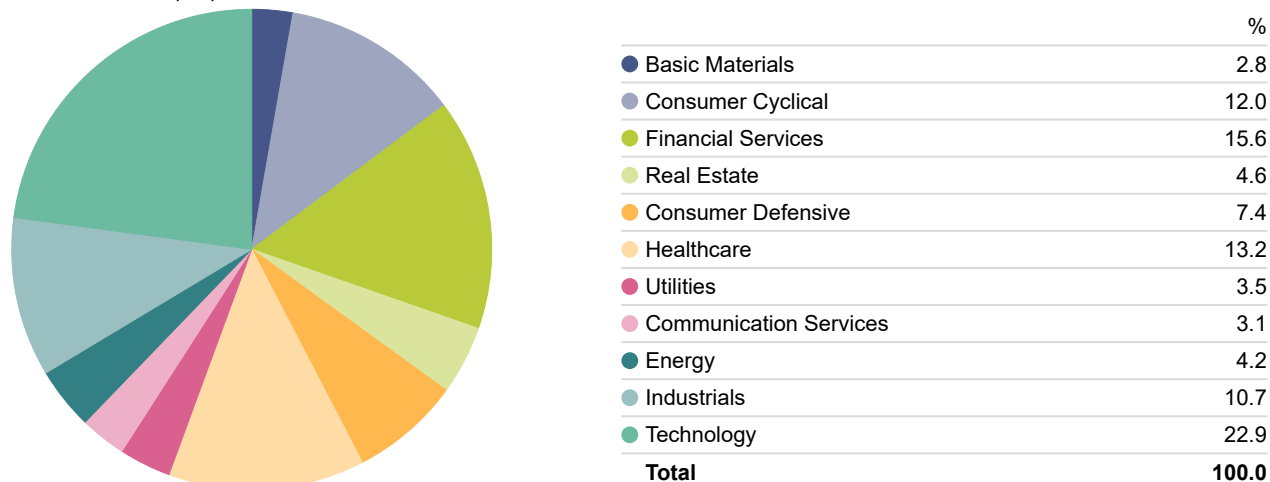
Domestic Equity Pool - Top Holdings

Portfolio Date: 9/30/2019

	Market Value (mil)	Portfolio Weighting %
Total Market Value: \$380,102,470		
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	\$ 380.1	100%

Domestic Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 9/30/2019



Equity Benchmark Current
CRSP US Total Stock Market 100%

Top Stock Holdings

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

Trailing Twelve Month Dividend Yield: 1.81%

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: .03%

International Equity Pool

As of 9/30/2019

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
International Equity Pool TR	11.81	-1.50	-1.50	6.13	3.21	
International Equity Benchmark	11.41	-1.61	-1.63	6.17	3.22	
FTSE Global All Cap ex US TR USD	11.79	-1.58	-1.35	6.50	3.49	5.13

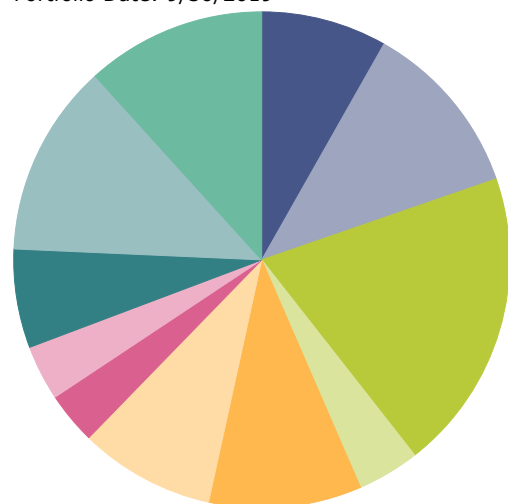
Performance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

International Equity Pool Holding & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Developed Markets Index Instl	12.73	-0.98	-2.04	6.31	3.63	5.11
FTSE Developed ex US All Cap NR USD	12.40	-1.10	-2.48	6.09	3.16	
Vanguard Emerging Mkts Stock Idx Instl	8.12	-3.57	1.31	5.31	2.05	3.21
FTSE Emerging NR USD	7.48	-3.81	0.86	6.12	2.56	3.55

International Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 9/30/2019



International Equity Benchmark	Current
FTSE Developed ex US All Cap	78%
FTSE Emerging Markets	22%

Source: Morningstar Direct

Purpose

The purpose of the International 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 International Equity Pool is to obtain broad international 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.

International Equity Pool - Top Holdings

Portfolio Date: 9/30/2019

Total Market Value: \$148,071,101	Market Value (mil)	Portfolio Weighting %
Vanguard Developed Markets Index Ins Pls	\$ 121.9	82%
Vanguard Emerging Mkts Stock Idx Instl	\$ 26.1	18%

Top Stock Holdings

1. Nestle SA
2. Roche Holdings AG Dividend Right Cert.
3. Novartis AG
4. Samsung Electronics Co Ltd
5. Tencent Holdings Ltd
6. Toyota Motor Corp
7. Alibaba Group Holdings Ltd ADR
8. HSBC Holdings PLC
9. BP PLC
10. Royal Dutch Shell PLC Class A

Trailing Twelve Month Dividend Yield: 3.01%

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: .06%

Intermediate-Term Fixed Income Pool

As of 9/30/2019

Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Intermediate-Term Fixed Income Pool TR	9.04	2.07	10.71	2.97	3.55	
Intermediate-Term Fixed Income Benchmark	9.00	1.94	10.75	3.06	3.66	4.49

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
Vanguard Interm-Term Bond Index I	10.30	2.41	12.46	3.12	3.96	4.81
BBgBarc US 5-10Y GovCredit FIAdj TR USD	10.23	2.28	12.49	3.18	4.01	4.84
Vanguard Mortgage-Backed Secs Idx Instl	5.45	1.49	7.51	2.20	2.64	
BBgBarc US MBS TR USD	5.60	1.37	7.80	2.32	2.80	3.14
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	3.73	0.40	3.48	1.64	1.25	
BBgBarc US TIPS 0-5 Year TR USD	3.67	0.32	3.44	1.65	1.27	1.71
Xtrackers USD High Yield Corp Bd ETF	11.33	1.11	6.46			
Solactive USD HY Corp Total Mkt TR USD	11.40	1.14	6.62	5.74	4.97	

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 9/30/2019

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$128,056,077	
Vanguard Interm-Term Bond Index I	\$ 89.8	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 25.3	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.5	5%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.4	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	2.36%
Average Effective Duration	5.51 years
Trailing Twelve Month Yield	2.85%

Short-Term Fixed Income Pool

As of 9/30/2019

Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Short-Term Fixed Income Pool TR	4.81	1.04	6.01	2.06	2.10	
Short-Term Fixed Income Benchmark	4.83	0.97	6.07	2.16	2.19	2.43

Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Short-Term Bond Idx I	4.49	0.95	6.00	1.96	1.96	
BBgBarc US 1-5Y GovCredit FIAAdj TR USD	4.48	0.89	6.01	2.01	2.01	2.12
Vanguard Mortgage-Backed Secs Idx Instl	5.45	1.49	7.51	2.20	2.64	
BBgBarc US MBS Float Adjusted TR USD	5.45	1.34	7.58	2.28	2.69	3.08
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	3.73	0.40	3.48	1.64	1.25	
BBgBarc US TIPS 0-5 Year TR USD	3.67	0.32	3.44	1.65	1.27	1.71
Invesco Senior Loan ETF	6.86	0.97	2.67	3.45	2.75	
S&P/LSTA U.S. Leveraged Loan 100 TR USD	8.21	1.33	3.44	4.33	3.58	4.86

Short-Term Fixed Income Benchmark Weights

	Percent
Barclays US 1-5Y GovCredit FIAAdj TR USD	70%
Barclays US MBS Float Adjusted TR USD	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: 9/30/2019

Total Market Value: \$198,157,303	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx I	\$ 138.8	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 39.2	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 10.3	5%
Invesco Senior Loan ETF	\$ 9.8	5%

Fixed Income Pool Statistics

Average Yield to Maturity	2.17%
Average Effective Duration	2.80 years
Trailing Twelve Month Yield	2.47%

Money Market Pool

As of 9/30/2019

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.

Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
Year to Date	1.61%	1.74%
3 Months	0.52%	0.51%
1 Year	2.09%	2.35%
3 Years	1.07%	1.62%
5 Years	0.67%	1.02%
10 Years	0.36%	0.55%

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

Current Month Return Annualized: 2.01%

Investment Commentary—September 30, 2019

The current economic cycle will go down as the “Mark Twain” cycle. This cycle’s death has been prematurely reported, not just once, but several times. Based on the economic data available the economic expansion that began in June, 2009, is the longest on record. At 124 months (as of the end of October) it surpasses the 120 month expansion that ran from 1991 to 2001. But, one must view this record as a preliminary estimate.

The popular definition of a recession is two quarters of declining Gross Domestic Product. However, the beginning and ending dates of economic cycles are determined by a private group named the National Bureau of Economic Research (NBER). The NBER makes their determinations on monthly data which are components of Gross Domestic Product. The issue for market participants is the time lag between the onset of a recession and the official determination of recession by the NBER. The last recession began in December, 2007, but the NBER did not determine the date until 12 months later in December, 2008. So, the record for longest expansion will not be official until some time in the future.

Many have called for a recession simply because of the longevity of this cycle. Economic expansions, however, do not die of old age. They die because of government policy mistakes and/or over exuberance on the part of businesses who build products for demand that turns out to be ephemeral. We saw this process at work in 2000-2001 when computing and networking equipment was produced far in excess of demand. We also saw it again in 2006-2007 when the number of new houses far exceeded the demand for them. Obviously there were other forces at work in 2008



that turned the recession into a financial panic.

In this cycle, supply has not run far ahead of demand because few sectors have experienced the rapid demand growth that would necessitate large production increases. The slow demand growth can be illustrated in the chart below which shows the trend of the economy (Gross Domestic Product) since 1971. From 1971 to 2007 the trend line growth rate of GDP was 3.2% per year as depicted by the dashed line. Since the end of the last recession, the trend line growth rate has only been 2.2% per year. Note how the solid red line has diverged from the dashed trend line. While the gap between the solid and dashed lines appears innocuous on the chart, the difference accounts for over \$4.5 trillion dollars of lost income in the last 12 months. That lost income would have generated almost \$775 billion in additional federal tax revenue.

The impediments to faster GDP growth may have come from two sources. First, believing that an acceleration of inflation was imminent, the Federal Reserve pushed their policy rate well above their target for inflation. They worried that the 50 year low in the unemployment rate (at 3.5-4.0%) would produce accelerating wage inflation. The higher short-term rates acted as a magnet to draw dollars outside the U.S. back into the country and caused a dollar shortage in the rest of the world. Most world trade takes place in dollars and a shortage of dollars hampers trade as well the growth of the global economy.

Second, the growing trade friction with China adds another uncertainty to businesses planning for the future. Locations of future supply lines are being shifted, delayed or outright canceled. Also, with the tariff situation changing almost daily, it is difficult for manufacturers to know what their costs will be for imported parts. These and other factors represent an inability to plan which acts as an obstacle to faster growth.

With uncertainty about future growth prospects, the equity markets slowed from their torrid pace of the first six months. The quarter the Domestic Equity Pool was up 1.12% for the quarter bringing the year-to-date return to 20.02%. The International Equity Pool declined 1.5% during the quarter as the U.S. dollar exchange rate increased 2.85% versus currencies of the developed economies. The dollar’s appreciation turned overseas market gains into a loss when translated to dollars. Year-to-date the International Equity Pool has gained 11.81%

The fixed income pools benefited from the economic uncertainty as the Short-Term Fixed Income Pool returned 1.04% in quarter bringing the year-to-date return to 4.81%. The Intermediate-Term Fixed Income Pool gained 2.07% in the quarter bringing the year-to-date return to 9.04%.