

Investment Performance Summary

As of 12/31/2019

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Combined Equity Pools	28.29	3.20	8.98	28.29	13.24	9.81	11.14
Equity Benchmark	28.26	3.27	9.06	28.26	13.22	9.78	11.48
Domestic Equity Pool TR*	30.83	2.87	9.01	30.83	14.55	11.23	
Domestic Equity Benchmark*	30.84	2.87	9.00	30.84	14.56	11.21	13.45
International Equity Pool TR*	21.76	4.11	8.90	21.76	9.89	5.84	
International Equity Benchmark*	21.63	4.30	9.17	21.63	9.79	5.82	
S&P 500 TR USD	31.49	3.02	9.07	31.49	15.27	11.70	13.56
MSCI ACWI Ex USA NR USD	21.51	4.33	8.92	21.51	9.87	5.51	4.97
Intermediate-Term Fixed Income Pool TR	9.31	0.04	0.25	9.31	4.21	3.31	
Intermediate-Term Fixed Income Benchmark	9.45	0.17	0.42	9.45	4.28	3.44	4.47
Short-Term Fixed Income Pool TR	5.39	0.25	0.56	5.39	2.63	2.12	
Short-Term Fixed Income Benchmark	5.52	0.32	0.66	5.52	2.73	2.22	2.43
Money Market Pool TR	2.02	0.12	0.41	2.02	1.20	0.75	0.40
USTREAS T-Bill Auction Ave 3 Mon	2.15	0.13	0.40	2.15	1.71	1.10	0.59

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	23.67	2.51	6.97	23.67	11.24	8.42	9.74
Aggressive Mix Benchmark	23.67	2.57	7.06	23.67	11.24	8.43	9.96
Moderately Aggressive Mix TR	19.28	1.99	5.51	19.28	9.22	6.96	8.19
Moderately Aggressive Mix Benchmark	19.31	2.06	5.60	19.31	9.27	7.01	8.30
Moderate Mix TR	14.49	1.38	3.80	14.49	7.01	5.33	6.36
Moderate Mix Benchmark	14.56	1.44	3.88	14.56	7.13	5.43	6.40
Conservative Mix TR	9.78	0.77	2.10	9.78	4.78	3.65	4.49
Conservative Mix Benchmark	9.88	0.83	2.19	9.88	4.96	3.80	4.45
Short-Term Mix TR	4.20	0.20	0.51	4.20	2.13	1.64	
Short-Term Mix Benchmark	4.33	0.26	0.57	4.33	2.38	1.83	
Risk Averse Mix TR	2.02	0.12	0.41	2.02	1.20	0.75	0.40
USTREAS T-Bill Auction Ave 3 Mon	2.15	0.13	0.40	2.15	1.71	1.10	0.59

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	Interm-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 12/31/2019

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Domestic Equity Pool TR	30.83	9.01	30.83	14.55	11.23	
Domestic Equity Benchmark	30.84	9.00	30.84	14.56	11.21	13.45
S&P 500 TR USD	31.49	9.07	31.49	15.27	11.70	13.56
Russell 3000 TR USD	31.02	9.10	31.02	14.57	11.24	13.42

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	30.88	9.01	30.88	14.57	11.25	13.49
CRSP US Total Market TR USD	30.84	9.00	30.84	14.56	11.21	13.45

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.

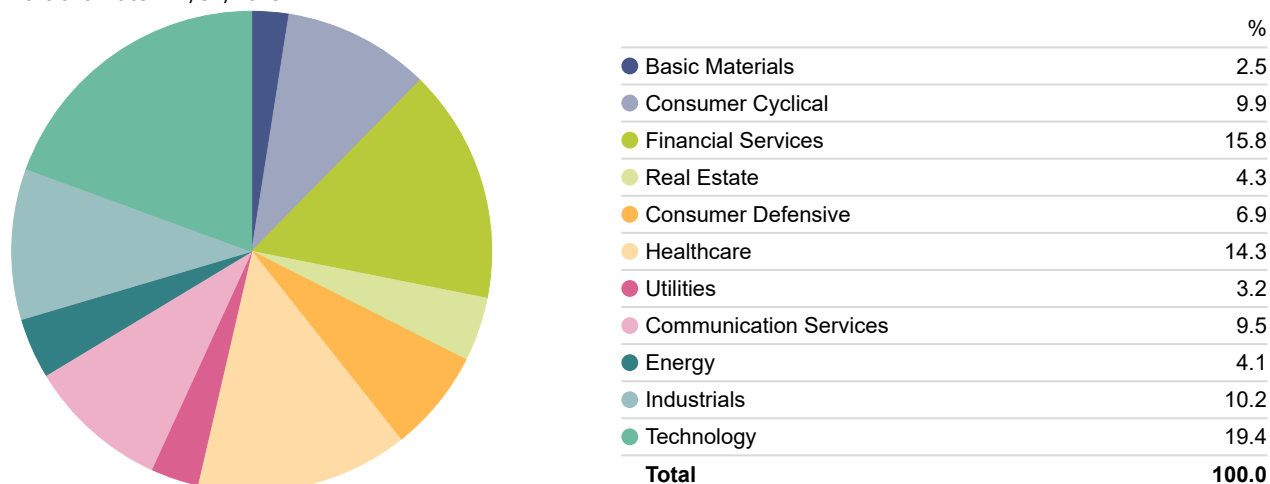
Domestic Equity Pool - Top Holdings

Portfolio Date: 12/31/2019

	Market Value (mil)	Portfolio Weighting %
Total Market Value: \$406,475,708		
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	\$ 406.5	100%

Domestic Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 12/31/2019



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. JPMorgan Chase & Co
7. Alphabet Inc.A
8. Alphabet Inc C
9. Johnson & Johnson
10. Visa Inc A

Trailing Twelve Month Dividend Yield: 1.96%

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 12/31/2019

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
International Equity Pool TR	21.76	8.90	21.76	9.89	5.84	
International Equity Benchmark	21.63	9.17	21.63	9.79	5.82	
FTSE Global All Cap ex US TR USD	22.19	9.30	22.19	10.16	6.15	5.68

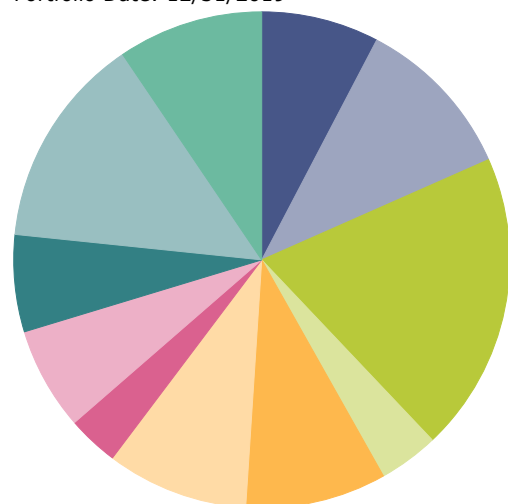
Performance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

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	22.14	8.35	22.14	9.72	6.20	5.77
FTSE Developed ex US All Cap NR USD	22.07	8.60	22.07	9.37	5.70	
Vanguard Emerging Mkts Stock Idx Instl	20.37	11.33	20.37	10.58	5.05	3.49
FTSE Emerging NR USD	20.11	11.76	20.11	11.19	5.62	3.82

International Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 12/31/2019



International Equity Benchmark	Current
FTSE Developed ex US All Cap	82%
FTSE Emerging Markets	18%

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: 12/31/2019

Total Market Value: \$157,293,528	Market Value (mil)	Portfolio Weighting %
Vanguard Developed Markets Index Ins Pls	\$ 128.9	82%
Vanguard Emerging Mkts Stock Idx Instl	\$ 28.4	18%

Top Stock Holdings

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

Trailing Twelve Month Dividend Yield: 3.00%

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 12/31/2019

Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Intermediate-Term Fixed Income Pool TR	9.31	0.25	9.31	4.21	3.31	
Intermediate-Term Fixed Income Benchmark	9.45	0.42	9.45	4.28	3.44	4.47

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	10.20	-0.09	10.20	4.55	3.55	4.80
BBgBarc US 5-10Y GovCredit FIAdj TR USD	10.38	0.13	10.38	4.62	3.64	4.85
Vanguard Mortgage-Backed Secs Idx Instl	6.18	0.70	6.18	3.12	2.45	
BBgBarc US MBS TR USD	6.35	0.71	6.35	3.25	2.58	3.15
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	4.82	1.05	4.82	2.06	1.75	
BBgBarc US TIPS 0-5 Year TR USD	4.85	1.14	4.85	2.09	1.81	1.64
Xtrackers USD High Yield Corp Bd ETF	14.07	2.46	14.07	5.84		
Solactive USD HY Corp Total Mkt TR USD	14.33	2.63	14.33	6.10	5.76	

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2019

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$135,217,825	
Vanguard Interm-Term Bond Index I	\$ 94.6	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 27.4	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.6	5%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.6	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 Management Fee: 0.07%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%	

Fixed Income Pool Statistics

Average Yield to Maturity	2.39%
Average Effective Duration	5.52 years
Trailing Twelve Month Yield	2.81%

Short-Term Fixed Income Pool

As of 12/31/2019

Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Short-Term Fixed Income Pool TR	5.39	0.56	5.39	2.63	2.12	
Short-Term Fixed Income Benchmark	5.52	0.66	5.52	2.73	2.22	2.43

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.

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	4.88	0.37	4.88	2.47	1.97	
BBgBarc US 1-5Y GovCredit FIAAdj TR USD	5.01	0.50	5.01	2.54	2.03	2.13
Vanguard Mortgage-Backed Secs Idx Instl	6.18	0.70	6.18	3.12	2.45	
BBgBarc US MBS Float Adjusted TR USD	6.18	0.69	6.18	3.16	2.51	3.08
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	4.82	1.05	4.82	2.06	1.75	
BBgBarc US TIPS 0-5 Year TR USD	4.85	1.14	4.85	2.09	1.81	1.64
Invesco Senior Loan ETF	8.83	1.85	8.83	3.48	3.23	
S&P/LSTA U.S. Leveraged Loan 100 TR USD	10.65	2.25	10.65	4.34	4.14	4.71

Short-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2019

Total Market Value: \$208,756,058	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx I	\$ 146.1	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 42.1	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 10.4	5%
Invesco Senior Loan ETF	\$ 10.1	5%

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%

Fixed Income Pool Statistics

Average Yield to Maturity	2.10%
Average Effective Duration	2.85 years
Trailing Twelve Month Yield	2.44%

Money Market Pool

As of 12/31/2019

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	2.02%	2.15%
3 Months	0.41%	0.40%
1 Year	2.02%	2.15%
3 Years	1.20%	1.71%
5 Years	0.75%	1.10%
10 Years	0.40%	0.59%

*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: 1.66%

Investment Commentary—December 31, 2019

James Carville is famous for a lot of pithy quotes. The most famous one occurred in the 1992 presidential election when he developed the mantra, “The economy, stupid.” The one most relevant for investors is “I used to think that if there was reincarnation, I wanted to come back as the President or the Pope or as a 400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody.”

The Federal Reserve’s Open Market Committee (FOMC) began increasing the federal funds rates in December of 2015 when the target range was 0.00% to 0.25%. They steadily increased the rate to a range of 2.25% to 2.50% in the fourth quarter of 2018. In early 2019 they guided investors to expect more increases in short-term interest rates throughout 2019.

One of the key reasons for increasing rates was the expectation that inflation would be accelerating. From 2010 to 2017 the annual wage gains of production and non-supervisory employees had not exceeded 2.5%. In the first half of 2018 the wage gains of that group spurted from 2.5% to 3.5%. This acceleration of wages stimulated the belief that normalization of monetary policy was necessary.

But, a funny thing happened on the way to normalization. The yield on the ten year treasury note began dropping from its October, 2018, peak of 3.23%. By

June 28, 2019, it had fallen to 2.00% and was well below the federal funds rate as shown in the attached chart.

With short-term interest rates above long-term yields many forecasters viewed this relationship as a signal of impending recession. Apparently the bond market was able to instill that belief in the FOMC as well. Not only did the FOMC cut the federal funds rate three times, but they also began adding reserves to the banking system (again) to forestall disruptions in the shadow banking market. The ramifications of the latter situation have yet to be determined.

It is difficult to know whether investors celebrated because of the FOMC’s actions or in spite of them. But, the celebration lasted almost the entire year. The Domestic Equity Pool returned 30.83% in 2019 and 9.01% in the fourth quarter. Large growth companies led the year with a gain of 37.3% while small value companies trailed with a gain of 22.8%. Small companies are perceived by investors as suffering the most harm from the trade situation.

The International Equity Pool gained 21.76% for the year and 8.90% in the fourth quarter. According to FTSE the developed markets outside the U.S. gained 22.1% while the emerging markets gained 20.1%.

The Intermediate-Term Fixed Income Pool began the year with an average yield-to-maturity of 3.51%. We can infer that the aforementioned decline in the ten year Treasury yield caused bond prices in the Pool to gain approximately 5.8% for the year bringing the total return to 9.31% for the twelve months. With a gain of only 0.25% the fourth quarter did not have the tail wind of declining interest rates. The yield-to-maturity on the Intermediate-Term Fixed Income Pool begins 2020 at the reduced level of 2.39% compared with 3.51% at the beginning of the year.

The Short-Term Fixed Income Pool had a return of 5.39% for the year and a 0.56% gain for the quarter. Short term bonds do not have the same magnitude of price fluctuations when interest rates decline (or increase) as do bonds with longer maturities. The Short-Term Fixed Income Pool’s average yield-to-maturity declined from 3.10% at the beginning of the year to 2.10% at year end.

